



Biotech Daily

Tuesday April 3, 2018

Daily news on ASX-listed biotechnology companies

- * **TRUMP EFFECT: MARCH BDI-40 DOWN 2%, ASX200 3%, BIG CAPS 3%**
- * **TODAY: ASX, BIOTECH DOWN: VOLPARA UP 7%; ONCOSIL DOWN 8%**
- * **OPTISCAN CHAIR ALAN HOFFMAN 'Q&A'**
- * **VICTORIA, CANCER COUNCIL \$2.5m FOR POOR SURVIVAL CANCERS**
- * **POLYNOVO SIGNS \$1.6m, ROYALTIES BREAST DEVICE PROGRAM**
- * **VOLPARA REVENUE EXCEEDS 200% GUIDANCE BY 27% TO \$3.4m**
- * **ANTISENSE \$582k AUSTRALIAN ETHICAL RAISE, \$4.5m RIGHTS ISSUE**
- * **REVA APPOINTS KARDIONET TURKEY DISTRIBUTOR**
- * **AVITA: 6 RECELL SAFETY, EFFICACY PRESENTATIONS**
- * **TRIBECA BELOW 5% OF CANN**
- * **ESENSE BOARD PREVAILS 60:40 OVER DE KAUWE CHALLENGE; MMJ**
- * **ATCOR LOSES 10-YEAR DIRECTOR DR DAVID BROOKES**

MARKET REPORT

The Australian stock market fell 0.13 percent on Tuesday April 3, 2018 with the ASX200 down 7.5 points to 5,751.9 points. Eleven of the Biotech Daily Top 40 stocks were up, 18 fell, nine traded unchanged and two were untraded. All three Big Caps were up.

Volpara was the best, up five cents or 6.9 percent to 77 cents with 461,681 shares traded. Uscom climbed 6.5 percent; Factor was up five percent; Acrux and Airxpanders were up more than three percent; Prana rose 2.2 percent; Bionomics, Clinuvel, Compumedics and Resmed were up more than one percent; with Cochlear, CSL, Medical Developments and Viralytics up by less than one percent.

Oncosil led the falls on a 'CEO Interview', down one cent or 7.7 percent to 12 cents with three million shares traded. Osprey lost seven percent; Genetic Signatures and Optiscan were down six percent or more; Actinogen, Dimerix, ITL and Starpharma fell more than four percent; Mesoblast and Orthocell were down more than three percent; Nanosonics, Pro Medicus and Telix shed more than two percent; Avita lost 1.7 percent; with Ellex, Impedimed, Polynovo and Sirtex down by less than one percent.

[BIOTECH DAILY TOP 40 INDEX \(BDI-40\)](#)

US President Donald Trump's initiation of trade wars appears to have spooked the global markets in March, with the BDI-40 among many indices down for the month.

The Biotech Daily Top 40 Index (BDI-40) 2.4 percent retreat was smaller than the ASX200 4.3 percent fall, with the three Big Caps of Cochlear, CSL and Resmed down 3.4 percent and the Nasdaq Biotechnology Index (NBI) down 1.4 percent (see charts below).

The collective market capitalization of the three Big Caps of Cochlear, CSL and Resmed (which are not included in the BDI-40) fell to \$98,443 million, with CSL down 4.7 percent to \$70,330 million, Cochlear down 1.2 percent to \$10,452 million, but Resmed defied gravity edging up 0.5 percent to \$17,661 million.

Sixteen of the BDI-40 companies were up, 23 fell and one was unchanged.

The BDI-20 slipped 1.8 percent on mainly small falls and small gains, except for Bionomics leading the pack on no news in March, while the Second 20 shed 5.9 percent.

Bionomics was the best, up 30.4 percent to \$270 million, followed by Cyclopharm up 22.7 percent to \$81 million, Admedus (21.5%), Immutep (16.4%), Psivida (14.1%) and Clinuvel (13.6%).

Prana led the falls, down 17.2 percent to \$24 million, followed by Mesoblast (16.3%), Uscom (15.8%), Neuren (14.5%), Airxpanders (13.5%), Optiscan (13.5%), Starpharma (13.5%), LBT (10.3%) and Opthea (10.2%).

Outside the BDI-40, Invion leapt 326.1 percent from a very low base to a market capitalization of \$196 million on completing the acquisition of a new technology, a capital raising and a new major shareholder.

Adherium was up 93.3 percent to \$29 million – or where it was 12 months ago – Nuheara improved 66 percent to \$83 million and Immuron was up 54.3 percent to \$54 million.

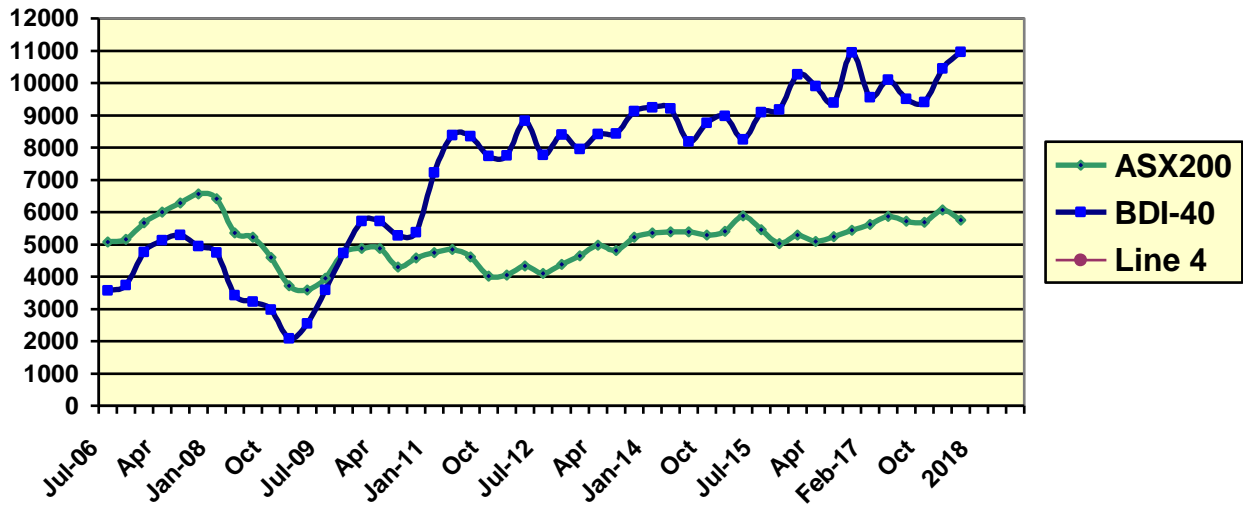
Two companies associated with Viralytics chairman Paul Hopper, Prescient and Imugene, were up 46.7 percent and 36.2 percent, respectively, possibly because of the association following the February sale of Viralytics to Merck for \$502 million.

The 15 companies in Cannabis Corner have become 16 companies, with the likely emergence of 1-Page as a marijuana player, but the group fell a collective 4.1 percent to \$1,481 million.

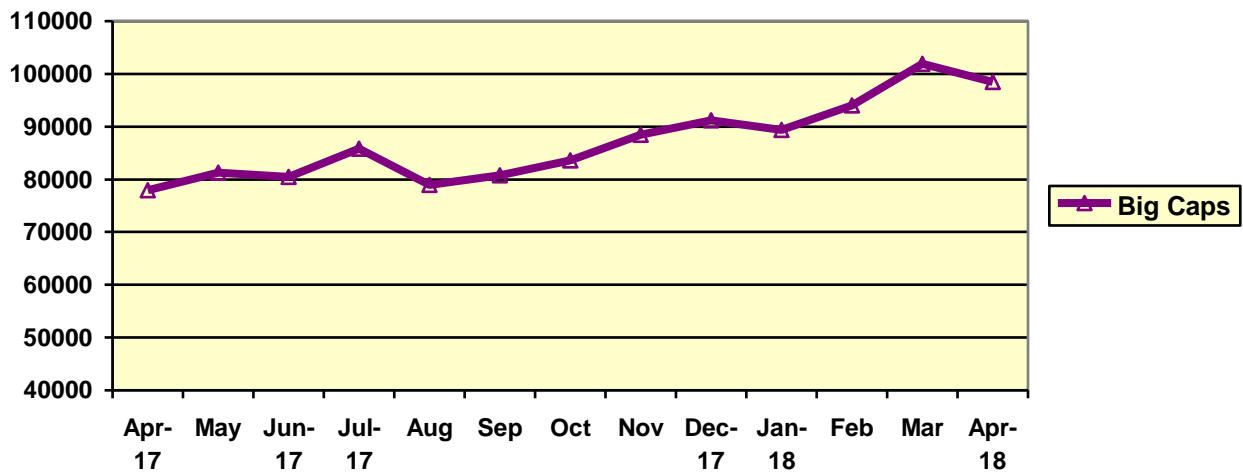
In the US, Queensland's Protagonist fell 47.2 percent on a phase IIb drug trial fail, having retreated 23.1 percent in February from January's record high of \$581 million, with Israel's Redhill down 19.2 percent.

Vaxart, which is half Aviragen (formerly Melbourne's Biota) was up 96.0 percent to \$49 million, making a 2012 Biota \$1.00 share worth about 3.9 cents today.

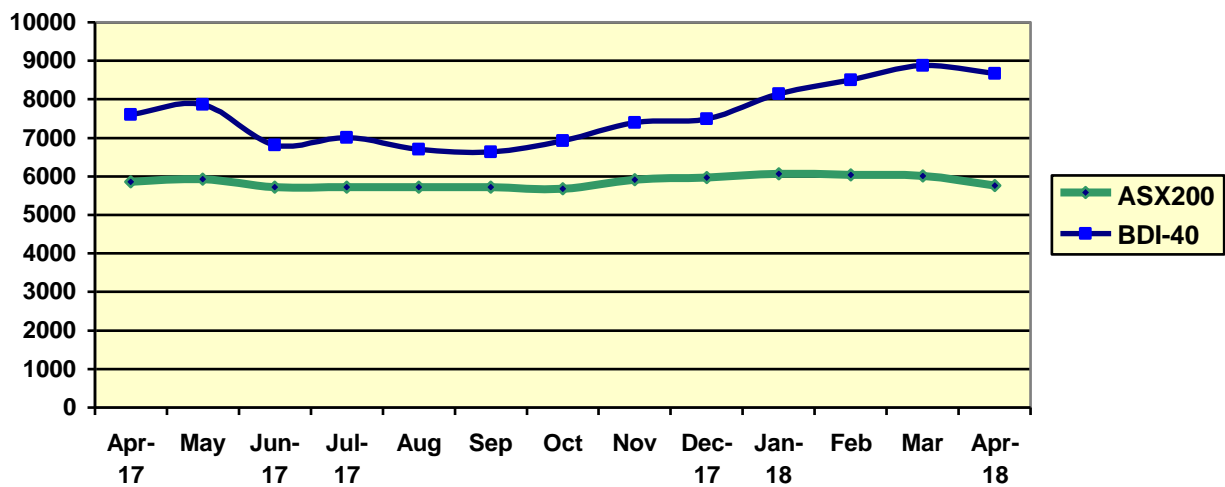
BDI-40 v ASX200 June 30, 2006 to March 31, 2018- Adjusted



Big Caps \$m (Cochlear, CSL, Resmed) March 31, 2017 – March 31, 2018



BDI-40 (\$m) v S&P ASX 200 – March 31, 2017 - March 31, 2018



OPTISCAN IMAGING

Optiscan chairman Alan Hoffman says “the company had no discussions with [former chief executive officer Archie] Fraser about his tenure prior to his decision to resign”. In a media release to the ASX entitled ‘Q&A with Executive Chairman Alan Hoffman’ Mr Hoffman said that when Mr Fraser resigned on January 22, 2018 “he was not pushed”. Mr Hoffman said that Mr Fraser was a co-signatory to a requisition notice seeking a board spill (BD: Mar 28,29, 2018).

Mr Hoffman said that Mr Fraser received his entitlements under his contract.

Mr Hoffman asked himself whether he had “any performance concerns about Archie Fraser in his role as CEO?” and replied saying: “We are not in position where we are able to discuss this matter.”

Mr Hoffman said there had been “internal negotiations with some contractors and staff who had expressed their concerns to the board about uncertainty and future direction” which were incomplete negotiations until “it became absolutely clear there was no chance of reversing the employee and contractor concerns, [and] we announced the resignations to the market”.

Mr Hoffman asked why founder and inventor Peter Delaney resigned and answered that he was a co-signatory to the first requisition notice, also signed by Mr Fraser.

Mr Hoffman said he had assumed the role of executive chairman “at half the cost of the previous CEO ... until we appoint a new CEO, the process for which is well under way”. He said the other management positions could be filled and there were succession plans in place for all other departing people.

Mr Hoffman said that “across the business, the collective experience of the team remaining in the company is approaching 100 years”.

Under the heading ‘Company Vision’ Mr Hoffman said “we have a unique opportunity to scale the business to new heights”.

“Optiscan is on the cusp of entering the world stage thanks to its world leading technology in the confocal microscope space,” Mr Hoffman said.

“To become a true player on the global stage, we need a world class structure to deliver on that stage,” Mr Hoffman said. “This begins with having world class employees in our business, which we have, a strong, energetic and motivated management team, which we are creating and a world class CEO, which we are recruiting.”

“Prior to the appointment of the new board in May 2016 and to the company’s subsequent recapitalisation under the current board, Ian Mann and Peter Delaney were directors of Optiscan and presided over it at a time that lead to the company being out of cash and being suspended from trading on the ASX,” Mr Hoffman said.

Mr Hoffman said that it was he and the board that introduced the ‘Three Pillars Strategy’ at the 2016 annual general meeting which was the cornerstone for Optiscan growth and transformation since then.

“The board of Optiscan prior to May 2016 brought this company to its knees,” Mr Hoffman said. “It is only through the implementation of a sound strategy and strong business principles that Optiscan is in the strong position it is today.”

Mr Hoffman said that a December 2017 presentation expected Conformité Européenne (CE) mark approval by April 2018 and said the forecast was based on internal reports prepared by Mr Fraser and “with the benefit of hindsight and given the process of European regulatory approval is beyond our control, we could and should have been even more prudent in setting those expectations”.

Mr Hoffman said that the extraordinary general meeting would be held in Melbourne on May 10, 2018

Optiscan fell half a cent or 6.7 percent to seven cents.

VICTORIA GOVERNMENT, CANCER COUNCIL VICTORIA

The Victoria Government says that with Cancer Council Victoria it will provide \$2.5 million for eight research projects on cancers with poor survival outcomes.

In a media release from Victoria's Minister for Health Jill Hennessy the Government said it would contribute \$1.5 million and with the Cancer Council will give \$1 million for the projects.

The media release said that low survival cancers were defined as those with a five-year survival rate of less than 30 percent and included cancers of the pancreas, liver, lung, oesophagus, gallbladder, brain and unknown primary, mesothelioma and acute myeloid leukaemia.

The Government said that these cancers made up about 20 percent of all cancer diagnoses, but comprised more than 40 percent of cancer deaths each year.

The media release said that the funding would support research projects targeting these cancers, as well as other cancers with poor outcomes, such as ovarian and stomach cancer.

The media release said that Cancer Council Victoria would provide two post-doctoral fellowships in low-survival cancers, worth a total of \$151,000, to support Victorian scientists who recently completed a doctorate.

The Government said that the Victorian Cancer Agency had opened applications for two targeted funding schemes to improve cancer outcomes for Aboriginal Victorians and people with upper gastrointestinal cancers, worth \$2 million each over four years.

For more information go to <http://www.victoriancanceragency.org.au/>.

Ms Hennessy said that "we need to do everything in our power to boost survival rates for all cancers".

"While Victoria has some of the best rates in the world, more research into these low survivor cancers is central to saving the lives of Victorians," Ms Hennessy said.

POLYNOVO

Polynovo says it has signed a \$US1.2 million (\$A1.6 million) plus royalties deal for a range of breast reconstructive and aesthetic products with Establishment Labs.

Polynovo said that under the project plan it would develop and manufacture its Novosorb polymer into a range of breast reconstructive and aesthetic devices, conduct all of the development and laboratory testing and manufacturing scale-up.

The company said that the Alajuela, Costa Rica-based Establishment Labs would be responsible for the cost of non-clinical and clinical trials and regulatory submissions.

Polynovo said that Establishment Labs pay it a \$US100,000 signing fee, \$US350,000 on completion of clinical studies and receipt of Conformité Européenne (CE) mark for first product and \$US750,000 for the first US Food and Drug Administration approval.

The company said that royalties from a breast sling and breast pocket would be four percent for the three years and then three percent ongoing, with royalties for a biodegradable breast prosthesis of six percent for three years then four percent ongoing.

Polynovo said the products would be marketed globally by Establishment Labs which would fund the marketing and sales expenses of the operation, while Polynovo would manufacture the products at an agreed transfer price.

Polynovo chief executive officer Paul Brennan said the agreement was "a good deal for Polynovo shareholders as we partner with [Establishment Labs] who understand the market segment, have the established infrastructure to quickly access the market and support the costly development program without diluting our shareholders.

Polynovo fell half a cent or 0.9 percent to 52.5 cents with 1.5 million shares traded.

VOLPARA HEALTH TECHNOLOGIES

Volpara says it has exceeded the commercial milestone of 200 percent growth in annual recurring revenue set for the 12 months to March 31, 2018.

Volpara says its annual recurring revenue (ARR) was up 227.3 percent to \$NZ3.6 million (\$A3.4 million), compared to \$NZ1.1 million at the end of its previous financial year, March 31, 2017, exceeding a 200 percent increase guidance.

The company said that total contract value was up 173.2 percent to \$NZ11.2 million, with 57 Volpara Enterprise customers, compared to 14 customers at March 31, 2017.

Volpara said that about 3.2 percent of all women, or 1.27 million women, screened in the US were contracted to its software.

Volpara chief executive officer Dr Ralph Highnam said he was “delighted” with the growth milestone.

“We are just scratching the surface of the market in the US, but the signs are very encouraging and we have a unique product with a mature sales force and many focused opportunities,” Dr Highnam said.

“The regulatory environment in the US continues to drive clinics to pursue the total quality assurance our software offers,” Dr Highnam said.

Volpara was up five cents or 6.9 percent to 77 cents.

ANTISENSE THERAPEUTICS

Antisense says it will raise \$581,614 in a placement at 2.4 cents to Australian Ethical Investment, to be followed by a rights issue to raise a further \$4.5 million.

Antisense said that Australian Ethical, Platinum Asset Management, CVC, Leon Serry and others had indicated their support and intention to subscribe to part of the offer through commitments to shortfall shares becoming available following the entitlement issue.

The company said that Australian Ethical and Platinum were expected to become the largest shareholders with up to 19.99 percent and 5.6 percent respectively.

Antisense said the funds would be used to complete and report on the phase II ATL1102 paediatric Duchenne muscular dystrophy trial at Melbourne’s Royal Children’s Hospital, begin the ATL1103 early access program in acromegaly and fund operations into 2020.

The company said that Melbourne’s XEC Partners was the lead manager for the raising. Antisense fell half a cent or 13.5 percent to 3.2 cents with 1.4 million shares traded.

REVA MEDICAL

Reva says that Kardionet Healthcare and Foreign Trading Inc will distribute its bioresorbable coronary stents in Turkey.

Reva said the agreement was its “first commercial distribution agreement in the Europe and Middle East region, building on direct selling commercial efforts underway in Europe”.

The company said that Kardionet would be responsible for sales, marketing, customer training and support, with commercialization expected to begin by July 2018, following local registration approval and completion of a training program.

Reva chief executive officer Dr Reggi Groves said the company’s top corporate priority was ensuring the Fantom scaffold’s commercial success.

“We began our first phase of launch with our direct sales force in Germany, Switzerland, and Austria last year,” Dr Groves said.

“The distribution agreement with Kardionet marks the start of our second phase of launch for Fantom,” Dr Groves said.

Reva was unchanged at 39 cents.

AVITA MEDICAL

Avita says six separate presentations on its Recell burns and wounds treatment will be made at the American Burn Association meeting in Chicago, April 10 to 13, 2018.

Avita said it would be the first time clinical investigators would present the full effectiveness and safety data from the two pivotal trials used to support its US pre-market approval application for the treatment of burn injuries.

Avita fell 0.1 cents or 1.7 percent to 5.7 cents.

CANN GROUP

The Sydney-based Tribeca Investment Partners says it has reduced below the five percent substantial level in Cann.

In February, Tribeca became substantial with 7,041,570 shares (5.05%) with the largest purchase on December 12, 2017 at \$2.50 a share (BD: Dec 13, 2017; Feb 7, 2018).

Today, Tribeca said it bought and sold shares between February 6 and March 6 and on March 28, 2018 sold 1,000,000 shares for \$3 million or \$3.00 a share.

Cann fell nine cents or three percent to \$2.89.

ESENSE-LAB

Esense says the established majority board defeated a board spill challenge led by Dr Brendan de Kauwe by 30.5 million votes (60.0%) to 20.3 million votes (40.0%).

Esense said that chairman Ilan Saad, chief executive officer Haim Cohen and directors Eran Gliboa and Benjamin Karasik were re-elected by about 30.5 million votes to about 20 million votes, while former director Dr de Kauwe, and proposed replacement directors Andreas Gedeon, Timothy Wise and Faldi Ismail were defeated by a similar margin. Separately, Dr de Kauwe filed a final director's interest notice.

The company said the extraordinary general meeting votes to remove Mr Cohen, Mr Gilboa and Mr Saad and elect Dr De Kauwe, Mr Gedeon and Mr Ismail were defeated by similar margins, while most other annual general meeting resolutions were passed easily, with the exception of the issue of 1,250,000 strategic investor options to Mr Gedeon, which was lost and 5,000,000 lead manager options to Otsana Capital, of which Dr de Kauwe was a director, which was passed with 22.6 million votes to 21.1 million votes.

According to the meeting results the strongest vote against the continuing board was 20,276,372 votes and the company's most recent Appendix 3B new issue announcement it had 80,676,814 shares on issue, meaning the opposition to the continuing board was 25.1 percent of the company, sufficient to requisition extraordinary general meetings.

MMJ said that as Esense did not approve the options to the strategic investor, it would need to pay MMJ \$199,000 in consideration for the unapproved options.

Esense was untraded at 16.5 cents.

MMJ fell one cent or 2.7 percent to 35.5 cents.

ATCOR MEDICAL

Atcor says that 10-year director Dr David Brookes has retired, effective from today.

Atcor chairman Donal O'Dwyer thanked Dr Brookes "for his contribution to the company over the many years".

Atcor fell 0.1 cents or 4.35 percent to 2.2 cents.

BIOTECH DAILY TOP 40 WITH MARKET CAPITALIZATION AT MAR 31, 2018

Company \$Am	Apr-17	Mar-18	Apr-18
Cochlear	7,767	10,583	10,452
CSL	56,989	73,797	70,330
Resmed	13,156	17,576	17,661
BDI-20			
Airxpanders	245	141	122
Bionomics	181	207	270
Clinuvel	328	417	473
Compumedics	96	64	65
Ellex	133	120	124
Impedimed	270	287	282
Medical Developments	297	459	416
Mesoblast	976	842	705
Nanosonics	923	793	769
Neuren	125	345	295
Opthea	123	127	114
Pharmaxis	93	101	102
Polynovo	152	330	347
Immutep (Prima)	64	54	63
Pro Medicus	595	857	845
Psivida	86	64	73
Reva	406	175	161
Sirtex	1,033	1,539	1,547
Telix	21	107	114
Viralytics	288	461	469
Second 20			
Acrux	48	27	27
Actinogen	38	38	35
Admedus	83	65	79
Avita	62	61	59
Benitec	35	40	41
Cyclopharm	48	66	81
Dimerix	12	17	18
Factor Therapeutics	51	31	29
Genetic Signatures	44	31	25
ITL Health	45	29	27
LBT Innovations	47	29	26
Oncosil	45	71	73
Optiscan	26	37	32
Orthocell	29	26	25
Osprey	111	100	97
Prana	38	29	24
Starpharma	247	535	463
Universal Biosensors	72	52	48
Uscom	22	38	32
Volpara	36	69	68

* Biotech Daily editor, David Langsam, owns shares in Acrux, Benitec, Innate, Mesoblast, Nanosonics, Patrys, Polynovo, Telix, Volpara and non-biotechnology stocks. Through Australian Ethical Superannuation he has an indirect interest in a range of other biotechnology companies: <http://www.australianethical.com.au/who-we-invest-in>. These holdings are liable to change.

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