



Biotech Daily

Monday May 7, 2018

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: OSPREY UP 6%; DIMERIX DOWN 8%**
- * **CYCLOPHARM BUYS DISTRIBUTOR MEDICALL ANALYS FOR \$1.3m**
- * **REDHILL 2nd PHASE III RHB-105 FOR HELICOBACTER PYLORI ON-TRACK**
- * **FEDERAL COURT POSTPONES SIRTEX VARIAN MEETING**
- * **EUROPEAN PATENT FOR CYNATA CYMERUS STEM CELL TECHNOLOGY**
- * **SUDA ARTIMIST TALKS WITH WORLD HEALTH ORGANISATION**
- * **RHINOMED: 'MUTE DOES NOT FIT GNC'S CORE RANGE'**
- * **HYDROPONICS, CANADA'S NATIONAL ACCESS CANNABIS END DEAL**
- * **MEDIBIO 3.6m DIRECTORS OPTIONS, PRIOR SHARE ISSUE EGM**
- * **JENCAY, BRETT ROCK TAKE 5% OF UNIVERSAL BIOSENSORS**
- * **MTP CONNECT APPOINTS DR DAN GRANT CEO**
- * **OBJ APPOINTS NEW YORK'S ANTONIO VARANO DIRECTOR**
- * **DIMERIX APPOINTS PROF SIMON ROGER DMX-200 LEAD INVESTIGATOR**

MARKET REPORT

The Australian stock market was up 0.36 percent on Monday May 7, 2018 with the ASX200 up 21.6 points to 6,084.5 points. Ten of the Biotech Daily Top 40 stocks were up, 22 fell and eight traded unchanged.

Osprey was the best, up one cent or 6.25 percent to 17 cents with 1.9 million shares traded. Clinuvel and Impedimed climbed more than five percent; Cynata and Oncosil were up more than three percent; Bionomics, Factor Therapeutics and Opthea rose more than two percent; Resmed was up 1.4 percent with Ellex and Telix up by less than one percent.

Dimerix led the falls, down one cent or 8.3 percent to 11 cents with 52,000 shares traded. Uscom lost 7.5 percent; Prana, Starpharma and Volpara were down more than six percent; Universal Biosensors fell 4.1 percent; Reva was down 3.3 percent; Admedus, Compumedics, Immutep, Neuren and Optiscan shed two percent or more; Avita, Genetic Signatures, Medical Developments, Pharmaxis and Pro Medicus were down more than one percent; with Cochlear, CSL, Cyclopharm, Mesoblast, Nanosonics, Sirtex and Viralytics down by less than one percent.

CYCLOPHARM

Cyclopharm says it will acquire its Stockholm-based Technegas Scandinavian distributor Medical Analys AB for about SEK8.8 million (\$A1.34 million).

Cyclopharm said that Medical Analys distributed Technegas in Sweden, Finland and Norwegian.

The company said that Medical Analys was founded in 2004 and owned by Hans-Olof Sandberg and Helena Sandberg.

Cyclopharm said that Mr Sandberg would continue as a consultant for at least two years. Cyclopharm managing-director James McBrayer said the acquisition would “accelerate the achievement of two key strategic objectives”.

“It will help expand the use of Technegas beyond the traditional diagnosis of pulmonary embolism into significantly larger applications such as [chronic obstructive pulmonary disease] and asthma, lung cancer and pulmonary hypertension for both diagnosis and patient management,” Mr McBrayer said.

“The transaction also advances our pursuit of complementary technologies and businesses by leveraging our core global regulatory strengths, fiscal discipline, strong balance sheet and well developed expertise in nuclear medicine and pulmonary healthcare,” Mr McBrayer said.

“The purchase of Medical Analys builds on the September 2017 acquisition of IC Medical, our agent in ... Belgium, Netherlands and Luxemburg,” Mr McBrayer said.

“Together, these acquisitions enable Cyclopharm [to] build shareholder value through capturing agency commissions and the consolidation and control of our distribution, service and pricing arrangements,” Mr McBrayer said.

Cyclopharm said the acquisition price would be paid from its cash reserves over three years, with about \$670,000 paid on exchange and payments of about \$375,000 in the second and third years, subject to performance hurdles.

The company said the acquisition was expected to be earnings per share positive in the first year.

Cyclopharm fell one cent or 0.9 percent to \$1.05.

REDHILL BIOPHARMA

Redhill says it expects top-line results for its confirmatory phase III trial of RHB-105, formerly Heliconda and now named Talicia, for helicobacter pylori, by the end of 2018. Redhill said it had enrolled 300 of the planned 444 patients in the US trial expected to complete enrollment by October 2018.

In 2010, Israel's Redhill bought Myoconda (RHB-104), Heliconda (RHB-105) and Picoconda (RHB-106) from Sydney's Giaconda (BD: Aug 17, 2010).

Today, the company said the study was expected to complete the package required for filing a US new drug application in early 2019, subject to results and regulatory feedback. Redhill said that the market for Helicobacter pylori eradication therapies was about \$US6.3 billion.

The company said that first US phase III trial met its primary endpoint with high statistical significance ($p < 0.001$), demonstrating 89.4 percent efficacy in eradicating Helicobacter pylori infection (BD: Mar 31, 2016)).

Redhill said the 2016 results were “superior to subsequent open-label treatment with standard-of-care therapies which demonstrated only 63 percent eradication rate ($p = 0.006$), further supporting the potential superior efficacy of Talicia”.

On the Nasdaq on Friday, Redhill was unchanged at \$US4.98 (\$A6.61) with 60,096 shares traded.

SIRTEX MEDICAL

Sirtex says the Federal Court has postponed the scheme meeting to vote on the Varian offer to buy the company for \$1.56 billion “to a date to be determined”.

On Friday, Sirtex said it had received an unsolicited, non-binding, indicative and conditional proposal from China’s CDH Investments to buy it for \$33.60 a share, valuing it at \$1.87 billion, with the Sirtex board backing the Varian bid (BD: May 4, 2018).

In January, California’s Varian Medical Systems offered \$28 a share to buy the company, valuing it at \$1.56 billion (BD: Jan 30, 31, 2018).

Sirtex fell 22 cents or 0.75 percent to \$29.20 with one million shares traded.

CYNATA THERAPEUTICS

Cynata says the European Patent Office has allowed a patent covering its Cymerus mesenchymal stem cell technology, providing coverage until March 16, 2031.

Cynata said that the patent application, titled ‘Generation of clonal mesenchymal progenitors and mesenchymal stem cell lines’ was owned by the University of Wisconsin-Madison’s Wisconsin Alumni Research Foundation and was among the intellectual property licenced by Cynata.

The company said that the patent would expand the intellectual property protection for the Cymerus platform and its “ability to manufacture mesenchymal stem cells at scale, from one donor, one time, to create therapeutic grade stem cell treatments”.

Cynata chief executive officer Dr Ross Macdonald said that “the ability of the platform to enable manufacture of consistent, high-quality mesenchymal stem cell therapeutic products at scale is key to the ongoing development of off-the-shelf therapeutic stem cell products to target a range of devastating diseases worldwide”.

The company said that the inventors named on the patent were Cynata founders, advisors and shareholders Dr Maxim Vodyanyk and Prof Igor Slukvin.

Cynata was up 3.5 cents or 3.1 percent to \$1.17.

SUDA PHARMACEUTICALS

Suda says it intends to meet with the World Health Organisation to discuss adding its Artimist to the guidelines for the treatment of children with severe malaria.

Suda said that a phase III trial of Artimist, a sublingual spray of artemether, showed it was superior to intravenous quinine, one of the commonly used treatment options for severe malaria (BD: Apr 13, 2013).

The company said that the decision to meet the Organisation prior to the expected Australian Therapeutic Goods Administration approval of Artimist in late 2018 was stimulated by its discussions with a prospective acquirer/licencee.

Suda said that as part of the negotiation, the pharmaceutical company wanted to know whether any further data was required by the World Health Organisation prior to adopting Artimist into the guidelines.

The company said that the current guidelines recommended prompt parenteral, or injectable, or rectal antimalarial treatment, with two classes of medicine available for parenteral treatment of severe malaria: artemisinin derivatives (artesunate or artemether) and the cinchona alkaloids (quinine and quinidine).

Suda was unchanged at 1.1 cents with 5.4 million shares traded.

RHINOMED

Rhinomed says it will no longer supply its Mute anti-snoring nasal dilators to the Pittsburgh, Pennsylvania-based GNC Holdings and its 811 shops.

Rhinomed said a trial of its devices concluded that Mute “did not fit into GNC's core product range”, but GNC earnings were not material in its last and current financial years. Last year, the company said GNC Holdings would sell its Mute anti-snoring nasal plugs in its 811 North American shops, including 140 shops on military bases (BD: Apr 6, 2017). Rhinomed fell 0.5 cents or 4.2 percent to 11.5 cents.

THE HYDROPONICS COMPANY

Hydroponics says it has terminated its intellectual property licencing agreement with National Access Cannabis.

In February, Hydroponics said it would copy Canada's National Access Cannabis medical marijuana clinic system, which would make its systems implementation manager available in Sydney to assist with the development and implementation of a clinic roll-out plan, hoping to open its first clinic by July 2018 (BD: Feb 7, 2018).

Today, Hydroponics said that following an “extensive review undertaken by the company with the support of [National Access Cannabis], a joint determination has been made to terminate the agreement ... with no penalty to either party”.

The company said the implementation manager completed a working visit and “it was determined that the current Australian regulatory framework would not support the model”. Hydroponics said that both parties maintained an ongoing dialogue with respect to the provision of professional medicinal cannabis products and services.

Hydroponics chairman Steven Xu said the Canadian clinic model was “very attractive, and it is unfortunate that it is not possible to implement it at this time in Australia”.

“[The company] will continue to investigate outside-the-box doctor and patient engagement opportunities,” Mr Xu said. “[Hydroponics] continues to develop its supply and distribution procedures including through its partnership with Synapse on the medicinal cannabis medicines portal and other avenues.”

Hydroponics fell 3.5 cents or 5.1 percent to 65 cents with 1.1 million shares traded.

MEDIBIO

Medibio will vote to grant six directors a total of 3,637,113 options and ratify two prior share issues.

Medibio said the meeting would vote to issue 839,333 options to chairman Chris Indermaur, with 559,556 options to each of Dr Franklyn Prendergast Andrew Maxwell, Michael Phelps, Peter Carlisle and Patrick Kennedy.

The company said the options would be exercisable at 44 cents each within four years of the date of grant.

The company said shareholders would vote to ratify the prior issue of 384,264 shares to the shareholders of Perth's Vital Conversations and 1,836,512 shares to contractors.

Last year, Medibio overwhelmingly approved the issue of 4,250,000 “performance rights” to directors, 10,000,000 options to chief executive officer Jack Cosentino and the increase of the aggregate pool of directors' fees by 50 percent from \$500,000 a year to \$750,000 a year (BD: Aug 14, 2017).

The meeting will be held at Computershare, Level 4, 60 Carrington Street, Sydney on June 6, 2018 at 10am (AEDT).

Medibio fell one cent or 5.6 percent to 17 cents.

UNIVERSAL BIOSENSORS

The Sydney-based Jencay Capital says it has become substantial in Universal Biosensors with 8,877,774 shares (5.04%).

The substantial shareholder notice signed by director Brett Rock said that between January 1 and May 1, 2018 Jencay acquired 279,703 shares for \$69,317 or 24.8 cents a share.

Universal Biosensors fell one cent or 4.1 percent to 23.5 cents.

MEDICAL TECHNOLOGY, PHARMACEUTICAL GROWTH CENTRE

The Federal Government-funded MTP Connect says it has appointed Dr Dan Grant as its chief executive officer, effective from July 2018.

In February, MTP Connect said that chief executive officer Sue MacLeman would replace chair Dr Bronwyn Evans (BD: Feb 13, 2018).

Today, MTP Connect said that Dr Grant had “a wealth of experience ... from an extensive career in the pharmaceutical, medical research and higher education sectors”.

The organization said that Dr Grant was currently the Melbourne-based La Trobe University’s pro-vice-chancellor for industry engagement, leading the University’s innovation, commercialization and industry engagement activities (BD: Feb 11, 2016).

MTP Connect said that Dr Grant managed the University’s research and development precinct and was responsible for establishing La Trobe’s business accelerator program and Strategic Innovation Fund.

The organization said that prior to La Trobe University, Dr Grant was Pfizer’s senior director and head of external research and development for Australia, New Zealand and Singapore.

MTP Connect said that Dr Grant was previously Melbourne Ventures senior business development manager, a member of Uniseed’s investment committee and Biocomm Services senior business development manager.

Dr Grant holds a Bachelor of Physical Education, a Master of Science and a Doctor of Philosophy from Alberta’s University of Calgary and a Master of Business Administration from the University of Queensland.

MTP Connect said that “to ensure appropriate governance, there will be a gap between Ms MacLeman stepping down as [chief executive officer] and taking up the role as chair” in October 2018.

OBJ

OBJ says it has appointed the New York-based Antonio (Tony) Varano as a non-executive director, effective from May 15, 2018.

OBJ said that Mr Varano had more than 30 years’ experience in Australia, Europe and the US, operating and managing “entrepreneurial, corporate and investment pursuits” including start-ups, funding and growth, corporate operations, executive management and business exits, in retail businesses, cosmetics, skincare, real estate, agriculture, publishing, construction, entertainment and the arts.

The company said that Mr Varano studied business at the Western Australian Institute of Technology and holds a Master of Business Administration from the University of Western Australia.

OBJ said that on completing due diligence, Mr Varano would buy 4,000,000 shares at 2.5 cents a share in a placement.

OBJ fell 0.1 cents or four percent to 2.4 cents with two million shares traded.

DIMERIX

Dimerix says it has appointed nephrologist Prof Simon Roger as the principal investigator for its DMX-200 phase II trials.

Dimerix said it intended to run studies of DMX-200 for focal segmental glomerulosclerosis (FSGS) and diabetic kidney disease and Prof Roger would lead “private practice ethics submissions” while the principal investigator on the DMX-200 phase IIa trial, Prof David Power, would lead public hospital ethics committee submissions.

The company said it was “on-track to release study designs and submit applications for ethics approval for trials [by July] 2018”.

Dimerix said that Prof Roger was the director of the privately-owned Renal Research in Gosford, New South Wales.

The company said Prof Roger’s practice included about 120 dialysis patients and supervised more than 80 renal transplant patients.

Dimerix said that Prof Roger held a Bachelor of Medicine and Bachelor of Surgery, as well as a Doctor of Medicine, from the University of New South Wales and was the first or senior author on 63 publications.

Dimerix fell one cent or 8.3 percent to 11 cents.