



Biotech Daily

Tuesday June 12, 2018

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: AIRXPANDERS UP 14%; PRESCIENT DOWN 12%**
- * **RESONANCE REDUCES MRI TIMES, EXPECTS RETURN TO PROFIT**
- * **CARDIEX 'OVERSUBSCRIBED' RIGHTS RAISE \$1.1m, TOTAL \$5m**
- * **ANALYTICA PLACEMENT OPTIONS RAISE \$1.5m**
- * **BIOTRON \$1.5m RIGHTS OFFER 'OVERSUBSCRIBED'**
- * **CYNATA: 'CYP-001 GVHD 6-MONTH FOLLOW-UP POSITIVE'**
- * **ALCIDION: MKM SIGNS NSW EHEALTH CONTRACT**
- * **BIOXYNE TO SELL RICE COOKER IN CHINA, TAIWAN AND MALAYSIA**
- * **CRESO'S KUNNA WINS COLUMBIAN MARIJUANA LICENSE**
- * **MGC MARIJUANA COSMETICS AT HARVEY NICHOLS LONDON SHOPS**
- * **ADAM LEITZES, KARST PEAK TAKE 15% OF AVITA**
- * **MERCHANT GROUP TAKES 5% OF RHYTHM**
- * **AIRXPANDERS CEO FRANK GRILLO STARTS ON \$591k**

MARKET REPORT

The Australian stock market was up 0.15 percent on Tuesday June 12, 2018 with the ASX200 up 9.2 points to 6,054.4 points. Eleven of the Biotech Daily Top 40 stocks were up, 24 fell, four traded unchanged and one was untraded. All three Big Caps were up.

Airxpanders was the best, up 1.5 cents or 13.6 percent to 12.5 cents with 1.2 million shares traded. Admedus climbed 3.9 percent; Actinogen, Genetic Signatures and Universal Biosensors rose more than two percent; Compumedics, CSL, Medical Developments, Nanosonics and Pharmaxis were up one percent or more; with Cochlear, Resmed, Sirtex and Telix up by less than one percent.

Prescient led the falls for the second trading day in a row, down 1.5 cents or 11.5 percent to 11.5 cents with 803,966 shares traded. Impedimed lost 8.3 percent; Benitec and Osprey were down more than six percent; LBT, Optiscan, Prana and Reva fell four percent or more; Avita, ITL and Opthea were down more than three percent; Clinuvel, Factor Therapeutics, Immutep, Imugene, Mesoblast and Oncosil shed more than two percent; Bionomics, Cyclopharm, Dimerix, Neuren and Starpharma were down one percent or more; with Ellex and Pro Medicus down less than one percent.

RESONANCE HEALTH

Resonance says it has reduced magnetic resonance imaging (MRI) times from 40 minutes to nine minutes and expects to return to profit this financial year.

In Melbourne for meetings with investors, director Mitchell Wells and chief executive officer Alison Laws said the company had made significant advances with its MRI-based liver scan systems.

Ms Laws said that the amount of time a patient was in an MRI was not only a matter of patient-comfort but was a significant contributor to cost.

Ms Laws said that MRI required controlled climate conditions and used significant amounts of electricity, making scans very expensive.

She said the company had reduced the time required for its flagship Ferriscan diagnostic for liver iron content from about 20 minutes to nine minutes and the company hoped to reduce it further to one minute.

Ms Laws said that the Hepafat-scan was a one-minute MRI scan.

Ms Laws said that Resonance provided the liver scan protocol to the imaging company for free but charged per analysis of each image.

She said that Ferriscan, Hepafat-scan and CardiacT2 were all approved by the Australian Therapeutic Goods Administration, Conformité Européenne (CE) mark and US Food and Drug Administration, with the technology classified as “software as a medical device”.

Ms Laws said there was a large market for thalassaemia diagnosis and treatment in Asia and the Middle East but traditional scans had been prohibitively expensive for developing countries and lower socio-economic communities.

She said that reducing the cost would increase the potential market for Ferriscan for thalassaemia, sickle cell anaemia and other anaemia patients who had iron overload.

Ms Laws said that iron overload need to be measured annually and the alternative to an MRI scan was a liver biopsy, which could be painful and had its own dangers, whereas the Ferriscan MRI had been shown to be equivalent to biopsy.

She said that similarly, liver fat required either multiple biopsies or magnetic resonance imaging for definitive analyses.

Ms Laws said that ultrasound measures of liver fat were not definitive.

She said that with increasing global obesity the need for accurate diagnosis of liver fat would increase.

Ms Laws said that the Ferriscan had been accepted by key opinion leaders and by March 2018, more than 45,000 Ferriscans had been performed in more than 45 countries.

She said that despite consistent revenues of about \$2.5 million a year, the company had struggled to be profitable.

Last year, Resonance posted revenue for the year to June 30, 2017 down 3.5 percent to \$2,458,332 with net loss after tax down 20.85 percent to \$304,217 (BD: Aug 30, 2017).

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

Resonance previously said that the CardiacT2 used magnetic resonance imaging to measure iron loading in a patient’s heart.

Today, Ms Laws said that Resonance had developed the Ferrismart system using artificial intelligence could provide instant results for liver iron concentrations.

She said it was specifically developed “to help clinicians in developing countries access an affordable and clinically validated method for liver iron concentration quantification”.

Ms Laws said that in the past, the company had a very small sales team and was considering contracting third party resellers to increase sales, particularly in the US.

Resonance was untraded at 2.2 cents.

CARDIEX (FORMERLY ATCOR MEDICAL)

Cardiex says it has raised \$1,124,094 from its “oversubscribed” entitlement offer, at two cents a share.

In April, Cardiex said it had commitments for a \$2,375,906 placement at two cents a share, an underwritten rights offer for \$1,124,094 and a director-related \$1,500,000 investment (BD: Apr 23, 2018).

The company said that, as the offer was heavily oversubscribed, \$907,882 in entitlement acceptances would be returned to shareholders and additional shares would be issued proportionally to the participation of new shares, based on a ratio of entitlements of those participating to the total number of entitlements issued.

Cardiex chief executive officer Craig Cooper said the offer’s success “shows strong validation for the strategy and new direction of the company as previously outlined to shareholders”.

Cardiex was unchanged at 2.6 cents with 1.1 million shares traded.

ANALYTICA

Analytica says it has raised \$1,044,615 from shareholders exercising unlisted options which expired on May 21, 2018 and \$487,000 through a private placement.

Analytica said that 208,922,920 options, or 78.6 percent of the potential 265,839,671 options issued as part of the renounceable of entitlement offer announced last year were exercised (BD: Sep 18, 2017).

The company said that under the 2017 entitlement offer each share granted one option exercisable at 0.5 cents by May 21, 2018, with the private placement to sophisticated investors at the same price.

Analytica said that a previous tranche of options that expired on January 31, 2018 resulted in 183,713,441 options, worth \$918,567, being exercised from a potential total of 265,869,671 issued, or a 69.1 percent participation rate.

The company said the money would go toward proving its intra-vaginal Pericoach system worked, as well as partnering to commercialize its products.

Analytica fell 0.1 cents or 14.3 percent to 0.6 cents with 7.5 million shares traded.

BIOTRON

Biotron says its renounceable rights offer was oversubscribed, raising \$1,471,180.

Biotron said it would issue 98,078,690 shares and 98,078,690 options, with the options exercisable at five cents each by December 12, 2019.

Last month, the company said it hoped to raise the money in a partly-underwritten offer at 1.5 cents a share, a 42 percent discount to the one-month volume weighted average price, and that proceeds would be used to expand its hepatitis B virus program, including testing of promising compounds in new models of infection, continued evaluation of additional compounds against an expanded range of viral diseases and for general working capital (BD: May 10, 2018).

Biotron was up 0.2 cents or eight percent to 2.7 cents.

CYNATA THERAPEUTICS

Cynata says a six-month follow-up of first cohort of its phase I trial of CYP-001 for graft versus host disease shows positive safety and sustained overall survival rates.

Cynata said the follow-up analysis was undertaken in all eligible patients from the trial, which tested the company's lead Cymerus mesenchymal stem cell product candidate for steroid-resistant acute graft-versus-host disease.

The company said that overall survival remained at seven of eight patients, with no treatment-related serious adverse events or safety concerns having been identified.

Cynata head of product development Dr Kilian Kelly said the company was "delighted to report that all patients evaluated in cohort A continue to do well six months after treatment with CYP-001 and that no safety concerns have arisen".

Last month, Cynata said it had treated the eighth and final patient in the second cohort of the trial and in February said that at 100-days after treatment four of eight patients from first cohort had a complete response (BD: Feb 27, May 24, 2018).

Today, Cynata said that the eight patients had received two infusions of CYP-001, administered one week apart, and that each dose was one million cells per kilogram of body weight up to a maximum dose of 100 million cells.

Cynata was unchanged at \$1.44.

ALCIDION

Alcidion says its Melbourne-based subsidiary MKM Health has signed a three-year development and support contract with Ehealth New South Wales.

Alcidion said the contract was for the State Government's Ehealth "to supply development and support of integration services on the enterprise service bus and enterprise patient repository platforms for up to \$3.8 million".

In April, Alcidion said it would acquire MKM Health, alongside Patientrack for \$12,000,000 in cash and scrip (BD: Apr 24, 2018).

Alcidion was up half a cent or 10.2 percent to 5.4 cents with 1.2 million shares traded.

BIOXYNE

Bioxyne says it has an agreement with Inoco Resources to sell the Grayns starch-reducing rice cooker in China, Taiwan and Malaysia.

Bioxyne said the rice cooker removed starch from rice, helping to manage diabetes, and weight, as well as promoting a lower glycaemic index healthy diet.

Bioxyne was unchanged at 6.3 cents.

CRESO PHARMA

Creso says Columbia has licenced its subsidiary Kunna SAS to grow marijuana.

Creso said this followed Kunna's receipt of the licences required to produce, manufacture, market and export cannabis derivatives using extracts in 2017.

Earlier this year, the company said that due diligence for its acquisition of Kunna was expected to be completed in March, but today said it was expected to be completed in June (BD: Feb 14, 2018).

Creso fell half a cent or 0.7 percent to 71.5 cents.

MGC PHARMACEUTICALS

MGC says its cannabidiol-based cosmetics will be sold at London retailer Harvey Nichols' Knightsbridge and Ecommerce stores, from June 29, 2018.

MGC said its MGC Derma and Derma Plus collections consisted of 18 products containing cannabidiol.

MGC was up 0.1 cents or 1.6 percent to 6.4 cents with 5.5 million shares traded.

AVITA MEDICAL

Adam Gregory Leitzes and Karst Peak Capital and say they have become substantial shareholders in Avita with 189,908,597 shares or 14.87 percent of the company.

In a substantial shareholder notice the Hong-Kong-based Mr Leitzes said he was a director of Karst Peak, which with associated companies, acquired 1,300,000 shares on February 7, 2018 at six cents a share and 155,000,000 shares on June 7, 2018 at five cents a share.

The notice said the associated companies were Karst Peak Asia Master Fund and Vermilion Peak Master Fund.

Avita fell 0.2 cents or 3.45 percent to 5.6 cents with three million shares traded.

RHYTHM BIOSCIENCES

Merchant Funds Management says it has become a substantial shareholder in Rhythm with 5,060,000 shares or 5.02 percent of the company.

The Perth-based Merchant said it bought the shares between May 14 and June 7, 2018, with the largest purchase of 2,481,567 shares on June 6, 2018.

Rhythm was up 1.5 cents or 7.5 percent to 21.5 cents.

AIRXPANDERS

Airxpanders says it has appointed Frank Grillo as chief executive officer, effective from June 12, 2018 on a base salary of \$US450,000 (\$A590,999) a year.

Airxpanders said Mr Grillo had worked in the US medical device industry, including 10 years at Boston Scientific Corp and Kyphon, where he led the marketing for its \$US400 million business and was part of the team involved in the sale of Kyphon to Medtronic for \$US4.2 billion in 2007.

The company said Mr Grillo had also worked as a senior executive for Intuitive Surgical Inc where he directed marketing strategy, implemented marketing programs and product launches, as well as most recently serving as chief executive officer at MRI Interventions.

Airxpanders said Mr Grillo held a Bachelor of Science from Medford, Massachusetts-based Tufts University and a Master of Business Administration from the Evanston, Illinois-based Northwestern University J.L. Kellogg Graduate School of Management.

The company said Mr Grillo's \$US450,000 base salary had target bonuses for 2018 of an additional 30 percent for short-term incentives and 50 percent for long term-incentives, to be determined based on performance and approval by the board.

Airxpanders was up 1.5 cents or 13.6 percent to 12.5 cents with 1.2 million shares traded.