



Biotech Daily

Thursday May 31, 2018

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: COMPUMEDICS UP 76%; ITL DOWN 6%**
- * **COMPUMEDICS, CHINA HEALTH 100 '\$133m REVENUE' JV**
- * **BIOTECH DAILY, COMMSEC, IRESS, CHI-X MARKET REPORT CHANGES**
- * **PATRYS PAT-DX1-NP KILLS BRAIN CANCER STEM CELLS IN-VITRO**
- * **VICTORIA GOVERNMENT PARTNERS FOR 5 CONFERENCES**
- * **MESOBLAST 9-MONTH REVENUE UP 767% TO \$21m**
- * **ORTHOCELL CELGRO IN POLAND**
- * **VALUE TRADE DISTRIBUTES NUHEARA IQBUDS IN JAPAN**
- * **RESAPP SMARTCOUGH-C-2 TRIAL 'ON TRACK' WITH 74% RECRUITED**
- * **REGAL FUNDS TAKES 9% OF OPTHEA**
- * **MMJ INVESTS \$600k IN MARTHA JANE FOR MARIJUANA EXTRACTION**
- * **NEUREN BUYS-BACK \$1.56m DR RICHARD TREAGUS LOANED SHARES**
- * **JOSH MUNTNER REPLACES MESOBLAST CFO PAUL HODGKINS**
- * **ALL CHANGE AT RESPIRI, 'SIGNIFICANT MILESTONE'**

MARKET REPORT

The Australian stock market was up 0.45 percent on Thursday May 31, 2018 with the ASX200 up 27.2 points to 6,011.9 points. Twenty-two of the Biotech Daily Top 40 stocks were up, 10 fell and eight traded unchanged.

Compumedics was the best, up 31 cents or 75.6 percent to 72 cents with 4.9 million shares traded. Immutep and Prescient climbed more than 12 percent; Oncosil was up 11.8 percent; Bionomics improved 7.3 percent; Osprey rose 6.9 percent; Actinogen, Mesoblast, Opthea, Orthocell and Prana were up more than four percent; Ellex, Optiscan and Telix improved three percent or more; Factor Therapeutics, Medical Developments, Polynovo and Uscom rose more than two percent; Cynata, Nanosonics and Pro Medicus were up more than one percent; with Sirtex up 0.65 percent.

ITL led the falls, down 1.5 cents or 5.7 percent to 25 cents with 80,000 shares traded. LBT fell 4.2 percent; Dimerix lost 3.1 percent; Starpharma and Universal Biosensors shed more than two percent; Airxpanders, Avita, Cochlear, Pharmaxis and Volpara were down more than one percent; with CSL and Neuren down by less than one percent.

COMPUMEDICS

Compumedics says it expects \$133 million revenue over two years from a joint venture with China's Meian Health 100 to commercialize its Somfit sleep monitoring system. Compumedics said it had a framework agreement for a joint venture with China's Meinian Onehealth Healthcare Holdings, known as Health 100, which would buy 1,000,000 of its Somfit mobile wearable devices for sleep monitoring over two years after the Somfit device received approval from the China Food and Drug Administration.

The company said it would receive a \$11.3 million in an up-front payment from Health 100, \$8 million of which would go to Compumedics for the Somfit product platform and intellectual property rights for the greater China region, with the remaining \$3.3 million to remain in the proposed joint venture.

Compumedics said that Victoria Premier Daniel Andrews and Victoria Government Greater China Commissioner Tim Dillon were at the signing of the proposed joint venture with Health 100 chairman Dr Ron Yu and Compumedics executive chairman Dr David Burton.

The company said it would own about 49 percent and that Health 100 would own about 51 percent of the proposed joint venture.

Compumedics said both companies intended that all formal agreements, including legal arrangements, the payments to Compumedics and the formalization and establishment of the joint venture, would be completed by August 16, 2018.

The company said the proposed joint venture had "the potential to mobilize...more than 15,000 Health 100 employees to positively transform sleep and neurology health across China".

Dr Burton said the "partnership announcement comes after an introduction resulting from [Premier Daniel Andrew's] 2017 visit to China".

"This announcement marks the commencement of substantial and reciprocal trade and investment between Victoria and China, particularly as it relates to positive health-care transformation and associated knowledge-based job generation," Dr Burton said.

"The signing of the framework agreement is the first formal step along the path to establishing the joint venture and commencing the commercialization of the Somfit product and technology platform in China," Dr Burton said.

"We look forward to completing the formalities over the next month or two to enable this important journey to commence, while we plan and commence delivery of major healthcare outcomes," Dr Burton said.

Dr Yu said Health 100 would "be actively leading the industry in standard setting, health management demonstration, major scientific research and national public health policies, including social responsibility."

"In the era of the internet, combined with the advantages of mobile medical technology and unique big data on health, Health 100 is on-track to become an industry leader in online services, mobile health management and digital medicine," Dr Yu said.

Compumedics said that Health 100 was "the leader in the Chinese health-check industry".

The company said that Health 100 provided "the largest service in China's preventive health-examination industry, offering professional medical examinations across a broad range of healthcare areas".

"Health 100 has the largest medical examination platform in China, supported by the largest professional physician, management and marketing teams in China,"

Compumedics said. "Health 100 has 400 medical and physical examination centres in provinces and cities throughout China, with 1,000 centres scheduled to be operating in 2020".

Compumedics was up 31 cents or 75.6 percent to 72 cents with 4.9 million shares traded.

[BIOTECH DAILY, COMMSEC, IRESS, CHI-X](#)

Biotech Daily uses the Commsec Iress platform to report changes in share price movements, which from today include both ASX and Chi-X trades.

Chi-X says that it is responsible for up to 23.25 percent of all share trades in Australia.

There have been a number of occasions in the past where the closing price on the ASX and Chi-X have differed considerably, most recently IDT which has not moved from eight cents on the ASX for several days, but fell half a cent or six percent from a previous close of 8.3 cents to 7.8 cents on Chi-X, on May 29, 2018, prompting an inquiry from IDT director Graeme Kaufman.

In pursuing Mr Kaufman's inquiry it became apparent that Chi-X can no longer be ignored. Indeed, Commsec staff confirmed to Biotech Daily that retail investors as well as stockbrokers and institutions use Chi-X, possibly without knowing they do.

Commsec staff said that a trade will be processed at the best price for the customer, including dividing the order into parcels with some shares bought or sold on one platform and the balance on another.

Biotech Daily accepts that for people using solely the ASX platform the end of day prices may not match the closing price reported by Commsec Iress and this publication.

For several years Biotech Daily deliberately eschewed the Chi-X data – a function available through Iress – because the system automatically reset to the previous day's ASX close.

Iress has told Biotech Daily that its platform has been upgraded so that the last trade of the day, whether it is ASX or Chi-X, remains the last trade of the day.

[PATRYS](#)

Patrys says Yale University studies have shown that PAT-DX1-NP targets and kills brain cancer stem cells derived from human glioblastoma cells, in-vitro.

Patrys said the study, conducted by Yale School of Medicine's Dr James Hansen and Dr Jiangbing Zhou, found that PAT-DX1-NP, conjugating PAT-DX1 with nanoparticles which could be loaded with chemotherapeutic or other drugs, showed significantly higher localization to human cancer stem cells, compared to unconjugated nanoparticles.

The company said PAT-DX1-NP penetrated into the centre of tumor spheres grown in culture from human glioblastoma cells and targeted cells inside and on the surface of the tumor spheres.

Patrys said follow-on experiments found that PAT-DX1 unconjugated with nanoparticles significantly reduced the growth of tumor-forming cancer cells in tumor spheres.

Patrys previously said that PAT-DX1 had crossed the blood-brain barrier and significantly reduced glioblastoma tumors in the brains of mice (BD: Feb 28, 2018).

Patrys chief executive officer Dr James Campbell said that "Patrys has previously shown that both PAT-DX1 and PAT-DX1-NP can cross the blood brain barrier in a mouse model of glioblastoma, and confirmation that PAT-DX1 targets and kills primary human glioblastoma stem cell tumor spheres in-vitro is another exciting development".

"This data strengthens the case for glioblastoma as a development path for the DX1 technology," Dr Campbell said. "This new observation sets the scene for Patrys' research plan with the Yale School of Medicine to test PAT-DX1 in a proxy for the current human therapy regime for glioblastoma."

Dr Campbell said the study would involve combinations of PAT-DX1, temozolomide and radiation therapy to evaluate the single and combined effects on tumor size and survival, with data due by the end of 2018 to inform possible clinical studies in glioblastoma.

Patrys was up 0.7 cents or 17.1 percent to 4.8 cents with 158.7 million shares traded.

VICTORIA GOVERNMENT, AUSBIOTECH

The Victorian Government says it will be the major and host state partner for five life science conferences in 2019 and 2020.

A media release from Victoria Innovation Minister Philip Dalidakis said the State had secured the Ausmedtech Conference in 2019, the Ausbiotech National Conferences in 2019 and 2020, and the Biotech Invest Conferences in 2019 and 2020 which were “expected to attract thousands of delegates ... promoting Victoria’s capabilities and reinforcing our position as a global leader in this sector”.

Ausbiotech chief executive officer Glenn Cross said that the national industry organization was “pleased that the Victorian Government is supporting these major life sciences events to be held in Melbourne, one of the world’s great biotech hubs”.

“They are very generous and we have appreciated their generous contributions from the Victoria State Government over many years,” Mr Cross told Biotech Daily.

MESOBLAST

Mesoblast says revenue for the nine months to March 31, 2018 was \$US15.6 million (\$A20.63 million) compared to \$US1.8 million for the corresponding period last year. Mesoblast said loss before tax was down 14.80 percent to \$US44.2 million, with the after tax loss down 70.83 percent to \$US14.5 million.

The company said the revenue included a \$US1.6 million royalty payment from Temcell sales in Japan for graft versus host disease, a \$US500,000 Temcell milestone payment, an upfront payment of \$US5.9million for the patent licence agreement with the Leuven, Belgium-based Tigenix last December and the inclusion of an additional \$US5.9 million payment from Tigenix recognised in the period (BD: Dec 15, 2017).

Mesoblast said its spent \$US48.4 million on research and development compared to \$US43.0 million in the previous corresponding period.

Mesoblast was up six cents or 4.1 percent to \$1.53 with 2.3 million shares traded.

ORTHOCELL

Orthocell says its Celgro collagen scaffold for dental bone and soft tissue repair has had its first sales and use in Poland.

Orthocell chief executive officer Paul Anderson said Poland was an emerging European market with proven uptake of innovative medical products and rising expenditure on healthcare.

“The opportunities in Poland are growing rapidly and the positive feedback from the local medical community is a testament to the superior handling qualities and clinical outcomes delivered by Celgro,” Mr Anderson said.

Orthocell was up 1.5 cents or 4.3 percent to 36.5 cents.

NUHEARA

Nuheara says Tokyo-based Value Trade will distribute its products in Japan after it officially launched to the Japanese market yesterday.

Nuheara said the first phase of its Japan rollout Value Trade would distribute its Iqbuds and Iqbuds Boost sound filtering and hearing products to 218 consumer electronics shops, with the second phase expanding the number of consumer electronic shops and adding hearing and optical outlets to a total of 2,500 retail outlets.

Nuheara was up 0.7 cents or 8.05 percent to 9.4 cents with 6.5 million shares traded.

[RESAPP](#)

Resapp says its revised US paediatric respiratory diagnosis study has recruited 1,277 of the intended 1,667 patients at the three hospital sites.

Last year, the Smartcough-C trial failed to meet its endpoints after contrary instructions in training meant that a high number of patients were treated before the research staff recorded their cough sounds and a high number also had other cough sounds or an unacceptable amount of background noise and interference (BD: Aug 9, 2017).

Today, Resapp said that independent quality assurance of the recordings had been performed weekly on-site with a sample of the recordings reviewed by the company, with about one percent of recordings found to be unacceptable.

Resapp was up half a cent or 3.7 percent to 14 cents with 1.15 million shares traded.

[OPTHEA](#)

The Sydney-based Regal Funds Management says it has increased its substantial shareholding in Opthea from 12,812,203 shares (6.36%) to 17,888,870 (8.83%).

Regal said it traded shares between December 29, 2017 and May 28, 2018, with the largest purchase on May 28 of 3,649,428 shares for \$1,459,771 or 40 cents a share.

Opthea was up two cents or 4.65 percent to 45 cents.

[MMJ PHYTOTECH](#)

MMJ says it has invested \$600,000 in Martha Jane Medical which has an agreement with the University of Tasmania to develop cannabis extraction processes.

MMJ said it would have a 12.6 percent holding in the Sydney-based Martha Jane which had a medical cannabis research licence and aimed to build a marijuana extraction facility.

MMJ was up half a cent or 1.7 percent to 30.5 cents.

[NEUREN PHARMACEUTICALS](#)

Neuren says it has bought-back 501,607 loan-funded shares for \$1,560,000 or \$3.11 a share, previously issued to and held in trust for executive chairman Dr Richard Treagus.

Neuren chief financial officer Jon Pilcher told biotech Daily that in 2013 shareholders approved a long-term incentive grant of 40,000,000 loan funded shares at 3.9 cents a share, equivalent to 2,000,000 shares at 78 cents a share post-consolidation (BD: Apr 22, 2013; Nov 17, 2017)/

Mr Pilcher said the vesting conditions were met in 2016 and the vested shares were held in trust, as the \$1,560,000 loan had to be repaid before the shares could be transferred.

Mr Pilcher said that in accordance with the rules of the loan funded share plan, Dr Treagus requested the company sell or buy-back sufficient shares to repay the loan and the company chose to buy-back the shares rather than have to sell them into the market.

Mr Pilcher said that 501,607 shares were bought back at the market price of \$3.11 to repay the \$1,560,000 loan and the remaining 1,498,393 shares could then be transferred to Dr Treagus.

Neuren fell one cent or 0.3 percent to \$3.05.

MESOBLAST

Mesoblast says it has appointed Josh Muntner as its chief financial officer, replacing Paul Hodgkinson, effective from today.

Mesoblast said the New York-based Mr Muntner had “substantial US corporate finance, transactional and capital markets experience”.

The company said Mr Muntner had previously led corporate development and financial transactions at New York-based biotechnology company Contrafect Corp, was managing director and co-head of healthcare investment banking at the Philadelphia, Pennsylvania-based Janney Montgomery Scott, worked at the New York-based Oppenheimer & Co. and its predecessor CIBC World Markets and was an investment banker at the New York-based Prudential Securities.

Mesoblast thanked Mr Hodgkinson “for his significant contribution over the past four years and wished him well in his future endeavors”.

RESPIRI (FORMERLY ISONEA, FORMERLY KARMELSONIX)

Respiri says it has appointed Brendan Mason and Mark Ziirsen as directors replacing Leon L’Huillier and John Ribot-de-Bresac.

Respiri said poker machine entrepreneur Bruce Mathieson, the company’s single largest shareholder had “asked Mr L’Huillier to chair the new board in 2014 and offered his thanks to Mr L’Huillier and Mr Ribot “for their enormous contribution in rebuilding the business and the product offering”.

The company said that Mr Mason was a “med-tech and China market entry specialist”, and was previously Cochlear’s general manager from 2007 to 2014 and was currently Smarttrans Holdings chief executive officer.

Respiri said Mr Ziirsen was previously Cochlear’s director of finance and information and technology and Admedus chief financial officer and was currently a Smarttrans director. In a separate announcement, titled ‘Significant milestone progress achieved overseas’, Respiri said that “protocols for clinical and real-world studies are being advanced with a number of world-leading institutions as the company executes plans for launch [by April] 2019”.

Respiri, and previously Isonesa and Karmelsonix, has been attempting to commercialize its wheeze test for asthma since 2006, saying it would be available in Europe and the US in February 2007 (BD: Nov 24, 2006).

In 2015, the then Isonesa said it had lost its fourth chief executive officer in 12 months and later said one of the issues with its asthma diagnostic was that it did not detect breath sounds (BD: Jan 23, Aug 6, 2015).

The company changed its name to Respiri at the end of 2015 and in 2017 lost the services of its founding company secretary, the CFO Solution (BD: Oct 11, 2017).

Respiri was up half a cent or 3.7 percent to 14 cents.