



Biotech Daily

Tuesday April 18, 2017

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: COMPUMEDICS UP 7.5%, NEUREN DOWN 8%**
- * **AUSBIOTECH: INDUSTRY OPPOSES \$2m R&D TAX INCENTIVE CAP**
- * **CHO GROUP TAKES 15% OF INVION FOR \$657k, 2 BOARD SEATS**
- * **BIOTECH WELL-REPRESENTED IN AUSTRALIA-JAPAN TRADE MISSION**
- * **IMMURON IMM-124E FOR COLITIS PASSES 1st PRECLINICAL HURDLE**
- * **RESONANCE 'FERRISCAN NOT CONFOUNDED BY LIVER FAT'**
- * **ANTEO, DIASOURCE AGREE TO \$6m EARN-OUT**
- * **BVF, MARK LAMPERT INCREASE, DILUTED TO 17% OF OPTHEA**
- * **BPH EGM, SPILL DIRECTORS INELIGIBLE; REJECTS \$263k CLAIMS**
- * **PHYLOGICA LOSES JEREMY CURNOCK COOK, DR HAYES, DR KENDALL IN**

MARKET REPORT

The Australian stock market fell 0.9 percent on Tuesday April 18, 2017 with the ASX200 down 53.2 points to 5,836.7 points. Thirteen of the Biotech Daily Top 40 stocks were up, 19 fell, six traded unchanged and two were untraded.

Compumedics was the best, up 3.5 cents or 7.45 percent to 50.5 cents with 12,560 shares traded.

Dimerix and ITL climbed more than six percent; Oncosil and Universal Biosensors were up more than four percent; Living Cell was up 3.7 percent; Actinogen rose 2.7 percent; Ellex, Nanosonics, Pro Medicus, Resmed and Viralytics were up one percent or more; with CSL, Reva and Starpharma up by less than one percent.

Neuren led the falls, down 0.6 cents or 7.6 percent to 7.3 cents with 411,235 shares traded, followed by Pharmaxis down 7.1 percent to 26 cents with 565,530 shares traded.

Uscom lost 6.25 percent; Polynovo fell 5.9 percent; Clinuvel fell 4.75 percent; IDT, Orthocell and Sirtex were down more than three percent; Opthea and Osprey shed more than two percent; Acrux, Admedus, Atcor, Bionomics, Factor Therapeutics, Impedimed, Medical Developments and Mesoblast lost more than one percent; with Cochlear and Airxpanders down by less than one percent.

AUSBIOTECH

Ausbiotech says that five industry groups jointly oppose expected changes to the Federal Research and Development Tax Incentive following the 'Ferris, Finkel, Fraser Review'.

Ausbiotech chief executive officer Glenn Cross told Biotech Daily that "we are getting feedback that the Review will rip the guts out of the industry and decimate the sector".

Mr Cross said that one of the Review recommendations was that the Federal R&D Tax Incentive be capped at a rebate of \$2 million.

Last year, Innovation and Science Australia chair Bill Ferris said that fewer than 30 companies would be affected by the \$2 million cap (BD: Oct 24, 2017).

At that time, there had been 72 R&D Tax Incentive payments of less than \$2 million and 39 payments of more than \$2 million.

Mr Cross said that the recommendations were likely in the Federal Budget in May 2017.

Ausbiotech along with Medicines Australia, the Medical Technology Association of Australia, Research Australia and the Bio-Melbourne Network released a joint statement saying that "Australia's biotech sector faces possible jeopardy as the Ferris, Finkel, Fraser Review ... gains traction with the Treasury and look likely for confirmation at the upcoming 2017 Federal Budget".

"This anti-innovation review, once implemented, is likely to devastate Australia's most innovative sectors by effectively destroying jobs, killing off clinical trials and dampening investment interest," the joint statement said.

The industry groups said that small and medium sized businesses relied on the R&D Tax Incentive "as a pivotal enabler of their clinical trials" and the Incentive had played a critical role in supporting Australia's transition from a post-mining boom to nurturing a strong biotechnology and research and development sector through the attraction of investment. Ausbiotech said that it "wholeheartedly rejects the proposed changes as a package, as it firmly believes that this effort to limit or divert the R&D Tax Incentive will damage the country's hard-won momentum in life sciences".

INVION

Invion says it has a "strategic alliance" with Hong Kong's Cho Group, investing \$656,682 for shares at 0.3 cents each to take a 15.03 percent stake in the company.

Invion said that the placement would be received in two tranches, with \$100,000 to be received immediately and the balance by June 15, 2017.

The company said it would use the proceeds for working capital as it continued to market the sale or out-licence of its current respiratory assets and sought, with the Cho Group, to identify new assets for its pipeline.

Invion said that the Cho Group was involved in a range of industries and had raised capital and facilitated business plans to commercialize advanced technologies.

The company said that following the placement, its board would be restructured and include two Cho Group directors.

Invion interim executive chair Dr Greg Collier said the company was "very pleased to welcome the Cho Group as a new shareholder and strategic alliance partner".

"The alliance will see us consolidate the company's financial position and leverage the Cho Group's substantial networks in the East Asian region to identify and progress new biotechnology opportunities," Dr Collier said.

"The board remains committed to the sale or out-licence of the company's existing assets and continues to actively pursue partners, including pharmaceutical companies, health and other funds, and like-minded biotechnology groups," Dr Collier said.

Invion was unchanged at 0.3 cents with 1.3 million shares traded.

FEDERAL GOVERNMENT, AUSBIOTECH, REGENEUS

The Minister for Trade, Tourism and Investment Steven Ciobo says he is leading a biotechnology dominated business delegation to Japan to support export opportunities. A spokesperson for Mr Ciobo told Biotech Daily the delegates included representatives from Ausbiotech, Cell Therapies, Mesoblast, MTP Connect, Orthocell, Regeneus, law firm Corrs Chambers Westgarth, superannuation fund IFM Investors, investment group Yarra Capital and food industry representatives.

Mr Ciobo said the delegation marked 60 years of trade and investment between the two countries and the industry leaders would “pursue new commercial opportunities, promote ... Australia and forge new business partnerships”.

“A major focus of my visit, on April 18 to 19, will be to progress the implementation of the Japan Australia Economic Partnership Agreement,” Mr Ciobo said.

“Australia is the only major agricultural exporter to have a free trade agreement with Japan and our exports are booming under this landmark agreement,” Mr Ciobo said. “As the third largest economy in the world and our second largest export market and source of foreign investment Japan is a vitally important trade and economic partner for Australia.”

In a media release Regeneus said that chief executive officer John Martin was part of the delegation and the mission would include a roundtable session with the Forum for Innovative Regenerative Medicine and the Japan Bio-Industry Association executives.

Regeneus said that in 2015, the Forum and Austrade, formerly known as Australia’s Department of Trade, signed an agreement “to jointly enhance collaboration between Australia and Japan in the regenerative medicine sector” and there had been “a number of activities ... including business missions and roundtables”.

“This round table aims to build on this momentum,” Regeneus said.

The company said the mission would be attended by more than 60 Japanese pharmaceutical and healthcare companies and Mr Martin would present the Regeneus portfolio of clinical-stage regenerative medicine therapies and technology platforms.

Regeneus said it had targeted Japan as a key market for its regenerative medicine products and had signed a collaboration with Tokyo’s AGC Asahi Glass for the manufacture and development of its Progenza stem cell platform (BD: Jan 23, 2017).

The company said the regenerative medicines industry was “one of the pillars of the growth strategy of the [Prime Minister Shinzō] Abe administration”, which introduced laws reducing the approval process for regenerative medicine therapies.

IMMURON

Immuron says that Switzerland’s University of Zurich has completed the first stage of its IMM-124E colitis pre-clinical program in unspecified animals.

Immuron said that the bovine colostrum-derived IMM-124E “showed a significant positive effect on all levels of evaluation within the acute model including clinical parameters, tissue level parameters, macroscopic and histologic, as well as immunological biomarkers”.

The University’s Prof Gerhard Rogler said the data “has given us confidence that there is a true biological effect of IMM-124E within the acute model”.

“This has come as a surprise to some of us that such a safe and simple concept would show efficacy,” Prof Rogler said.

Immuron said was a chronic and often debilitating group of inflammatory bowel diseases affecting millions of people worldwide, with the market for treatments expected to be \$US10 billion by 2021.

Immuron was up 6.5 cents or 15.85 percent to 47.5 cents.

RESONANCE HEALTH

Resonance says its Ferriscan is not confounded by liver fat when assessing liver iron concentration, unlike other magnetic resonance imaging techniques.

Resonance said that a study, entitled 'The effect of liver steatosis on non-invasive measurement of liver iron concentration by spin-density projection assisted R2-MRI (Ferriscan)' would be presented at the European Association for the Study of the Liver meeting in Amsterdam, from April 19 to 23, 2017

The company said that the study showed that unlike alternative magnetic resonance imaging (MRI) techniques for assessing liver iron concentration, Ferriscan was not confounded by the presence of liver fat.

Resonance said that Ferriscan was recognized as the gold standard for the measurement of liver iron concentration for the diagnosis, monitoring and management of patients with iron overload due to its clinical advantages over alternative tests.

The company said that "the further evidence of the scientific rigor of Ferriscan reinforces its competitive advantage and will assist with marketing efforts".

Resonance said that Ferriscan might be suited to assessing transfusional iron overload in cancer survivors, where both iron overload and increased liver fat were common as a result of cancer treatments.

The company said that with the global obesity epidemic and fatty liver becoming increasingly prevalent, the impact of inferior alternative MRI techniques was magnified. Resonance was untraded at 2.4 cents.

ANTEO DIAGNOSTICS

Anteo says Diasource has agreed to a EUR4,322,000 (\$A6,091,780) earn-out.

Anteo said that the final earn-out was less than the preliminary EUR6,322,000 reported in the December 2016 Appendix 4C quarterly report.

The company said that the Deasource vendors had agreed to an extension of the payment to July 11, 2017, the same timing at the next vendor finance payment.

Anteo said that in granting the extension the vendors requested and were granted a reduction in the equity component of the earn-out payment from 20 to 15 percent.

In 2015, Anteo said it would acquire the Belgium-based Diasource Immunoassays SA for up to EUR22.7 million (\$A34.4 million), with an initial payment of EUR15.4 million (\$A23.3 million) in cash and/or shares at completion of the acquisition, and an earn-out component up to EUR7.3 million (\$A11.1 million), subject to revenue and margin targets, with a minimum 20 percent in shares, subject to financing, regulatory approvals and other conditions (BD: Aug 26, 2015).

Anteo was unchanged at 3.5 cents with 1.45 million shares traded.

OPTHEA (CIRCADIAN TECHNOLOGIES)

BVF Partners and Mark Lampert say they have increased their holding in Opthea and have been diluted from 26,998,691 shares (17.98%) to 33,281,585 shares (16.89%).

The San Francisco, California-based BVF Partners, Biotechnology Value Fund and Mr Lampert said they traded shares in 48 separate trades between September 4, 2015 and April 12, 2017, acquiring 6,881,721 shares for \$6,400,001 or an average price of 93 cents, the same price as the company's recent \$45 million capital raise (BD: April 3, 2017).

BVF and Mr Lampert previously acquired shares in the then Circadian in 2015, at about 20 cents a share (BD: Sep 7, 2015).

Opthea fell 2.5 cents or 2.5 percent to 98 cents.

BPH ENERGY

BPH says that a meeting requisitioned by MEC Resources will be held on April 21, 2017, but the nominated directors are ineligible to stand.

BPH said that the first meeting requisition was “ruled invalid on the grounds that it did not meet the requirements under section 249D of the Corporations Act and advised that it did not intend to call a general meeting” (BD: Feb 9, 2017).

The company said it received a further valid notice from MEC and others to requisition a general meeting to remove the current directors and appoint new directors.

BPH said its constitution said that “no person other than a director seeking re-election shall be eligible for election ... unless the person or some shareholder intending to propose his or her nomination has, at least 15 business days before the meeting, left at the registered office a notice in writing duly signed by the nominee giving his or her consent to the nomination and signifying his or her candidature for the office”.

The company said it had not received such consent from any of the proposed directors, Dr Peter King, Barry Nicholson and Lun-Man Cheung, within the 15 business day period “and accordingly each of the proposed new directors are ineligible for election” at the meeting.

BPH said that it was obliged to proceed with the meeting, which would be held at 24 View Street, North Perth, Western Australia on April 21, 2017 10am (AWST).

Separately, the company said it had received statutory demands from former company secretary and director Deborah Ambrosinia for \$117,481 and from former director Hock Goh for \$145,832.

BPH said it disputed both claims and intended to have the demands set aside.

The company said it had advised Ms Ambrosini and Mr Goh that the conditions for payment had not occurred and any directors fees were not due and owing.

BPH has investments in several life sciences projects.

BPH was untraded at 0.4 cents.

PHYLOGICA

Phylogica says it has appointed Dr Robert Hayes and Dr Rick Kendall as independent non-executive directors replacing Jeremy Curnock Cook, with immediate effect.

Phylogica said Mr Curnock Cook had been a director since 2012 (BD: Mar 1, 2012).

The company said that Dr Hayes was previously the California-based Amgen head of biologics, responsible for the leadership, strategic direction and operational management of the biologics preclinical discovery and bio-therapeutics pipeline.

Phylogica said Dr Hayes held a Doctorate of Philosophy from London’s Imperial College.

Phylogica said that Dr Kendall was currently the head of research at Kite Pharma, responsible for the company’s research pipeline and developing chimeric antigen receptor T-cell (CAR-T) technology.

The company said Dr Kendall was previously Amgen’s oncology executive director.

Phylogica said that Dr Kendall was an associate adjunct professor at the University of California, Santa Barbara and had acted as a consultant on the development of its assets.

Phylogica was up 0.2 cents or 5.6 percent to 3.8 cents with 1.5 million shares traded.