



Biotech Daily

Monday August 27, 2018

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: FACTOR UP 10%; LBT DOWN 11.5%**
- * **ATMO, RMIT, SPECT WIN \$300k J&J, VICTORIA QUICKFIRE CHALLENGE**
- * **AIRXPANDERS PLACEMENT, RIGHTS RAISE \$20.3m**
- * **CELLMID REVENUE UP 23% to \$7m, LOSS DOWN 17% TO \$3.7m**
- * **OSPREY H1 REVENUE UP 69% TO \$1.6m, LOSS UP 31% TO \$12m**
- * **SIMAVITA SIGNS 1st MAJOR DEAL WITH BELGIUM'S DRYLOCK**
- * **NOXOPHARM CLAIMS NYRADA NYX-330 'CHOLESTEROL PROGRESS'**
- * **MEDLAB MULTIBIOTIC SAFETY, TOLERABILITY CHEMOTHERAPY TRIAL**
- * **MGC MARIJUANA COGNICANN FOR DEMENTIA, ALZHEIMER'S TRIAL**
- * **PROBIOTEC SELLS PROPERTY FOR \$24.5m, LEASES BACK**
- * **CSL \$8m MORE CEO 'RIGHTS' AGM**
- * **RESONANCE DETAILS TRIAL CONTRACTS**
- * **DIMERIX APPOINTS DR NINA WEBSTER CEO, M-D; STARTS ON \$300k**

MARKET REPORT

The Australian stock market was up 0.35 percent on Monday August 27, 2018 with the ASX200 up 21.6 points to 6,268.9 points. Nineteen of the Biotech Daily Top 40 stocks were up, 13 fell, four traded unchanged and four were untraded.

Factor Therapeutics was the best, up 0.5 cents or 9.6 percent to 5.7 cents with 709,917 shares traded. Compumedics, Dimerix and Medical Developments rose more than eight percent; Impedimed, Prescient and Telix climbed more than seven percent; Cynata was up 5.5 percent; Opthea improved 3.4 percent; Benitec, Biomix, Oncosil, Prana and Volpara rose more than two percent; Mesoblast and Pharmaxis were up more than one percent; with Cochlear, CSL, Ellex, Pro Medicus and Sirtex up less than one percent.

LBT led the falls, down 1.5 cents or 11.5 percent to 11.5 cents with 530,582 shares traded. Neuren fell 9.4 percent; Reva fell 4.35 percent; Actinogen, Clinuvel and Uscom were down more than three percent; Osprey shed 2.1 percent; with Airxpanders, Avita, Nanosonics, Optiscan and Starpharma down more than one percent.

JOHNSON & JOHNSON INNOVATION, VICTORIA GOVERNMENT

Johnson & Johnson says that Atmo Biosciences, the Royal Melbourne Institute of Technology and Spect Inc won the \$300,000 Quickfire device challenge.

Johnson & Johnson said the challenge was launched earlier this year with the Victoria Government at the opening of the Johnson & Johnson Innovation partnering office at Monash University (BD: Mar 27, 2018).

Today, Johnson & Johnson said the three winners would share grants totalling \$300,000, mentorship and coaching from medical device experts at Johnson & Johnson Innovation, and access to the J Labs entrepreneurial community.

A Johnson & Johnson media release said that Melbourne's Atmo Biosciences had developed an ingestible electronic capsule, developed and patented at the Royal Melbourne Institute of Technology (RMIT), which would gather digital health data from gas concentrations as it passed through the gut, for the screening and diagnosis of gastrointestinal disorders and for assessing effects of dietary treatments on the gut. The media release said that a team from RMIT led by Madhu Bhaskaran had developed electronics that stretch and flex, driving the development of ultra-light, stretchable, wearable sensors.

Johnson & Johnson said the team's "transparent, unbreakable patch has been demonstrated for ultra-violet sensing and can be potentially integrated with clothing or worn on skin" to track ultra-violet radiation and exposure.

The media release said the San Diego, California-based Spect Inc had produced an eye camera and artificial intelligence platform to point-of-care diabetic eye disease screening. Victoria Minister for Innovation Philip Dalidakis said the program connected start-ups with the Johnson & Johnson Innovation network "and helps them get their life-improving therapies into the hands of patients".

AIRXPANDERS

Airxpanders says it has raised \$20.3 million through a placement and an underwritten pro-rata non-renounceable 15-for-16 rights offer at 7.5 cents a share (BD: Aug 3, 2018).

Airxpanders said it received subscriptions for \$11.4 million on the \$15.7 million rights issue and Cannacord Genuity (Australia) would place the \$4.3 million shortfall.

The company said that the Palo Alto, California-based Vivo Ventures would buy 20,441,183 US shares, raising about \$US3.4 million (\$A4.6 million) with a further \$US50,000 in shares to be acquired by chairman Barry Cheskin pending shareholder approval.

Airxpanders fell 0.1 cents or 1.2 percent to 8.2 cents.

CELLMID

Cellmid says revenue for the year to June 30, 2018, was up 22.9 percent to \$6,834,924 with net loss after tax down 16.5 percent to \$3,732,615.

Cellmid said that sales of Advangen hair loss products rose 25.5 percent to \$5.65 million, but midkine diagnostics licence fees and royalties fell a further 56.4 percent to \$64,252.

The company said that diluted loss per share fell 2.3 percent to 6.74 cents at June 30, 2018, net tangible assets per share were down 98.6 percent from 4.16 cents last year to 0.06 cents at June 30, 2018.

Cellmid said it had cash and cash equivalents of \$1,607,783 at June 30, 2018, compared to \$3,994,641 at June 30, 2017.

Cellmid was up 1.5 cents or four percent to 39 cents.

OSPREY MEDICAL

Osprey says revenue for the six months to June 30, 2018, was up 69.3 percent to \$1,180,310 (\$A1,609,586) with net loss after tax up 30.9 percent to \$US8,761,104 (\$A11,947,037).

Osprey said that the increased revenue came from “strong unit sales” of its Dyvert and other cardiac dye reduction systems, through US multi-hospital system contracts.

The company said that diluted loss per share was constant at five US cents, net tangible assets per Chess depository instrument was up 16.7 percent to 7.0 US cents and it had cash and cash equivalents of \$US23,333,804 at June 30, 2018.

Osprey fell half a cent or 2.1 percent to 23 cents.

SIMAVITA

Simavita says it has its “first major marketing agreement” for its urine sensor Alertplus technology with the Zeal, Belgium-based nappy manufacturer Drylock Technologies NV. Simavita said the two companies would use their best endeavors to identify tender opportunities with large mass market customers and to work exclusively with each other. Simavita chairman Michael Spooner said the agreement was “an outstanding validation of our Pivot strategy and an excellent commercial start to the tremendous opportunity that we believe has now been established”.

The company said there were “no material conditions to be satisfied” prior to the start of the marketing agreement, no sales contracts had been agreed, it had not, nor would it, pay fees to nappy manufacturers or any other party in relation to the agreement.

Simavita said the agreement related to adult and infant products incorporating its Alertplus incontinence technology and initially would target up to four “major” customers in North America and Europe, with aggregate annual product purchases of about \$310 million.

The company said it would be entitled to a share of profits generated from sales.

“We have completely rebuilt and repositioned the company and our product portfolio,” Mr Spooner said. “Simavita’s opportunity from here is to materially build our revenue pipeline by licensing the Alertplus platform technology, whilst maintaining a low-cost structure.”

Simavita said the global nappy market was expected to reach \$US64 billion in annual sales and directly affect more than 100 million people daily, consumers were demanding greater functionality and price performance, with “few major performance or other differences between ... products”.

Simavita said it had developed “smart, wearable and disposable sensors” to monitor incontinence, which formed part of the materials used in the manufacturing process, were “extremely inexpensive and [did] not impact in any way, the efficiency of manufacturing”.

Simavita was up 1.5 cents or 83.3 percent to 3.3 cents with 1.5 million shares traded.

NOXOPHARM

Noxopharm says its majority-owned US subsidiary, Nyrada has made progress with its NYX-330 cholesterol-lowering drug candidate.

Noxopharm said a number of undefined pre-clinical development milestones had been passed which went “a long way to confirming the breakthrough potential of NYX-330”.

Nyrada head of research and development James Bonnar said “we appear to have succeeded where others have failed in producing a small molecule drug candidate that is meant to combine with the statin drugs to help more people lower their blood cholesterol levels to healthier levels”.

Noxopharm was up 2.5 cents or 3.9 percent to 66.5 cents.

[MEDLAB CLINICAL](#)

Medlab says a 30-phase, phase I trial will examine the safety and tolerability of its food additive Multibiotic for cancer patients undergoing chemotherapy.

Medlab said the trial would study Multibiotic ability to reduce intestinal inflammatory ulcerations, or mucositis, which led to diarrhoea and other adverse effects.

The company said the 12-week trial at the Northern Cancer Institute in Sydney's St Leonards would be led by Prof Stephen Clarke.

Medlab chief executive officer Dr Sean Hall said that preliminary investigations had shown "promising results in the oncology area", with Multibiotic potentially complementing its marijuana-based products like Nanabis and Nanabidial.

"Since mucositis is common and debilitating, it means it is a significant market globally and we are hoping this research will help improve the general well-being of chemotherapy patients," Dr Hall said.

Medlab said that Multibiotic was "a multi-species probiotic" that helped support the natural balance of commensal bacteria in the gastrointestinal tract and was currently marketed to improve symptoms of medically-diagnosed irritable bowel syndrome.

Medlab was up half a cent or 1.2 percent to 42.5 cents.

[MGC \(MEDICAL GRADE CANNABIS\) PHARMACEUTICALS](#)

MGC says it expects to conduct a 50-patient, phase II trial of its marijuana-based Cognicann for patients with mild dementia and Alzheimer's disease, next year.

MGC said the 16-week, randomized, double-blind, crossover, placebo-controlled trial at the Fremantle, Western Australia-based private Catholic University of Notre Dame would be undertaken by the University's Institute for Health Research was subject to Australian Therapeutic Goods Administration approval.

The company said that it would evaluate behavioral changes, quality of life and level of discomfort and pain in dementia patients aged 65 years and over and living in residential aged care facilities.

MGC fell 0.3 cents or 5.45 percent to 5.2 cents with 5.7 million shares traded.

[PROBIOTEC](#)

Probiotec says it has sold its Melbourne property at Laverton North to the Perth-based Ascot Capital for \$24.5 million and will lease it back.

Probiotec said the sale of the land and buildings at 79-85 Cherry Lane, Laverton North was to Laverton North CT Pty Ltd as trustee for Ascot Capital Laverton North Property Trust including the recently-acquired 85 Cherry Lane property (BD: July 2, 2018).

The company said it would receive \$21.5 million in cash, subject to normal adjustments, and a further \$3 million would be held in trust pending development works at 85 Cherry Lane, including the construction of a new warehouse and manufacturing facility, estimated to cost \$3 million and expected to be completed within 12 months.

Probiotec said that completion of the was expected at the end of September 2018.

Probiotec managing-director Wes Stringer said the transaction "continues the company's objective of unlocking shareholder value and focusing on Probiotec's core manufacturing business".

The company said it was advised by real estate agents Jones Lang LaSalle and law firm Arnold Bloch Leibler.

Probiotec was up one cent or 0.6 percent to \$1.70.

CSL

CSL will vote to issue \$US6,128,500 (\$A8,356,819) more 'performance' shares for chief executive officer Paul Perreault.

CSL said the meeting would vote to elect as directors former chief executive officer Dr Brian McNamee, Abbas Hussain, and chief scientific officer and head of research and development Prof Andrew Cuthbertson; with former chairman Prof John Shine and director David Anstice retiring at the conclusion of the meeting.

CSL said shareholders would vote on the remuneration report, to re-approve the employee share plan, the performance rights plan and takeover provisions.

Previous 'performance' resolutions have passed but with up to 27.25 percent of votes against (BD: Oct 16, 2013; Oct 15, 2014; Oct 15, 2015; Oct 12, 2016; Oct 18, 2017).

The meeting will be held at the Melbourne Convention Centre, Clarendon Auditorium, Level 1, 2 Clarendon Street, South Warf, Melbourne on October 17, 2018 at 1pm (AEDT). CSL was up 37 cents or 0.2 percent to \$224.80 with 577,282 shares traded

RESONANCE HEALTH

Resonance says it is contractually prohibited from divulging specific details of the clinical trials, but provided some detail of two contracts announced last week.

Last week, Resonance said it had two new contracts worth \$US522,000 (\$A720,809) with unnamed pharmaceutical and therapeutic companies (BD: Aug 24, 2018).

Today, the company said the first contract for the use of its Ferriscan technology and services was a 20-month clinical trial contract and the second contract was for an initial 48-months but could be discontinued if the clinical trial was not successful.

The company said that both trials included fixed costs for the clinical trial setup, a monthly project and data management fee and variable costs for the use of its products and services including Ferriscan, Ferriscan Phantom Pack supply and analysis.

Resonance was untraded at 2.3 cents.

DIMERIX

Dimerix says it has appointed Dr Nina Webster as its chief executive officer and managing director, starting on \$300,000 a year, effective from today.

Dimerix said that Kathy Harrison would continue as chief operating officer.

The company said that Dr Webster had more than 25 years' experience in pharmaceutical and biotechnology companies, most recently as Acrux's commercial director and previously was Immuron's commercialization and intellectual property director.

The company said that Dr Webster held a Bachelor of Science from the UK Open University, a Master of Intellectual Property Law from the University of Melbourne, a Master of Business Administration from the Royal Melbourne Institute of Technology and a Doctor of Philosophy from Cardiff University.

Dimerix said that Dr Webster would be paid a base salary of \$300,000 including superannuation, as well as short-term incentives of up to 30 percent of the base salary pending milestones and, pending shareholder approval, would be allotted 6,351,975 options, vesting over three years with expiry for all options, three years after last award and one third of each tranche exercisable at 18 cents, 27 cents and 36 cents each.

Dimerix was up 0.7 cents or 8.05 percent to 9.4 cents.