



# Biotech Daily

Tuesday August 29, 2017

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: GENETIC SIGS UP 10.5%, MESOBLAST DOWN 12%**
- \* **MESOBLAST RAISES \$38m, \$12.7m TO GO**
- \* **ATCOR SHARE PLAN FOR \$500k**
- \* **OBJ READY FOR TRANSDERMAL IBUPROFEN PAIN STUDY**
- \* **CYCLOPHARM H1 REVENUE UP 6% TO \$6m, PROFIT TO \$1.4m LOSS**
- \* **AVITA REVENUE UP 129% TO \$8m, LOSS UP 50% TO \$12m**
- \* **ADHERIUM REVENUE UP 12% TO 2.3m, LOSS UP 103% TO \$13m**
- \* **RHINOMED REVENUE UP 70% TO \$1.7m, LOSS DOWN 26% TO \$4.4m**
- \* **TBG (PROGEN) H1 REVENUE UP 30% TO \$1.8m, LOSS DOWN 62% TO \$1m**
- \* **GENETIC TECHNO REVENUE DOWN 54% TO \$518k, LOSS DOWN 1%**
- \* **EURO PATENT FOR ELLEX 2RT LASER TREATMENT FOR AMD**
- \* **REGENEUS RECEIVES \$2.6m FEDERAL R&D TAX INCENTIVE**
- \* **ZELDA PRIORITY FOR \$6m CANNPAL IPO**
- \* **NOXOPHARM: IDRONOXIL KILLS BRAIN CANCER IN LABORATORY**
- \* **YARRA FUNDS BACK BELOW 5% OF MAYNE PHARMA, AGAIN**

## MARKET REPORT

The Australian stock market fell 0.72 percent on Tuesday August 29, 2017 with the ASX200 down 40.9 points to 5,669.0 points. Fourteen of the Biotech Daily Top 40 stocks were up, 16 fell, eight traded unchanged and two were untraded.

Genetic Signatures was the best, up four cents or 10.5 percent to 42 cents with 39,000 shares traded. Uscom climbed 9.4 percent; Compumedics, LBT and Oncosil improved more than five percent; Prima was up 4.8 percent; Factor Therapeutics climbed 3.45 percent; Impedimed rose 2.4 percent; with Avita, Ellex, Neuren, Osprey, Resmed, Sirtex and Starpharma up more than one percent.

Mesoblast led the falls, down 16.1 cents or 11.8 percent to \$1.42 with 2.1 million shares traded. Atcor lost 9.4 percent; Nanosonics fell 5.1 percent; Actinogen and Cellmid fell four percent or more; Clinuvel and Pharmaxis were down more than three percent; Admedus shed two percent; with Acrux, Bionomics, CSL, Opthea, Orthocell, Pro Medicus, Universal Biosensors and Viralytics down more than one percent.

## MESOBLAST

Mesoblast says it has completed the \$38 million institutional part of its underwritten \$50.7 million one-for-12 rights issue at \$1.40 a share (BD: Aug 25, 2017).

Mesoblast said that the proceeds would be used to fund its phase III clinical programs, commercial manufacturing and ongoing operations.

The company said that the retail offer would be open to eligible shareholders from September 1 to 12, 2017.

Mesoblast fell 16.1 cents or 11.8 percent to \$1.42 with 2.1 million shares traded.

## ATCOR MEDICAL

Atcor says it will offer a share purchase plan at 2.7 cents a share to raise \$500,000, with \$270,000 underwritten and directors contributing at least \$80,000.

Earlier this month, Atcor said it had raised \$825,000 in a placement to sophisticated and institutional shareholders at 2.5 cents a share (BD: Aug 8, 2017).

Today, the company said that shareholders at the record date of August 28, 2017 could subscribe for up to \$15,000 of shares, with the plan opening on September 5 and closing on September 18, 2017.

Atcor said that the funds would be used to provide additional working capital to its strategic review, securing new sales, restructuring operations to increase profits and developing a wearable version of the Sphygmocor central blood pressure diagnostic.

The company said that Taylor Collison was the underwriter for the share plan.

Atcor fell 0.3 cents or 9.4 percent to 2.9 cents with 1.3 million shares traded.

## OBJ

OBJ says that it will begin 20-subject phase IIa study of its "microarray hydrogel hybrid technology" in the transdermal delivery of ibuprofen to the knee, compared to placebo. OBJ said it had received ethics approval for the three-month, blinded, randomized trial at the Perth, Western Australia-based Curtin University School of Physiotherapy.

The company said that the primary endpoint was a movement pain rating with the secondary endpoints including further pain scales, time to complete functional tests and change in pressure pain threshold of the affected knee.

The company said the microarray hydrogel hybrid technology was initially developed for the Bodyguard project and a US pharmaceutical manufacturer of ibuprofen treatments for pain had encouraged the study (BD: Dec 13, 2016; May 29, 2017).

OBJ said the US manufacturer did not have a topical analgesic product and was interested in the enhanced performance possibilities the OBJ technology could deliver.

The company said that pre-clinical studies showed "encouraging levels of [ibuprofen] delivery" and tissue concentrations.

OBJ said the study and production of the patch products was supported by the Federal Government Innovation Connections Grant Scheme.

The company said the study would investigate the ability of the microarray hydrogel hybrid platform to provide effective transdermal delivery of a wide range of pharmaceutical ingredients that were not well served by current drug-in-adhesive patch technologies.

The company said the study would strengthen its marketing and partnering position with pharmaceutical companies seeking to avoid the common adverse side effects of oral non-steroidal anti-inflammatory drugs and would provide clinical data support for a potential regulatory submission.

OBJ was unchanged at 4.5 cents.

## CYCLOPHARM

Cyclopharm says revenue for the six months to June 30, 2017, fell 6.2 percent to \$6,056,944, with last year's \$283,614 net profit after tax turned to a \$1,427,118 loss. Last year, Cyclopharm said the six months to June 30, 2016 was its "best sales results for any first half period in the company's history" (BD: Aug 19, 2016).

Today, the company said the results were impacted by \$1.58 million spent on US regulatory trials of Technegas, and a decrease in patient administration sets revenue, despite an increase in Technegasplus generators.

Cyclopharm said it would pay an unfranked interim dividend of 0.5 cents to investors at the record date of September 4 on September 11, 2017.

The company said that net tangible assets per share climbed 22.2 percent to 22 cents, compared to 18 cents at June 30, 2016, with diluted earnings per share of 048 cents turned to a diluted loss per share of 2.48 cents and cash and cash equivalents of \$10,619,920 at June 30, 2017 compared to \$6,815,987 at June 30, 2016.

Cyclopharm was unchanged at 87 cents.

## AVITA MEDICAL

Avita says revenue for the year to June 30, 2017 was up 129.3 percent to \$8,132,346 with net loss after tax up 49.7 percent to \$11,642,808.

Avita said that sale of Recell wound care goods was up 18 percent to \$1,180,632 with US Biomedical Advanced Research and Development Authority contract revenue up 129 percent to \$8,132,346.

The company said diluted loss per share was up 11.5 percent to 1.74 cents, with net tangible asset backing per share down 27.3 percent to 0.8 cents, and cash and equivalents of \$3,790,491 at June 30, 2016 compared to \$4,171,879 at June 30, 2016.

Avita was up 0.1 cents or 1.45 percent to seven cents.

## ADHERIUM

Adherium says that revenue for the 12 months to June 30, 2017 was up 11.7 percent to \$2,347,000, with net loss after tax up 103.1 percent to \$12,810,000.

Adherium said it delivered 18,000 Smartinhaler devices, primarily to Astrazeneca compared to 56,000 devices last year.

The company said diluted loss per share was up 15.2 percent from 6.6 cents at June 30, 2016 to 7.6 cents at June 30, 2017, with net tangible asset backing per share down 27.6 percent to 13.1 cents, and cash and equivalents of \$27,211,000 at June 30, 2016 compared to \$3,468,000 at March 31, 2015.

Adherium fell 0.1 cents or 1.1 percent to 8.9 cents.

## RHINOMED

Rhinomed says that revenue for the year to June 30, 2017, climbed 69.6 percent to \$1,717,225 with net loss after tax down 26.0 percent to \$4,441,578.

Rhinomed said that revenue comprised sales revenue for its Turbine sports nasal plugs and its Mute anti-snoring nasal plugs.

The company said net tangible asset backing per share fell 53.4 percent to 1.77 cents at June 30, 2017, with diluted loss per share down 29.9 percent to 6.61 cents, and cash and equivalents of \$1,666,883 at June 30, 2017 compared to \$2,612,757 at June 30, 2016.

Rhinomed fell 0.5 cents or 2.5 percent to 19.5 cents.

### TBG DIAGNOSTICS (FORMERLY PROGEN PHARMACEUTICALS)

TBG says that revenue for the six months to June 30, 2017 was up 30.3 percent to \$1,762,020 with net loss after tax down 62.0 percent to \$995,954.

TBG said that it had changed its financial year from June 30 to December 31 “to synchronise the company’s financial reporting with its operating subsidiaries in Taiwan, China and the United States, as well as its ultimate parent company, Medigen”.

The company said the reduction in loss was “primarily due to the Australia research and development tax incentive rebate ... and [an] increase in sales revenues ... coupled by some savings in administrative costs resulting from the group restructuring in 2016” in which the company disposed of its Pharmasynth manufacturing business (BD: Sep 1, 2016).

TBG said it had disposed of its legacy Progen PG500 compounds.

TBG said that diluted loss per share fell 58.2 percent to 0.46 cents, net tangible assets per share was 8.7 cents at June 30, 2017 compared to 9.0 cents at December 31, 2016, with \$9,234,873 in cash and cash equivalents at June 30, 2017, compared to \$10,642,000 at December 31, 2016.

TBG was unchanged at 13.5 cents.

### GENETIC TECHNOLOGIES

Genetic Technologies says revenue for the 12 months to June 30, 2017 fell 54.0 percent to \$518,506, with net loss after tax down 0.7 percent to \$8,403,826.

Genetic Technologies said that fall in revenue was due to a decrease in the sales of its Brevagenplus tests for breast cancer.

The company said that net tangible assets per share fell 34.8 percent to 0.43 cents at June 30, 2017, with diluted loss per share down 18.4 percent to 0.40 cents and cash and equivalents of \$10,988,255 at June 30, 2017 compared to \$11,179,687 at June 30, 2016. Genetic Technologies fell 0.1 cents or 14.3 percent to 0.6 cents.

### ELLEX MEDICAL LASERS

Ellex says it has been granted a European patent covering its 2RT laser treatment of age-related macular degeneration, a leading cause of blindness in the developed world.

Ellex said that the patent, entitled ‘Retinal Rejuvenation Laser’ would provide intellectual property protection until 20???

The company said that its 2RT treatment was “a non-damaging laser treatment that stimulates regeneration of the retinal pigment epithelium to preserve vision, and aims to treat the [retinal pigment epithelium] before vision loss occurs”.

Ellex said the 2RT was “a breakthrough treatment option for a range of degenerative diseases that ultimately result in blindness”.

The company said that its 2RT laser intervention in early age-related macular degeneration (Lead) clinical trial was underway, with results due in mid-2018.

Ellex chief executive officer Tom Spurling said the granting of the European patent underpinned the value of Ellex 2RT technology.

“The [intellectual property pathway for Ellex 2RT is now unencumbered in all key markets, including Europe,” Mr Spurling said.

“This is of significant importance to our business as we ramp up efforts to commercialize this breakthrough technology,” Mr Spurling said.

Ellex was up 1.5 cents or 1.7 percent to 92 cents.

## REGENEUS

Regeneus says it has received \$2,608,223 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Regeneus said the rebate related to research and development expenditure for the year to June 30, 2017.

Regeneus was untraded at 12.5 cents.

## ZELDA THERAPEUTICS

Zelda says its shareholders can participate as a priority applicant in a \$6 million initial public offer by Cannpal Animal Therapeutics at 20 cents a share to list on the ASX.

Zelda said that Cannpal was a pet pharmaceutical company and the funds would support clinical research and development plans for its pharmaceutical and nutraceutical products. The company said that it had a strategic partnership with Cannpal “to promote and encourage collaborative activity and exploit opportunities of mutual interest in both the human and animal pharmaceutical markets through the sharing of research data compiled by each of the parties” (BD: Mar 27, 2017).

The prospectus is at [www.cannpal.com](http://www.cannpal.com).

Zelda fell 0.2 cents or 2.4 percent to 8.1 cents with 1.7 million shares traded.

## NOXOPHARM

Noxopharm says that further pre-clinical research shows that the active drug in NOX66, idronoxil, can kill the most common form of resistant adult brain cancer cells.

Noxopharm said that a collaboration with an unnamed university neurosurgical research team studied cell lines of glioblastoma multiforme.

The company said that idronoxil killed adult brain cancer cells “even where those cells express a gene that makes them poorly responsive to chemotherapy and radiotherapy and is a marker of poor survival prospects”.

Noxopharm said the effect “uniquely positions NOX66 in the search for a means of treating such a highly aggressive and lethal form of cancer, and to offer potential clinical benefit to all patients with brain cancer, including those with current poor response rates”.

Noxopharm fell 1.5 cents or 3.95 percent to 36.5 cents.

## MAYNE PHARMA GROUP

Yarra Funds Management has again ceased its substantial shareholding in Mayne.

In April, Yarra Funds returned to its substantial shareholding in Mayne Pharma, with 79,169,806 shares or 5.2589 percent (BD: Apr 11, 2017).

In March, Yarra Funds ceased its substantial shareholding in Mayne Pharma, selling 2,373,237 shares to 72,944,436 shares or 4.85 percent, saying the disposal was for no cost and was due to a “change in client investment mandate” having become substantial with 75,317,673 shares or 5.01 percent, four days earlier (BD: Mar 10, 14, 2017).

Today, Yarra funds that it bought and sold modest parcels of shares between April 13 and August 25, 2017 at prices ranging from \$1.345 to 68.2 cents

Mayne Pharma fell 2.5 cents or 3.7 percent to 65.5 cents with 19.3 million shares traded.