



Biotech Daily

Thursday March 10, 2016

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: ACTINOGEN UP 18%, PRANA DOWN 11%**
- * **OBJ: 'READY TO PROMOTE AWARENESS TO THE MARKET'**
- * **GORDAGEN WINDS UP 20% INVESTOR FELDA FOR \$652k DEBT**
- * **CHINA PATENT FOR INVION INV102 FOR SMOKING CESSATION**
- * **PRANA 6-FOR-1 ADS RATIO CHANGE, CONSOLIDATION**
- * **ANALYTICA ENDS SALESFORCE4HIRE AGREEMENT, CUTS SPENDING**
- * **RAPHAEL LAMM, SHOMRON TAKES 11% OF ALCHEMIA**
- * **DEUTSCHE BANK SELLS, RETURNS TO 5% OF GENETIC TECHNOLOGIES**
- * **BIO-MELBOURNE 'WIRELESS AND WEARABLE TECHNOLOGY' LAB**

MARKET REPORT

The Australian stock market slipped 0.14 percent on Thursday March 10, 2016 with the ASX200 down 7.1 points to 5,150.1 points. Eleven of the Biotech Daily Top 40 stocks were up, 17 fell, seven traded unchanged and five were untraded. All three Big Caps fell.

Actinogen was the best on an investor presentation, up 1.1 cents or 18.3 percent to 7.1 cents with 3.3 million shares traded, followed by Tissue Therapies up 12.5 percent to 4.5 cents with 348,478 shares traded.

Osprey climbed 7.4 percent; Cellmid and Impedimed were up more than five percent; Antisense and Polynovo improved four percent or more; Admedus and Clinuvel were up more than three percent; with Avita and Nanosonics up by more than one percent.

Prana led the falls, down 0.9 cents or 10.6 percent to 7.6 cents with 254,930 shares traded.

Universal Biosensors fell 5.6 percent; Neuren was down 4.2 percent; Benitec and Orthocell were down more than three percent; Living Cell, Medical Developments, Pro Medicus, Psivida and Sirtex shed more than two percent; Acrux, Bionomics, Biotron, CSL, Mesoblast, Reva and Viralytics were down more than one percent; with Cochlear, Ellex and Resmed down by less than one percent.

OBJ

OBJ chairman Glyn Denison says that after 12 years and its first major licence with Procter & Gamble, the company is ready to begin promoting itself to investors.

Mr Denison said that with revenue of \$1.5 million for the year to June 30, 2015, cash at February 2016 of \$8.8 million and a quarterly burn of \$540,000, the East Coast investor tour was solely about company awareness and not funding.

Last month, OBJ reported revenue for the six months to December 31, 2015 of \$1.4 million and last year, it raised \$6.73 million in an oversubscribed placement and share plan at 5.7 cents a share (BD: Sep 24, Nov 2, 2015; Feb 29, 2016).

OBJ has been developing its magnetic transdermal technology for more than 12 years under the direction of founder, inventor and managing director Jeffrey Edwards.

Mr Denison said he met Mr Edwards on a flight and asked what he did for a living, and as a type 1 insulin-dependent diabetes patient, Mr Edwards "instantly had my attention".

Mr Edwards said that the problem with using the magnetic micro-array platform for drugs like insulin was not the size of the molecule, but the large volume of drug required to be delivered.

Mr Edwards explained that the thin magnetic micro-array strips could be "tuned to specific molecules" to enhance their penetration of the skin using electro-magnetic forces.

He said that in the case of the company's first licence with Procter & Gamble, the array was tuned to the SK-II anti-wrinkle cream applied around customer's eyes and then the OBJ Eye Wand was stroked around the eyes to enhance transportation through the skin.

Mr Denison said the SK-II range earned \$US2.2 billion in revenue for Procter & Gamble and OBJ was entitled to royalties on both the cream and the Wand.

Mr Edwards said that the technology could be used with a range of different products including eye creams, moisturizers, night creams and color toning.

Mr Denison said that with the validation of studies by Procter & Gamble and three more licences "on the way", OBJ was ready to engage with the investment community.

Mr Denison said that OBJ had 12 work plans agreed with Procter & Gamble, one of which was for a shaving product for men, which was being developed for one of Procter & Gamble's 3,000 brands.

Mr Edwards demonstrated the concept and said the shaving cream had a moisturising ingredient and the magnetic micro-array would sit under the glide strip on the disposable blade, pushing the moisturizer through with every pass of the razor.

Mr Denison said the brand sold 3.5 million blades a day and if OBJ secured a licence to include its micro-array, it would include a royalty at a percentage of the wholesale price.

"Procter & Gamble is now starting to see how it can use OBJ," Mr Denison said.

"We've done internal testing and the next step is likely to be a consumer trial paid for by Procter & Gamble and then we'll talk licencing," Mr Denison said.

Mr Denison said the OBJ technology could be used with multiple brands and there were other activities under way with Procter & Gamble, but the company was being approached by other leaders in the fast-moving consumer goods (FMCG) sector.

Mr Edwards said that the success in cosmetics had not distracted the original focus on human health and the Bodyguard Kneeguard used the same principle to force a long-chain high molecular weight hyaluronic acid synthetic synovial fluid into the knee joint "to alter the injury site rather than just relieve pain".

Mr Edwards said that a \$500,000 114-patient trial had demonstrated efficacy of the Kneeguard compared to diclofenac, or Voltaren, (BD: Feb 23, 2016).

Mr Denison said that apart from developing next generation wands, the company was working on programs including anti-microbials for surface hygiene (BD: Oct 30, 2015).

OBJ was up 0.8 cents or 10.8 percent to 8.2 cents with 1.7 million shares traded.

GORDAGEN PHARMACEUTICALS

Gordagen says it has secured a winding-up order from the High Court of Malaysia against 20 percent shareholder Felda Wellness Corp over debts of \$652,084.

Gordagen said that Felda Wellness Corp was a wholly-owned subsidiary of the Malaysian Government Federal Land Development Authority.

Felda's website describes one of its subsidiaries as "the world's largest palm oil producer and oil palm plantation operator".

In a separate court case last year, Gordagen says the Malaysian High Court had fined former employee Nurul Athirah binti Sufi \$26,579 and ordered her to return documents and not disclose company information (BD: May 22, 2015).

Gordagen said that Felda Group deputy director general Muhammad Sufi Mahbub became a Gordagen director in January 2014, a position he held until removed by a unanimous shareholder vote on January 12, 2015.

The company said last year that Mr Sufi recommended his daughter Ms Athirah be employed as its finance manager because she was an accountant who could assist in dealings with Malaysian investors.

Today, Gordagen chief executive officer Dr Glenn Tong told Biotech Daily that Felda Wellness became a 20 percent shareholder in January 2014 with a \$6 million investment.

Dr Tong said that the debts of \$652,084 were for work done on coconut-extract food additives and for capital raising activities.

Dr Tong said he expected a liquidators report "within a couple of weeks".

In a media release Gordagen said that wind-up proceedings were begun after numerous requests to Felda Wellness over 14 months.

Gordagen said that the debts related to services provided by Gordagen under the instructions of Muhammad Sufi Mahbub and Felda Wellness chief executive officer Mohd Nasir bin Shafion.

Dr Tong said that Felda Wellness was a shareholder and a wholly-owned subsidiary of a major statutory body "so Gordagen fully exhausted every option available to us prior to initiating winding-up proceedings in court".

"This is simply too much money for a development-stage biopharmaceutical company like Gordagen to write off as a bad debt and [we were] left with no choice but to initiate proceedings in court," Dr Tong said.

Gordagen is a private company.

INVION

Invion says that China's State Intellectual Property Office has allowed a patent relating to its INV102 (nadolol) treatment for smoking cessation.

Invion chief executive officer Dr Greg Collier told Biotech Daily that the patent, entitled 'The use of beta-adrenergic inverse agonists for smoking cessation' would provide coverage until January 2032.

In a media release, Invion said that the patent was the second family of core patents for oral INV102 (nadolol) and the claims were directed to the use of beta-adrenergic inverse agonists for prevention of mucus hyper-secretion, particularly with respect to patients quitting or attempting to quit smoking.

The company said that the US Patent and Trademark Office acting as Patent Cooperation Treaty international preliminary examining authority previously issued a notice that all claims under the patent application met the Treaty requirements for industrial applicability, novelty and inventive step.

Invion was up 0.2 cents or 40 percent to 0.7 cents with 7.9 million shares traded.

ANALYTICA

Analytica says it has taken a number of steps to reduce expenditure, including the termination of the Salesforce4hire agreement.

Last year, Analytica said it had hired the Raleigh, North Carolina-based Salesforce4hire to increase US sales of its Pericoach intra-vaginal stress urinary incontinence diagnostic system, the company was a wholly owned subsidiary of the private family wealth fund McGeever LLC and it would receive a portion of its compensation in performance-based Analytica options(BD: Sep 28, 2015).

Today the company said that the agreement included the provision for up to 52,083,334 options at 1.9 cents exercisable before February 2020 and that 10,416,667 options had vested and 41,666,667 would lapse.

Analytica said that it was continuing to establish Pericoach credibility and market acceptance and was looking for partnership opportunities with multinational medical device companies.

The company said that it did not have “the capacity to drive meaningful or exponential sales and the company’s strategy is therefore focused on securing a licencing agreement with a major medical device company with the scale to make the product a global success”.

Analytica said that other marketing initiatives in the US and Australia had been “substantially reduced” but it had sufficient resources to maintain exposure in those markets to continue to collect data from Pericoach users and clinicians.

The company said that it had “effective and expanding engagement with key opinion leaders” and no longer needed to spend capital on establishing those networks.

Analytica said expenditure for 2016 was forecast to be 50 percent lower than 2015.

Analytica was untraded at 0.4 cents.

PRANA BIOTECHNOLOGY

Prana says it will effectively undertake a six-to-one consolidation of its American depository shares (ADSs) through a ratio change to comply with Nasdaq listing rules.

Last year, Prana said that it had received a letter from the Nasdaq saying it was not in compliance with the rule of maintaining a price above \$US1 a share (BD: Nov 9, 2015)

Today, the company said that the ratio of ADSs to Australian shares would increase from one ADS to 10 Australian shares to one ADS representing 60 Australian shares.

Prana said that the ratio change would have the same effect as a six-for-one consolidation of the ADSs.

The company said that ADS holders would be required to surrender their ADSs in exchange for the new ADSs, with fractional ADSs sold by the depository and paid in cash to the ADS holders.

Prana said that change would have no effect on its ASX shares.

Prana fell 0.9 cents or 10.6 percent to 7.6 cents.

ALCHEMIA

The Melbourne-based Shomron Pty Ltd says it has increased its substantial shareholding in Alchemia from 24,222,212 shares (7.45%) to 36,260,262 shares (11.17%).

Shomron director Raphael Lamm and brother of Alchemia director David Lamm said in the substantial shareholder notice that the 12,038,050 shares were bought on March 8, 2016 for \$96,304 or 0.8 cents a share.

Alchemia was unchanged at 1.2 cents with 1.7 million shares traded.

GENETIC TECHNOLOGIES

Deutsche Bank AG and associated entities say they have reduced their holding in Genetic Technologies from 107,477,250 shares (6.27%) to 90,141,900 shares (5.26%).

Deutsche Bank said that between January 15 and March 7, 2016 it bought, borrowed, returned and sold shares in more than 120 separate transactions.

Genetic Technologies was unchanged at 1.9 cents.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network says Victoria's Parliamentary Secretary for Medical Research Frank McGuire will open its March 17 Devices and Diagnostics Laboratory.

The Network said the Victoria Government was the premier sponsor of the full day program which would showcase 'Wireless and Wearable Technology' and explore the product development lifecycle for wireless and wearable medical technology.

The Bio-Melbourne Network chief executive officer Dr Krystal Evans said that "wireless and wearable devices are the new frontier in medical technology".

"Data is key to the personalized medicine revolution and being able to track, monitor and analyze outputs on an individual basis in real-time is driving massive shifts in approaches to healthcare," Dr Evans said.

The Network said the Devices & Diagnostics Lab would be held at the Spring Street Conference Centre, 1 Spring Street, Melbourne on March 17, 2016, with registration from 8:30am with presentations from 9am to 5.15pm followed by networking drinks.

The Network said that the event was supported by the Commonwealth Scientific and Industrial Research Organisation, Davies Collison Cave and the Department of Industry, Innovation and Science.

To register go to: <http://www.biomelbourne.org/events/view/404>.