



# Biotech Daily

Thursday June 28, 2018

*Daily news on ASX-listed biotechnology companies*

- \* **ASX UP, BIOTECH DOWN: PRO MEDICUS UP 13%; BENITEC DOWN 10%**
- \* **PRO MEDICUS: \$15m US MERCY ARCHIVE CONTRACT**
- \* **COMPUMEDICS, FUKUDA DENSHI \$3.6m JAPAN DISTRIBUTION DEAL**
- \* **AVITA 'BUYS' US FACILITY; TRADING HALT; CHANGES TO 'LEASES'**
- \* **RESAPP CHILD, ADULT AUSTRALIAN TRIALS ON-TRACK**
- \* **CDH GENETECH, CHINA GRAND \$49m TAKES SIRTEX DEPOSIT TO \$220m**
- \* **REGENEUS UP-TO \$2m PADDINGTON ST R&D TAX INCENTIVE LOAN**
- \* **HYDROPONICS, ASCENT EXCHANGE MARIJUANA STRAINS**
- \* **ESENSE WINS ISRAELI MARIJUANA PERMIT**
- \* **SUDA REQUESTS 'HC BERLIN, CAPITAL RAISING' TRADING HALT**
- \* **SHENASABY INCREASES IN BOTANIX, DILUTED TO 9%**
- \* **MAYNE PHARMA APPOINTS PATRICK BLAKE AS DIRECTOR**
- \* **NEUROTECH FOUNDER DR ADRIAN ATTARD TREVISAN RETIRES**

## MARKET REPORT

The Australian stock market was up 0.31 percent on Thursday June 28, 2018 with the ASX200 up 19.5 points to 6,215.4 points. Ten of the Biotech Daily Top 40 stocks were up, 14 fell, 15 traded unchanged and one was untraded. All three Big Caps fell.

Pro Medicus was the best, up 92 cents or 13.0 percent to \$8.00 with 560,223 shares traded. Uscom climbed 10.3 percent; Factor Therapeutics improved 6.7 percent; LBT and Pharmaxis were up five percent or more; Starpharma was up 4.3 percent; Avita and Neuren were up more than three percent; Admedus rose 2.1 percent; with Bionomics up one percent.

Benitec led the falls, down 1.5 cents or 10.3 percent to 13 cents with 875,908 shares traded. Orthocell lost 4.35 percent; Airxpanders, Impedimed and Nanosonics were down more than three percent; Cochlear, Compumedics and ITL shed two percent or more; Clinuvel, Dimerix, Opthea and Resmed were down one percent or more; with CSL, Cyclopharm, Polynovo, Sirtex and Telix down by less than one percent.

## PRO MEDICUS

Pro Medicus says has “an industry defining” \$15 million, seven-year contract with the St Louis, Missouri-based Mercy Health System for its Visage 7 open archive.

Pro Medicus chief financial officer Clayton Hatch told Biotech Daily that it was the first time the company had won a contract to place an archive of images onto its Visage 7 system in North America.

Mr Hatch said he hoped the agreement would lead to further archive storage contracts.

Pro Medicus said the project, wholly-owned US subsidiary Visage Imaging, would migrate more than 25 million diagnostic imaging exams from the current Mercy archive to its Visage 7 open archive, “making it one of the largest medical imaging archives in North America” scheduled to begin this week and be completed by April 2019.

Last year, Pro Medicus said it had completed its enterprise-wide implementation of the Visage 7 imaging system at Mercy Health, which was the “fifth largest Catholic health system in America” (BD: May 20, 2017).

In April 2017, the company said that Visage signed a \$21 million, seven-year contract with Mercy that would see its Visage 7 imaging technology implemented across Mercy’s 46 acute care and speciality hospitals, supporting more than 2,000 physicians and 40,000 employees in Missouri, Arkansas, Oklahoma and Kansas (BD: Apr 4, 2017).

Today, Pro Medicus chief executive officer Dr Sam Hupert said the company “introduced our archive to the North American market because we saw the need for a scalable, interoperable, high performance archive which we felt was not being adequately addressed by others”.

“This is an industry defining deal for us,” Dr Hupert said.

“In March 2017, we successfully completed the implementation of Visage 7 across all of Mercy in less than six months setting a new standard for an implementation of this size,” Dr Hupert said.

“This deal builds on that foundation,” Dr Hupert said.

“Our goal is to be the single enterprise imaging platform for all medical images and multimedia within the healthcare enterprise and this is a very significant step in that direction, one which we will continue to build on,” Dr Hupert said.

Pro Medicus was up 92 cents or 13.0 percent to \$8.00 with 560,223 shares traded.

## COMPUMEDICS

Compumedics says it has a minimum \$3.6 million, three-year distribution agreement with Tokyo-based medical device company Fukuda Denshi Co.

Compumedics said the deal was for its complete range of neuro-diagnostic and monitoring systems and was complementary and incremental to its current arrangements in Japan.

Compumedics chief executive officer Dr David Burton said “the new relationship with Fukuda, for the distribution of Compumedics’ range of neuro-diagnostic and monitoring systems in the Japanese market, is an important milestone for Compumedics because it will expand and strengthen our core global business”.

“Japan is one of the world’s largest and most challenging medical development export markets, making this agreement of key importance to Compumedics,” Dr Burton said.

In a separate announcement, the company said that full year results had been impacted by sales performance in the US, despite about 10 percent growth compared to the previous period, with several orders in the US delayed until the 2018-'19 financial year.

Compumedics fell 1.5 cents or 2.6 percent to 55.5 cents.

## AVITA MEDICAL

Avita says it will rent rather than buy a Ventura, California manufacturing facility to support the US launch of its Recell burn treatment device.

Avita requested a trading halt pending “further information in relation to the acquisition”.

After the market closed, Avita said it would not lease the facility from Hartco Ventura, paying a commercial rent for a 39-month term with three by three-year options.

In its first announcement, the company said it had “an agreement to acquire” the 2,200 square metre (23,000 square foot) facility from a contract manufacturer that had assembled the Recell device for Avita and take over operations from July 1, 2018 but did not disclose the purchase price.

The company said the facility was constructed by Avita for its contract with the US Biomedical Advanced Research and Development Authority (BARDA) which was funding burns trial, the supply of Recell units as well as clinical and health economics research in paediatric burn care until September 2022 (BD: Sep 30, 2015; Sep 21, 2017).

Avita chief executive officer Dr Michael Perry said that “having direct control over the manufacturing of Recell will ensure that we have the capacity to meet commercial demand, including the planned US launch and the BARDA procurement, and provide us further control over our production processes and timelines”.

“Acquiring this facility that has a track record of producing Recell allows us to realize the benefits of in-house production while maintaining the continuity of proven manufacturing and quality processes and systems,” Dr Perry said.

In June, the company said it had commitments to raise \$16,023,783 in a placement at five cents a share, with proceeds to go towards the US launch of Recell, which Dr Perry said included “establishment of our marketing and sales team, scale-up of manufacturing capabilities and expansion of research and development in areas such as paediatric burns, aesthetics and chronic wounds” (BD: Jun 6, 2018).

Avita was up 0.2 or 3.45 percent to six cents.

## RESAPP HEALTH

Resapp says its recruited 603 paediatric and 567 adult patients for its two separate Australian trials of its smartphone diagnosis for respiratory disease.

Resapp chief executive officer Dr Tony Keating told Biotech Daily that the company did not have overall recruitment targets for the trials as the patients were being randomized by the hospital emergency departments until all respiratory disease categories were filled.

In its media release to the ASX, the company said that paediatric target numbers for lower respiratory tract disease, lower respiratory tract infection, asthma and reactive airway disease and bronchiolitis had been exceeded, with recruitment for pneumonia, croup and upper respiratory tract infection to continue in July.

Resapp said once recruitment and adjudication were completed, an independent statistical analysis of the unblended study data would be performed by Curtin University researchers.

Dr Keating said the company had “strong recruitment at our Australian hospital sites with the beginning of winter and are now close to achieving full enrolment”.

“It is important that we recruit the required numbers of patients for each disease to ensure that we achieve statistical significance before we un-blind and analyze the dataset,” Mr Keating said. “These results are pivotal for the company as they will provide clinical data to support a [Conformité Européenne mark] submission which would open up access to the large European healthcare market,” Mr Keating said.

Resapp was up half a cent or 3.85 percent to 13.5 cents with 1.15 million shares traded.

### SIRTEX MEDICAL

Sirtex says that CDH Genetech and China Grand Pharmaceuticals have paid the \$49 million balance of the \$220 million scheme of arrangement deposit.

Earlier this month, Sirtex terminated its \$1.56 billion scheme with Varian Medical Systems, opting for the \$1.87 billion scheme with CDH Genetech (BD: June 15, 2018).

Today, the company said that if the scheme did not proceed, due to specified events, it would be entitled to retain the deposit.

Sirtex fell four cents or 0.13 percent to \$31.43 with 179,234 shares traded.

### REGENEUS

Regeneus says it has an up to \$2 million research and development tax incentive loan facility with Paddington St Finance.

Regeneus said that director Barry Sechos was a director of Paddington St Finance and it had received a waiver for the loan from the ASX.

The company said the loan for the lesser of \$2 million or 80 percent of the refundable tax offset credits under the Australian Tax Office's Research and Development Tax Incentive.

The company said it expected an initial drawdown of \$1 million within the next few days and the loan would be repaid when it received the incentive, expected in October 2018.

Regeneus fell half a cent or 4.2 percent to 11.5 cents.

### THE HYDROPONICS COMPANY

Hydroponics says it has an agreement with the Maple Ridge, British Columbia-based Ascent Industries to share cannabis products and knowledge.

The company said both its wholly-owned subsidiary THC Pharma Pty Ltd and Ascent had proprietary strains of cannabis and would provide these strains to each other on a royalty-free basis, with Hydroponics to supply Ascent with medicinal marijuana products.

Hydroponics chairman Steven Xu said the company was "pleased to progress our strategic relationship with Ascent Industries".

Hydroponics fell one cent or 1.8 percent to 55.5 cents.

### ESENSE-LAB

Esense says the Israeli Ministry of Health has approved its medical marijuana permit, allowing it to further investigate replicating strains with non-cannabis terpenes.

Esense said the approval would allow the company to perform adaptation and improvement of its terpene formulations for products with cannabinoid properties that did not contain tetrahydrocannabinol (THC) or cannabidiol (CBD).

The company said it would apply to import cannabis strains from other countries.

Esense was up 0.8 cents or 11.8 percent to 7.6 cents.

### SUDA PHARMACEUTICALS

Suda had requested a trading halt "pending an announcement by the company in relation to the settlement with the estate of HC Berlin Pharma and a capital raising".

In May, Suda said it would meet with HC Berlin Pharma's receiver to discuss a satisfactory outcome to their long-running dispute (BD: May 1, 2018).

Trading will resume on July 2, 2018 or on an earlier announcement.

Suda last traded at 0.8 cents.

### [BOTANIX PHARMACEUTICALS](#)

Shenasaby says it has increased its substantial shareholding in Botanix from 70,588,321 to 70,738,187 but has been diluted from 10.35 percent to 9.34 percent.

The Perth, West Australia-based Shenasy Investments said it bought 149,986 shares for \$18,748.25 or 12.5 cents a share on April 24, 2018 but was diluted in the recent \$8,000,000 placement at 11 cents (BD: June 20, 2018).

The company said the shares were held by Shenasy, its director Elise Horgan and Catherine Callahan.

In a separate substantial shareholder notice, the Perth-based Gayle McGarry and Caperi Propriety said their 70,588,321 share-holding was diluted from 10.35 percent to 9.32 percent.

Botanix was up half a cent or 4.8 percent to 11 cents with 4.1 million shares traded.

### [MAYNE PHARMA](#)

Mayne Pharma says it has appointed the US-based Patrick Blake as director, effective immediately.

Mayne said Mr Blake had more than 30 years of healthcare experience, having worked at Baxter Healthcare Corp for more than 10 years, and as a McKesson Corp vice-president and McKesson Technology Solutions president.

The company said Mr Blake was previously McKesson Specialty Health president and head of customer operations for McKesson Pharmaceutical.

Mayne said that Mr Blake held a Bachelor of Economics from the Granville, Ohio-based Denison University and a Master of Business Administration from the Los Angeles-based Pepperdine University.

Mayne Pharma fell 1.5 cents or 1.8 percent to 83.5 cents with three million shares traded.

### [NEUROTECH](#)

Neurotech says its founder, Dr Adrian Attard Trevisan, has retired as a non-executive director of the company.

Neurotech chairman Peter O'Connor said "this is a natural progression for Adrian since he moved to a non-executive capacity over 12 months ago, and the board expresses its gratitude towards him for his significant contributions to the company over this period".

Neurotech fell 1.5 cents or 8.1 percent to 17 cents.