



Biotech Daily

Wednesday August 30, 2017

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH EVEN: DIMERIX UP 11%, CYCLOPHARM DOWN 9%**
- * **OSPREY RIGHTS OFFER RAISES \$10.3m, TOTAL \$32.5m**
- * **MESOBLAST REVENUE DOWN 94% TO \$3m, LOSS UP 1761% TO \$96m**
- * **MEDICAL AUSTRALIA REVENUE DOWN 7% TO \$13m, LOSS TO PROFIT**
- * **ALLEGRA REVENUE DOWN 1.5% to \$5m, LOSS TO \$501k PROFIT**
- * **MEDADVISOR REVENUE UP 198% TO \$4m, LOSS UP 12% TO \$3m**
- * **RESONANCE REVENUE DOWN 4% to \$2.5m, LOSS DOWN 21% TO \$304k**
- * **GENETIC SIGNATURES REVENUE UP 12% TO \$2m, LOSS UP 5% TO \$3m**
- * **OPTISCAN REVENUE UP 330% TO \$1.4m, LOSS UP 120% TO \$3m**
- * **ANTISENSE: 'ATL1102 REDUCES NERVE FIBRE LOSS'**
- * **MICRO-X RECEIVES \$7m FEDERAL R&D TAX INCENTIVE**
- * **MONASH LICENCES LYMPHATIC DRUG-TARGETING TO PURETECH**
- * **BVF PARTNERS, MARK LAMPERT TAKE 19.97% OF PHARMAXIS**
- * **ALLAN GRAY REDUCES TO 7% OF PHARMAXIS**

MARKET REPORT

The Australian stock market was up 0.01 percent on Wednesday August 30, 2017 with the ASX200 up 0.7 points to 5,669.7 points. Thirteen of the Biotech Daily Top 40 stocks were up, 12 fell, 10 traded unchanged and five were untraded.

Dimerix was the best, up 0.1 cents or 11.1 percent to one cent with 820,865 shares traded. Prana climbed 5.7 percent; both Cellmid and Living Cell improved 4.2 percent; Pharmaxis was up 3.8 percent; Bionomics and Clinuvel rose more than two percent; with Ellex, Neuren and Viralytics up more than one percent.

Cyclopharm led the falls, down eight cents or 9.2 percent to 79 cents with 15,000 shares traded. ITL lost 7.5 percent; Actinogen fell 6.7 percent; Airxpanders, Factor Therapeutics and Oncosil were down more than three percent; Impedimed shed 2.3 percent; with LBT and Osprey down more than one percent.

OSPREY MEDICAL

Osprey says its under-written, entitlement offer at 40 cents a share has raised \$10.3 million taking the total raised with its placement to \$32.5 million (BD: Aug 4, 2017). Osprey said it had valid applications for 13,931,418 Chess depository instruments (CDIs) raising \$5,572,567 and the balance of 11,854,734 CDIs would be issued to Brandon Capital Partners in accordance with the sub-underwriting arrangements. Osprey chief executive officer Mike McCormick said the company was “delighted with the strong level of support shown by shareholders”. Osprey fell half a cent or 1.2 percent to 42.5 cents.

MESOBLAST

Mesoblast says that revenue for the 12 months to June 30, 2017 fell 94.3 percent to \$US2,412,000 (\$A3,018,230), with net loss after tax up 1,761.3 percent to \$US76,815,000 (\$A96,121,590). Last year, Mesoblast told Biotech Daily that \$US22.5 million of that year’s revenue was an accounting procedure of non-cash recognition of Teva’s return of the cardiac program and the company had received \$US3.5 million in milestone payments for its Temcell product for graft versus host disease in Japan (BD: Aug 25, 2016). Today, Mesoblast said that Temcell royalty revenue increased by \$US1.0 million compared to the previous year. Mesoblast said that research and development expenditure climbed 17.8 percent to \$US58,914,000, with manufacturing costs down 59.5 percent to \$US12,065,000 and administration costs up 2.3 percent to \$23,007,000. The company said that net tangible assets backing per security fell 42.3 percent to 10.11 US cents, with diluted loss per share up 1,604.3 percent to 19.14 US cents. Mesoblast said it had cash and cash equivalents of \$US45,761,000 at June 30, 2017 compared to \$US80,937,000 at June 30, 2016. Mesoblast was up half a cent or 0.35 percent to \$1.425 with 1.3 million shares traded.

MEDICAL AUSTRALIA

Medical Australia says that revenue for the 12 months to June 30, 2017 fell 6.8 percent to \$13,155,956 with last year’s \$4,838,263 loss turned to a \$406,615 net profit after tax. Medical Australia said that following the sale of its veterinary division the on-going business had increased revenues by 5.9 percent to \$13,155,956 with “all three divisions of the company recorded growth over the prior year with Tuta Direct growing by a modest 3.7 percent, [original equipment manufacturer] sales were 12.0 percent higher, whilst Clements grew by 13.0 percent with the addition of the Ardo breast pump range”. Despite the turnaround, earlier this month Medical Australia said that the San Clemente, California-based ICU Medical would offer 8.6 cents a share to buy the company, valuing it at \$11.8 million (BD: Aug 10, 2017). Medical Australia chief executive officer Darryl Ellis told Biotech Daily at that time that having sold the Medivet section of the company, he had hoped that company would continue but losing the Carefusion contract for transfusion pump sets had a major impact. The company said net tangible assets per share was up 72.3 percent to 3.79 cents, with last year’s diluted 3.24 loss per share from continuing and discontinuing operations turned to a 0.3 earnings per share, and it had cash and cash equivalents of \$1,547,586 at June 30, 2017, compared to \$860,711 at June 30, 2016. Medical Australia was untraded at 8.4 cents.

ALLEGRA ORTHOPAEDICS

Allegra says revenue for the year to June 30, 2017, fell 1.5 percent to \$4,943,216 with last year's \$2,035,788 loss turned around to a \$501,048 net profit after tax.

Last year, Allegra appointed its former national sales manager Jenny Swain as chief executive officer with Rob Truscott appointed chief financial officer (BD: Apr 21, 2016).

The company said that revenue was from the sale of orthopaedic goods, with corporate and administration expenses decreased by \$1,094,364 to \$1,737,046 with research and development expenses also reduced and sales and marketing expenses decreased.

Allegra said it was focused on improving its medical device sales and developing its SrHT gahnite bone substitute (BD: Aug 25, 2017).

The company said that diluted loss per share of 3.20 cents at June 30, 2016, was turned around to a diluted earnings per share of 0.71 cents, with net tangible assets per share up 70.3 percent to 5.33 cents and it had \$1,847,647 in cash and cash equivalents compared to \$1,154,590 at June 30, 2016.

Allegra was up one cent or 6.7 percent to 16 cents.

MEDADVISOR

Medadvisor says that revenue for the year to June 30, 2017, was up 197.6 percent to \$4,243,000 with net loss after tax up 11.7 percent to \$3,430,000.

Medadvisor said that revenue for its prescription reminder service "was driven by strong growth of pharmacy subscriptions, patient engagement programs and increasing services being offered throughout the pharmacy network".

The company said that net tangible asset per share was up 18.2 percent to 0.4116 cents, with diluted loss per share down 27.3 percent to 0.41 cents and it had cash and cash equivalents of \$4,834,660 at June 30, 2017 compared to \$2,888,990 at June 30, 2016.

Medadvisor was up 0.2 cents or 6.45 percent to 3.3 cents.

RESONANCE HEALTH

Resonance says revenue for the year to June 30, 2017 fell 3.5 percent to \$2,458,332 with net loss after tax down 20.85 percent to \$304,217.

Resonance said it had record analysis volumes, including for its Ferriscan, Cardiac T2 and Hepafat-Scan diagnostics, with a 20 percent increase in key target markets.

The company said that basic loss per share fell 20 percent to 0.08 cents, with net tangible assets per share down 29.8 percent to 0.40 cents and it had \$1,685,375 in cash and cash equivalents at June 30, 2017, compared to \$2,512,441 at June 30, 2016.

Resonance fell 0.4 cents or 16.0 percent to 2.1 cents.

GENETIC SIGNATURES

Genetic Signatures says that revenue for the year to June 30, 2017, was up 11.6 percent to \$2,037,659 with net loss after tax up 5.3 percent to \$3,188,342.

Genetic Signatures said that it had record sales revenue of its Easyscreen enteric and respiratory virus detection kits "underscoring the success of its market penetration strategy and the market's acceptance of its ... kits".

The company said that net tangible asset backing per share was up 239.2 percent to 15.3 cents, with diluted loss per share down 21.4 percent to 3.3 cents and it had cash and cash equivalents of \$13,192,960 at June 30, 2017 compared to \$2,564,254 at June 30, 2016.

Genetic Signatures was untraded at 42 cents.

OPTISCAN IMAGING

Optiscan says that revenue for the 12 months to June 30, 2017 was up 330.4 percent to \$1,348,964, with net loss after tax up 120.1 percent to \$2,942,925.

In 2015, control of Optiscan fell to interests associated with substantial shareholder, now director, Ian Mann, and last year the company raised \$600,000, appointing Alan Hoffman as chairman, with lawyer and Benitec chairman Peter Francis and Dr Ian Griffiths appointed as non-executive directors, followed by Archie Fraser appointed as chief executive officer in May (BD: Dec 9, 2015; May 3, 13, 2016).

In August, the company reported revenue increased from \$46,092 to \$309,697.

In 2011, Optiscan posted a maiden net profit of \$14,405 on revenue of \$551,021 from the sale of the company's confocal microscopes (BD: Aug 30, 2011).

Today, the company said that sales revenue of \$1,333,263 related to research and development systems sold through Carl Zeiss Meditec with other service-related revenue for development activities, which significantly increased compared to 2016 of \$309,697.

Optiscan said the increase in expenses was for research and development as it progressed its collaboration with Carl Zeiss and its Viewnivo microscope development.

The company said that net tangible assets per share was 0.44 cents compared to last year's negative 0.33 cents, with diluted loss per share increased 44.3 percent to 0.88 cents, and it had cash and cash equivalents of \$700,666 at June 30, 2017 compared to \$954,805 at June 30, 2016.

Optiscan is currently raising up to \$5 million in a \$2.5 million underwritten share plan to be followed by a \$2.5 million placement at eight cents a share.

Optiscan was untraded at 8.3 cents.

ANTISENSE THERAPEUTICS

Antisense says ATL1102 "significantly reduces the number of active multiple sclerosis brain lesions that convert to ... areas of axonal [or] nerve fibre loss".

Antisense said that data would be presented at the joint European and America Committees For Treatment And Research In Multiple Sclerosis meeting in Paris, on October 27, 2017.

The company said that the "late breaker abstract" entitled 'ATL1102 treatment reduces conversion of active multiple sclerosis lesions into persistent black holes' was selected to be given as a poster presentation by Amsterdam-based Vrije Universiteit Medical Centre's Prof Frederik Barkhof.

Prof Barkhof said "the ATL1102 black holes data is most compelling which is reflected in its selection for late-breaker poster presentation".

"Importantly, the positive effect of ATL1102 suggests that along with its action in reducing the number of new inflammatory brain lesions, ATL1102 may also be neuroprotective by reducing damage to axons in the lesions and thereby slow the MS disease progression," Prof Barkhof said.

Antisense was untraded at 3.2 cents.

MICRO-X PHARMACEUTICALS

Micro-X says it has received \$7,032,170 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Micro-X said the rebate related to research and development expenditure for the year to December 31, 2017.

Micro-X fell three cents or 7.1 percent to 39 cents.

[THE MONASH INSTITUTE OF PHARMACEUTICAL SCIENCES \(MIPS\) AT](#)

Monash University says it has licenced the Glyph lymphatic drug-targeting technology platform to the Boston, Massachusetts-based Puretech Health Plc.

Melbourne's Monash University said the technology was developed by the Monash Institute of Pharmaceutical Sciences director Prof Chris Porter team.

The University said the technology would be progressed towards a clinical trial by Puretech through Glyph Biosciences in collaboration with Dr Porter's laboratory, but did not disclose any commercial details of the deal.

Monash said that the Glyph technology aimed to use the lymphatic system to develop novel therapeutics, including those that selectively target certain lymph nodes, with the potential to develop new drugs that were more potent and less toxic to the liver, and had the potential for new treatments for conditions from cancer to autoimmune disease.

Puretech chief scientific officer Dr Joseph Bolen said the lymphatic system was "a vastly under-explored circulatory network that serves a fundamental role in maintaining physiological homeostasis and immune control".

"The Glyph technology represents a major advancement in potentially enhancing transport and distribution of therapeutics via the lymphatic system and targeting of certain lymph nodes," Dr Bolen said. "By addressing the immune system at the sites of dysregulation and immune control, this novel approach has the potential to radically transform the treatment of serious disease."

Monash University said the lymphatic system was potentially "a key conduit for communicating signals at the intersection of the immune-gut-brain axis".

The University said the mesenteric lymph nodes near the gut were exposed to a host of microbiome-related species and had an integral role in immune education and control.

"Harnessing the lymphatic pathway therefore potentially enables rational design of therapeutics to modulate the immune system, representing an innovative approach to treating a broad range of immunological disorders," the University said.

"Our technology has been shown in pre-clinical experiments to achieve significant oral bioavailability of compounds through the avoidance of first-pass metabolism and has the potential to significantly mitigate liver toxicity and to target immune tissues," Prof Porter said.

[PHARMAXIS](#)

BVF Partners and Mark Lampert say they have increased their substantial holding in Pharmaxis from 60,423,669 shares (18.94%) to 63,823,669 shares (19.97%).

The San Francisco, California-based BVF Partners and Mr Lampert said they acquired the 3,400,000 shares in eight trades between August 25 and 28, 2017, with the single largest purchase 1,507,844 shares for \$413,149 or 27.4 cents a share.

Pharmaxis was up one cent or 3.8 percent to 27.5 cents.

[PHARMAXIS](#)

Allan Gray says it has reduced its substantial shareholding in Pharmaxis from 26,033,162 shares (8.16%) to 22,385,398 shares (7.00%).

Allan Gray said that between May 22 and August 25, 2017 it sold 3,647,764 shares for \$979,880 or 26.9 cents a share.

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