



Biotech Daily

Tuesday March 13, 2018

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: NEUREN UP 5%; LBT DOWN 10%**
- * **BIOTECH DAILY EDITORIAL: DOING THE DEAL**
- * **SIENNA CLAIMS 1st EURO SALE OF HTERT BLADDER CANCER TEST**
- * **INVION OFFER RAISES \$2.5m**
- * **IMMURON ENDS TRADING HALT FOR MORE PLACEMENT OFFERS**
- * **DR BRENDAN DE KAUWE REJECTS ESENSE CLAIMS; EGM, AGM**
- * **SIMAVITA TAKES 2nd R&D TAX INCENTIVE LOAN FOR \$610k**
- * **PINNACLE (HYPERION) TAKES 5% OF COCHLEAR**
- * **PLATINUM REDUCES TO 6% OF IMUGENE**
- * **HYDROPONICS LOSES 4-MONTH COO DEBBIE ORMSBY**
- * **MGC LAUNCHES PREMIUM VEGAN MARIJUANA FOOD SUPPLEMENTS**

MARKET REPORT

The Australian stock market fell 0.36 percent on Tuesday March 13, 2018, with the ASX200 down 21.4 points to 5,974.7 points. Eight of the Biotech Daily Top 40 stocks were up, 18 fell, 11 traded unchanged and three were untraded.

Neuren was the best, up 15 cents or five percent to \$3.13 with 184,946 shares traded.

Cyclopharm climbed 4.8 percent; Admedus and Universal Biosensors were up more than three percent; Ellex rose 2.5 percent; Acrux and Avita were up more than one percent; with Cochlear, CSL and Sirtex up by less than one percent.

LBT led the falls, down 1.5 cents or 9.7 percent to 14 cents with 2.3 million shares traded.

Actinogen and Pharmaxis lost more than five percent; ITL, Optiscan and Osprey fell four percent or more; Immutep, Mesoblast and Polynovo were down more than three percent; Impedimed and Nanosonics shed more than two percent; Compumedics, Genetic Signatures, Medical Developments, Pro Medicus, Resmed, Starpharma and Uscom were down one percent or more; with Volpara down 0.7 percent.

[BIOTECH DAILY EDITORIAL: DOING THE DEAL](#)

Biotech Daily has run this analogy so many times that we need to share it with all our readers as a warning.

There's a rock band with five women and men on bass, drums, guitars, keyboards and vocals. They record their first single and send it to Richard Branson in London.

The next day a telegram arrives with a telegraphic transfer for GBP1,000 each and the band squeals in delight that they have "a record deal" and can pay the rent and buy brown rice for the next couple of months – and even a bottle of Jack Daniels.

They sign the release for the cheques, neglecting to read the bit at the bottom that says "Acceptance of this cheque means the signatory relinquishes all rights to everything for the rest of their lives".

"But hey, we got a deal and \$2,500 – each!"

Biotech Daily has seen several companies face prolonged agony because the investors and directors have pounded the chief executive officer "to do a deal" - any deal. And the harassed chief executive officer has only one option: do a deal or be shown the door.

LBT extricated itself from Biomérieux, Optiscan departed Pentax-Hoya for Carl Zeiss and then Tissue Therapies chief executive officer Dr Steven Mercer patched together a European distribution deal which was not quite what the investors wanted.

Today, there are several companies with what appear to be under-performing distribution deals and some of them have technologies that are indeed world-leading.

Biotech Daily believes the core problems are the pressure to do the deal and the infamous Australian Cultural Cringe. We are too small a country to invent medical penicillin, polymer bank-notes, black-box flight recorders, Gardasil, the cochlear ear implant, cardiac pacemakers or Wifi, aren't we?

Biotech chief executive officers need to tattoo the following message inside their eyelids: "Don't do the first deal you can, because you are under pressure. Do the right deal".

This does not mean the deal with the biggest foreign pharma or the deal with the biggest value in "bio-bucks" (nothing upfront, but \$2 billion if the pre-clinical drug is approved).

It does mean the deal that adds the most to long-term shareholder value. That deal could be with a mid-size company, a moderate upfront fee and milestones, but a sizeable royalty on sales, and hence a low bio-buck value.

Go to a European or American heavyweight expert and get them to do it for you, or at least get their advice. Never sell yourself, your company or this country short. If you have the world's best technology, make it reward the inventors, the investors, the company and the country.

David Langsam, Editor

SIENNA CANCER DIAGNOSTICS

Sienna says the sale of its first adjunct test for bladder cancer in Europe through Swiss distribution partner Biosystems Switzerland AG is “a key milestone”.

Sienna said that the sale of the human telomerase reverse transcriptase (hTERT) bladder cancer test to a Swiss laboratory followed training of Biosystems key personnel in late 2017 and evaluation and clinical validation by the customer.

Sienna chief executive officer Matthew Hoskin told Biotech Daily that commercial sales in the US began last year, following US Food and Drug Administration, Australian Therapeutic Goods Administration and EC mark approvals.

Biosystems Switzerland chief executive officer Urs Brunner said that interest in the Sienna hTERT test was “very encouraging”.

“Although urine cytology is non-invasive it has significant limitations in terms of sensitivity, particularly when it comes to low-grade or early-stage bladder cancer,” Mr Brunner said.

“Having a biomarker test that can provide additional clinically significant information for the diagnosing physician, while using the same urine sample collected for cytology, adds real value to the diagnostic process, and pathologists appreciate this,” Mr Brunner said.

Sienna business development manager Minesh Lalla said that the sale was “a key milestone in our ongoing geographical expansion strategy”.

Sienna was untraded at 10 cents.

INVION

Invion says its eight-for-27, fully underwritten, non-renounceable entitlement offer has raised \$2,492,427 as part of the Cho Group transaction (BD: Apr 18, Sep 5, 2017).

Invion said that demand for entitlement shares and additional top-up shares exceeded the 1,246,213,717 shares available under the offer.

The company said it received valid applications for about 1.13 billion shares and valid applications under the top-up facility for about 1.30 billion shares.

Invion was up 0.1 cents or 5.9 percent to 1.8 cents with 15.5 million shares traded.

IMMURON

Immuron has emerged early from a potential US placement trading halt to consider a range of offers.

Yesterday, Immuron requested ASX and Nasdaq trading halts yesterday for a US placement and today said that negotiations were continuing with “a large US institutional fund” (BD: Mar 12, 2018).

Today, the company said that while in the trading halt, it was “approached by several other large US institutional funds also willing to enter negotiations with the company surrounding a potential significant investment ... [and it was] critical that the company’s securities resume trading whilst the board evaluates all of the alternative investment offers which it has received”.

Immuron said that interim chief executive officer Dr Jerry Kanellos had begun a US non-deal roadshow and the release of the updated corporate presentation including additional clinical trial results data meant that the company should resume trading.

Immuron chairman Dr Roger Aston said that the “initial fund-raising opportunity ... was certainly attractive and we felt it was prudent to explore this, but with the other alternatives now presented to us we believe it is in the best interests of the company and its shareholders for us to evaluate all of the potential investment offers”.

Immuron was up eight cents or 20.5 percent to 47 cents with 4.7 million shares traded.

ESENSE-LAB

Esense director Dr Brendan de Kauwe has rejected accusations made by the company in announcing an investigation into his conduct ahead of board spill meetings.

In an announcement to the ASX, Esense said that at the February 8, 2018 board meeting when it demoted director Dr de Kauwe from chairman it also began an investigation of Dr de Kauwe's conduct, but did not announce the investigation to the ASX (BD: Feb 9, 2018).

Esense has a board spill extraordinary general meeting and a separate annual general meeting scheduled for March 29, 2018 (BD: Jan 29, 2018).

Today, the company said that concerns were raised by other directors at the February board meeting about certain actions by Dr de Kauwe and the board authorized its audit committee to appoint an independent third-party examiner to investigate Dr de Kauwe conduct in relation to the company.

Esense said that on March 7 it appointed the Israel-based Kreston IL Group managing-partner Doron Rozenblum as the independent examiner and said Mr Rozenblum was vice-president of the Institute of Internal Auditors in Israel.

The company said that Dr de Kauwe was a director of its corporate advisor Otsana Capital and was "the sole director and shareholder of one of the three shareholders of the company that have requisitioned the extraordinary general meeting".

"I state categorically that their accusations and allegations are unsubstantiated and I will seek any associated damages for loss of reputation," Dr de Kauwe told Biotech Daily.

Esense fell one cent or 5.9 percent to 16 cents.

SIMAVITA

Simavita says it has a loan of \$610,443 from an undisclosed lender, secured against its expected 2017-'18 Federal Government Research and Development Tax Incentive.

Last year, Simavita said it had a loan of \$695,039 secured against its expected 2016-'17 Federal Government Research and Development Tax Incentive (BD: Sep 19, 2017).

Today, Simavita said it had received the first instalment of \$423,793 under "a receivable finance facility" and told Biotech Daily that the loan was from the same undisclosed lender.

The company said it "bought (sic) forward receipt of these funds in order to rapidly progress its discussions with a number of international manufacturing companies regarding its new transformational platform technology Alertplus".

The company is commercializing smart incontinence monitoring.

Simavita did not disclose the name of the lender or provide details about the loan interest rate or fees.

Simavita was unchanged at two cents.

COCHLEAR

The Brisbane-based Pinnacle Investment Management says it has become a substantial shareholder in Cochlear with 2,888,056 shares (5.02%).

A Pinnacle executive told Biotech Daily that his company owned 49 percent of Hyperion, which last month reduced below five percent in Cochlear (BD: Feb 14, 2018).

The company said that the registered holders of the shares included, Bank of New York, BNP Paribas, Citibank, HSBC, JP Morgan Chase Bank, NAB Custodial Services, Northern Trust, RBC Investor Services and State Street.

The company said it bought 102,276 shares between November 2017 and March 9, 2018 at prices ranging from \$164.78 to \$181.78 a share.

Cochlear was 68 cents or 0.4 percent to \$189.68 with 304,213 shares traded.

IMUGENE

Platinum Investment Management says it has reduced its holding in Imugene from 203,980,652 shares (7.15%) to 171,932,643 shares (6.02%).

In February, Platinum increased its holding but was diluted in Imugene saying it acquired 39,756,218 shares in November 2017 at 1.8 cents a share and in February 2018 sold 30,000,000 shares at 1.6 cents a share (BD: Feb 6, 2018).

Today, the Sydney-based Platinum said it sold shares between February 13 and March 9, 2018, selling shares at prices ranging from 2.3 to 2.7 cents.

Imugene fell 0.2 cents or 6.45 percent to 2.9 cents with 96.6 million shares traded.

THE HYDROPONICS COMPANY

Hydroponics says that chief commercial officer Debbie Ormsby has resigned after less than four months with the company, effective immediately.

Hydroponics appointed Ms Ormsby in November last year (BD Nov 21, 2017).

The company said that Ms Ormsby would “manage a professional transition of current projects that she has underway, which includes the development of the medicinal cannabis clinics and the commencement of a clinical study in Queensland”.

Hydroponics thanked Ms Ormsby “for the significant progress she has made in development of these opportunities and wishes her well in her future endeavors”.

In February, the company said that shareholders would vote to overturn any decisions made at the March 15 board spill extraordinary general meeting at the March 23, 2018 annual general meeting (BD: Feb 13, 2018).

Hydroponics said that the meeting would vote on the remuneration report and the re-election or appointment as directors of Ian Mutton, Steven Xu, and Mary Verschuer, Peter Wallace and Hamish MacDonald.

The company said that investors would vote on resolutions to remove director Alan Beasley and, if applicable, remove directors Louis Cattelan and Gary Radcliff and the appointment of chief executive officer David Radford as a director.

In February, Hydroponics strongly criticized director Alan Beasley who called the March 15 board spill meeting (BD: Feb 8, 2018).

Hydroponics fell two cents or three percent to 64 cents with one million shares traded.

MGC (MEDICAL GRADE CANNABIS) PHARMACEUTICALS

MGC says it has launched “MGC Nutraceuticals, a range [of] premium vegan products targeting the high-end dietary supplement market” (sic).

MGC said the product range would promote “inner health and wellbeing ... [and] includes seven premium products, comprising four supplements and three food grade products in flavors such as forest fruit, blueberry and vanilla”.

“The products contain high grade phyto-cannabinoids, which have been grown, extracted and processed under the company’s strict quality control guide lines and standards, alongside natural vegan proteins and vitamins”.

MGC said the range included Powder in a Packet, and ready to drink products based on hemp proteins and cannabidiol.

MGC was up 0.3 cents or 3.2 percent to 9.7 cents with 7.1 million shares traded.