



Biotech Daily

Monday August 28, 2017

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: BENITEC UP 4%, DIMERIX DOWN 10%**
- * **CSL BUYS CALIMMUNE STEM CELL GENE THERAPY FOR UP TO \$524m**
- * **ASIC: 'STEFAN BOITCHEFF PLEADS GUILTY TO ANTEO MANIPULATION'**
- * **COMPUMEDICS REVENUE DOWN 8% TO \$34m, PROFIT DOWN 60% TO \$1m**
- * **MACH7 REVENUE UP 452% TO \$10m, LOSS UP 35% TO \$17m**
- * **DORSAVI REVENUE UP 20% TO \$4m, LOSS DOWN 26% TO \$4m**
- * **STARPHARMA REVENUE DOWN 18% TO \$3.6m, LOSS DOWN 29% TO \$15m**
- * **NUHEARA MAIDEN REVENUE \$2.5m, LOSS DOWN 72% TO \$5m**
- * **CANN HARVESTS 1st MEDICAL MARIJUANA CROP**
- * **IMMURON READY FOR IMM-529 CLOSTRIDIUM DIFFICILE TRIAL**
- * **DORSAVI LOSES CHAIRMAN HERB ELLIOTT, GREG TWEEDLY CHAIR**
- * **ANTEO APPOINTS JULIEN MCINALLY COMPANY SECRETARY**
- * **BIO-MELBOURNE MEDICAL TECHNOLOGIES US SALES BRIEFING**

MARKET REPORT

The Australian stock market fell 0.59 percent on Monday August 28, 2017 with the ASX200 down 34.0 points to 5,709.9 points. Nine of the Biotech Daily Top 40 stocks were up, 13 fell, 14 traded unchanged and four were untraded. All three Big Caps fell.

Benitec was the best, up half a cent or 4.35 percent to 12 cents with 29,415 shares traded. Actinogen, Avita, Nanosonics and Polynovo climbed more than two percent; with Acrux, Opthea, Orthocell and Viralytics up more than one percent.

Dimerix led the falls, down 0.1 cents or 10.0 percent to 0.9 cents with 7.3 million shares traded. Neuren lost 6.25 percent; Compumedics and Genetic Signatures fell five percent or more; Prima and Starpharma were down more than four percent; Bionomics, Clinuvel and Ellex shed more than two percent; Cochlear, Factor Therapeutics, Pharmaxis and Pro Medicus were down one percent or more; with CSL, Resmed and Sirtex down by less than one percent.

CSL

CSL says it will buy Calimmune Inc for \$US91 million (\$114.6 million) upfront with the potential for milestone payments up to \$US325 million (\$A409.4 million) over eight years. CSL said that the Pasadena, California-based Calimmune was developing haematopoietic stem cell gene therapies and the acquisition would provide CSL Behring the pre-clinical asset CAL-H, a stem cell gene therapy for sickle cell disease and beta-thalassemia, complementing CSL Behring's product portfolio and expertise in haematology. The company said that CSL Behring would acquire Select+ and Cytegrity, which had "the potential to be used in treatments for a wide range of other rare diseases". CSL said that Select+ "aimed at driving selection of the genetically modified stem cells once they are given back to patients, to decrease toxicity and improve efficacy [and Cytegrity is a scalable manufacturing technology for the production of lentiviral vectors, which are used as a delivery mechanism for gene therapy". The company said the technologies were designed to address some of the challenges associated with the commercialization of stem cell therapy, including the ability to manufacture consistent, high-quality products and improve engraftment, efficacy and tolerability, and both had broad applications in ex-vivo stem cell gene therapy. CSL chief executive officer Paul Perreault said the acquisition was "another important step in the execution of our strategy for sustainable growth". The company said the acquisition did not change its financial outlook and guidance. CSL fell 35 cents or 0.3 percent to \$128.20 with 612,040 shares traded.

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION, ANTEO

The Australian Securities and Investments Commission says Stefan Mark Boitcheff has pleaded guilty to charges of manipulating Anteo's share price in 2013 and 2014. In a media release, ASIC said that Mr Boitcheff, 31, a day-trader of Virginia, South Australia pleaded guilty in the District Court of South Australia on August 25, 2017 to market manipulation charges under sections 1041A(c) and 1041B(1)(a) of the Corporations Act following an ASIC investigation into his trading in contracts for difference (CFDs) and shares. ASIC said that Mr Boitcheff pleaded guilty to charges of carrying out 117 transactions in CFDs relating to Anteo shares which had the effect of creating an artificial increased price for Anteo shares between January 3, 2013 and October 28, 2013 and carrying out four transactions in ADO CFDs and shares that had the effect of creating a false or misleading appearance of active trading in Anteo shares between May 8, 2013 and January 7, 2014. ASIC said that Mr Boitcheff was due to return to the District Court in Adelaide on October 16, 2017 to hear sentencing submissions. ASIC said the market manipulation offences each carried a maximum penalty of imprisonment for 10 years, or a fine of \$765,000, or both. The regulator said that a contract for difference was an agreement between an investor and a CFD issuer which allowed a trader to speculate on future price movements in a financial product, such as shares, and the value of a CFD "roughly corresponds to the value of the underlying financial product, in this case, shares on the ASX". The regulator said that CFD accounts used by Mr Boitcheff operated on a direct market access model, under which the issuer hedged its exposure to a client's trading position by causing a direct and equivalent position to be taken in the underlying security on the ASX. ASIC said the hedging mechanism could result in CFD trades having an immediate impact on the underlying shares being traded on the ASX. Anteo was unchanged at 1.7 cents with 1.6 million shares traded.

COMPUMEDICS

Compumedics says that revenue for the 12 months to June 30, 2017 fell 8.3 percent to \$34,417,000 with net profit after tax down 60.1 percent to \$1,305,000.

Compumedics said that the decrease in revenues "was largely due to lower than expected sales in the US, as a result of restructuring activities associated with the management of the US business and sales team and more difficult market conditions".

The company said that US sales were eight percent lower than the previous year, with Australian sales down 28 percent, reflecting an unusually strong performance in the previous year, particularly in neurology equipment, and the German DWL business was down 12 percent.

Compumedics said that partially offsetting the falls was "the strong performance of the Asia based business and in particular China, with overall growth in revenues for 2016-'17 of 33 percent" with the European-based sleep and neurology business, including the Middle East and Latin America unchanged.

The company said that net tangible asset backing per share was up 37.7 percent from 6.9 cents to 9.5 cents, with diluted earnings per share down 63.2 percent to 0.7 cents compared to the previous year's 1.9 cents a share.

Compumedics said it had cash and cash equivalents of \$4,102,000 at June 30, 2017, compared to \$3,066,000 at June 30, 2016.

Compumedics fell 2.5 cents or 5.95 percent to 39.5 cents.

MACH7 TECHNOLOGIES (3D MEDICAL)

Mach7 says that revenue for the year to June 30, 2017, was up 452.4 percent to \$10,268,931 with net loss after tax up 34.8 percent to \$17,211,410.

Mach7 said that the revenue was a combination of software licence fees, professional service fees, support maintenance fees, subscriptions and three-dimensional printed products.

The company said that its net tangible asset backing per share increased from negative 0.3 cents to 0.3 cents, with diluted loss per share down 32.4 percent to 16.3 cents.

Mach7 said that it had cash and cash equivalents of \$2,684,225 at June 30, 2017 compared to of \$1,718,511 at June 30, 2016.

Mach7 was up 0.5 cents or three percent to 17 cents.

DORSAVI

Dorsavi says that total revenue for the year to June 30, 2017, was up 20.4 percent to \$3,897,882 with net loss after tax down 26.0 percent to \$3,876,248.

Dorsavi said that sales revenue was up 14.8 percent to \$3,466,027, with device and consumables sales from its spine and movement diagnostic products was up 57.9 percent to \$981,378, device rental income fell 13.2 percent, with consulting income up 10.0 percent to \$1,911,091.

The company said that its net tangible asset per share was up 25.3 percent from 5.02 cents at June 30, 2016 to 6.29 cents at June 30, 2017, with diluted loss per share down 32.5 percent to 2.45 cents.

Dorsavi said that it had cash and cash equivalents of \$8,609,602 at June 30, 2017 compared to \$6,029,185 at June 30, 2016.

Dorsavi was up two cents or 6.1 percent to 35 cents.

STARPHARMA HOLDINGS

Starpharma says that revenue for the year to June 30, 2017, fell 18.1 percent to \$3,643,000 with net loss after tax down 28.5 percent to \$15,217,000.

Starpharma said that revenue was predominately of royalty, licencing and customer revenue including a milestone payment from Astrazeneca under a drug delivery licencing agreement (BD: Sep 7, 2015).

The company said that net tangible asset backing per share was up 54.5 percent to 17.0 cents, with diluted loss per share down 33.3 percent to 4.0 cents and it had cash and cash equivalents of \$61,188,000 at June 30, 2017 compared to \$45,972,000 at June 30, 2016. Starpharma fell four cents or 4.3 percent to 89.5 cents.

NUHEARA

Nuheara says its maiden revenue was \$2,466,336 for the year to June 30, 2017, with net loss after tax down 72 percent to \$4,839,623.

In April last year, Nuheara claimed it had crowd-sourced \$500,000 in orders for its Iqbuds sound filtering and device ear buds in two weeks, lifting the claim to \$1 million in June and followed by the announcement that it was in the process of shipping \$1.8 million in orders (BD: Apr 18, Jun 9, 2016; May 30, 2017).

On Friday, Nuheara said that sales revenue was \$2,466,336 for the year with other income of \$450,316 comprising the Federal Government Research and Development Tax Incentive, as well as interest and grants.

The company said that diluted loss per share fell 67.0 percent to 0.69 cents at June 30, 2017 and net tangible assets per share was up 100 percent from 0.3 cents at June 30, 2016 to 0.6 cents at June 30, 2017.

Nuheara said it had \$3,404,552 in cash and cash equivalents at June 30, 2017, compared to \$1,994,128 at June 30, 2016.

Nuheara fell 0.7 cents or 9.3 percent to 6.8 cents with 11.35 million shares traded.

CANN GROUP

Cann says it has harvested its first crop of medicinal cannabis at its Southern facility in Victoria.

Cann said that the production process, including the curing and drying of harvested marijuana had been completed and approval had been received from the Federal Office of Drug Control to send samples for analysis.

The company said that its research and growing permits allowed for the establishment of breeding plants for propagation purposes, a research program being undertaken with the Commonwealth Scientific and Industrial Research Organisation to develop unique cannabis extracts and the supply of plant material for manufacturing into medicinal cannabis products for patient use.

Cann said it would manufacturing the marijuana into a final product that could be accessed by patients in clinical trials, or through the Australian Therapeutic Goods Administration's authorized prescriber or special access scheme.

Cann chief executive officer Peter Crock said the company was "pleased to have successfully completed this first harvest and production process".

Mr Crock said that the first small harvest was important to validate the company's processes as it built capacity and the first commercial product to be harvested in Australia was "a key milestone".

Cann fell 1.5 cents or 1.3 percent to \$1.155 with 837,078 shares traded.

IMMURON

Immuron says it has opened its first clinical site at Jerusalem's Hadassah Medical Centre for its trial of IMM-529 for the prevention of Clostridium difficile infection recurrence.

Immuron previously said the 60-patient, phase I/II study would evaluate the safety and efficacy of IMM-529 in combination with existing standards of care for acute and chronic Clostridium difficile infection, with results in mid-2018 (BD: May 10, 2017).

Today, the company said the first patient was expected to be enrolled in mid-September. The company said that IMM-529 was a biological product intended to prevent and treat Clostridium difficile without destroying the microbiome, which antibiotic treatments did. Immuron climbed half a cent or 2.4 percent to 21 cents.

DORSAVI

Dorsavi says that chairman Herb Elliott will retire as a director at the annual general meeting on November 23, 2017.

Dorsavi said that director Greg Tweedly would succeed Mr Elliott as chairman and the company had begun a search for a new director.

ANTEO DIAGNOSTICS

Anteo says it has appointed Julien McNally as its company secretary, effective immediately.

Anteo said Mr McNally had been a director, chief financial officer and company secretary, with more than 16 years' experience with companies on the ASX, Toronto Stock Exchange and London's Alternative Investment Market in resources and agriculture.

The company said that Mr McNally had expertise in capital raisings, mergers and acquisitions, project and asset evaluation, strategy, commercial agreements, statutory and management reporting and compliance and governance obligations.

Anteo said that Mr McNally held a Bachelor of Business and a Master of Business Administration from the Queensland University of Technology.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network says it will hold a briefing with the Minneapolis, Minnesota-based RQR Partners LLC managing partner James Sargent.

Bio-Melbourne Network chief executive officer Dr Krystal Evans said that North American was "the largest market in the world for medical innovation and entering this domain requires a sound strategy accompanied with focused discipline and patience".

"Access and penetration in this market requires navigating complex distribution channels, point of care dynamics, in addition to a keen understanding of who the gate-keepers are," Dr Evans said.

The Network said the briefing would focus on the emerging trends in medical technology commercialization, with an emphasis on the best practices of those companies which have been successful in navigating the maze to commercial viability in North America.

The briefing will be held at Allens, level 37, 101 Collins Street, Melbourne on September 11, 2017, with registration from 3.45pm, presentations until 5pm and networking until 6pm. To register go to: <https://tinyurl.com/ycah27p6>.

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