



# Biotech Daily

Thursday August 16, 2018

*Daily news on ASX-listed biotechnology companies*

- \* **ASX EVEN, BIOTECH DOWN: ELLEX UP 9%; POLYNOVO DOWN 9%**
- \* **RESAPP, US DARPA, LOCKHEED MARTIN PARTNER FOR COMBAT HEALTH**
- \* **TELIX, NIHON PARTNER FOR TLX250 FOR RENAL CANCER IN JAPAN**
- \* **MEMPHASYS RECEIVES \$593k FEDERAL R&D TAX INCENTIVE**
- \* **PRO MEDICUS REVENUE UP 14% to \$36m, PROFIT UP 37% TO \$13m**
- \* **POLYNOVO REVENUE UP 59% TO \$6m, LOSS UP 20% TO \$6m**
- \* **GENETIC TECHNOLOGIES, ZISHAN HEALTH CHINA J-V**
- \* **AUSCANN PRODUCES FINAL DOSE CANNABINOID HARD CAPSULE**
- \* **MICRO-X CLARIFIES: CARRYING VALUE A NON-CASH IMPAIRMENT**
- \* **1-PAGE TO BUY BACK \$5m SHARES, TORONTO IPO**
- \* **QLD BAUXITE VOTES ON 3 MARIJUANA ENTITIES, TO BE CANN GLOBAL**
- \* **ALLAN GRAY REDUCES TO 6% OF PHARMAXIS**

## MARKET REPORT

The Australian stock market slipped 0.01 percent on Thursday August 16, 2018 with the ASX200 down 0.7 points to 6,328.3 points. Fourteen of the Biotech Daily Top 40 stocks were up, 16 fell, seven traded unchanged and three were untraded.

Ellex was the best, up 5.5 cents or 8.8 percent to 68 cents with 60,904 shares traded. Factor climbed 7.4 percent; Telix rose five percent; Compumedics and Prescient were up more than four percent; Actinogen, Bionomics, Cochlear and Genetic Signatures improved more than three percent; Benitec and Universal Biosensors rose more than two percent; Avita, Clinuvel and CSL were up one percent or more; with Nanosonics and Pro Medicus up by less than one percent.

Polynovo led the falls, down five cents or 9.1 percent to 50 cents with 4.7 million shares traded. Osprey lost six percent; Imugene, LBT and Reva fell more than four percent; Mesoblast, Prana and Starpharma shed more than two percent; Impedimed, Optiscan, Orthocell and Volpara were down more than one percent; with Cynata, Medical Developments, Neuren, Resmed and Sirtex down by less than one percent.

## RESAPP HEALTH

Resapp says it has a US Darpa-funded, but undisclosed value, collaboration with Lockheed Martin to provide health assessments for US military combat troops.

Resapp said it had partnered with Lockheed Martin in the Defense Advanced Research Projects Agency (Darpa) 'War-fighter Analytics using Smartphones for Health' program. The Arlington, Virginia-based Darpa says it was the agency that funded and developed the original research that became the internet.

Resapp said the program would "build a software suite to predict 'war-fighter' readiness and potential chronic and acute illness in a variety of contexts using only a standard cell phone [mobile telephone] instead of other specialized, expensive medical devices".

Resapp chief executive officer Dr Tony Keating told Biotech Daily that war-fighter referred to front line combat personnel.

"We hope that our technology will be a core part of the entire program," Dr Keating said.

Resapp said that it brought "expertise in developing audio-based, machine-learning algorithms for measuring respiratory health using smartphone microphones" to the project. Dr Keating said the company was "delighted to be working with Lockheed Martin to develop audio signatures and algorithms as key components in products to support the mission readiness and health of US military personnel".

Resapp was up 3.5 cents or 19.4 percent to 21.5 cents with 16.8 million shares traded.

## TELIX PHARMACEUTICALS

Telix says it has an agreement with Tokyo's Nihon Medical Physics Co to partner for renal cancer imaging in Japan.

Telix said the memorandum of understanding focused on its TLX250 positron emission tomography (PET) imaging program for renal cancer, with the objective Nihon becoming the exclusive commercial partner for Japan.

The company said that Nihon would provide support for "the near-term goal of including Japanese patients in Telix's ... phase III development program for TLX250".

Telix said that TLX250, or Girentuximab, was being developed as a diagnostic PET agent, 89Zr-Girentuximab, and as a therapeutic drug, 177Lu-Girentuximab.

The company said that TLX250 was an antibody-based platform that targeted carbonic anhydrase IX "a cell surface target that is over-expressed in several serious cancers, including renal, lung and oesophageal cancer".

Nihon Medical Physics president Hisashi Shimoda said "the technologies in which diagnostics and therapeutics are integrated will become increasingly important to the personalized medicine strategy for cancer treatment".

"TLX250 has the potential to become one of the best PET products in this field," Mr Shimoda said. "Our goal is to identify and enrich our portfolio by new products and technologies that meet unmet medical need."

Telix was up 3.5 cents or five percent to 74 cents.

## MEMPHASYS

Memphasys says it has received \$592,734 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Memphasys said that the funds related to expenditure for the year to June 30, 2018.

The company said that the funds would be used to further develop its Felix sperm separation device for in-vitro fertilization and for working capital.

Memphasys was untraded at 1.5 cents.

## PRO MEDICUS

Pro Medicus says that revenue for the 12 months to June 30, 2018 was up 13.9 percent to \$36,017,000 with net profit after tax up 36.7 percent to \$12,744,000.

Pro Medicus said that North American revenue from its imaging systems was up 18.4 percent, European revenue increased by 33.2 percent and that Australian revenue was “largely in line with the previous year, down 2.0 percent”.

The company said that a fully franked dividend of 3.5 cents per share would be paid on September 27, for holders on the record date of September 7, 2018, following an interim franked dividend of 2.5 cents a share, compared to the previous year’s fully-franked 2.5 cents and unfranked 1.5 cents dividends respectively.

Pro Medicus said that net tangible assets per share was up 30.4 percent to 30 cents, with diluted earnings per share up 35.6 percent to 12.2 cents for the year to June 30, 2018.

The company said it had in cash and cash equivalents of \$25,238,000 at June 30, 2018, compared to \$22,775,000 at the end of the previous financial year.

Pro Medicus was up one cent or 0.1 percent to \$8.71 with 586,033 shares traded.

## POLYNOVO

Polynovo says that revenue for the 12 months to June 30, 2018, was up 59.3 percent to \$5,989,000 with net loss after tax up 19.7 percent to \$5,974,000.

Polynovo said that the increase in the loss was predominantly driven by the continuing establishment of its US infrastructure, increased research and development activities, clinical trials and additional regulatory and administrative resources to support the its commercialization in the US and other market.

The company said it received \$1,747,102 for sale of its Novosorb wound treatment, compared to \$136,896 the previous year, with a further \$3,827,016 relating to its contract with the US Biomedical Advanced Research and Development Authority (Barda) contract.

The company said that diluted loss per share was up 9.2 percent to 0.95 cents, net tangible assets per share was up from 1.5 cents to 4.2 cents, with cash and cash equivalents of \$3,147,08 at June 30, 2018, compared to \$5,496,60 at June 30, 2017.

Polynovo fell five cents or 9.1 percent to 50 cents with 4.7 million shares traded.

## GENETIC TECHNOLOGIES

Genetic Technologies says it will form a 50-50 joint venture with Beijing’s Zishan Health Consultancy to commercialize its genetic tests in China.

Genetic Technologies said the proposed joint venture Health would manage sales, account management, marketing and promotion of its Brevagenplus non-familial breast cancer genetic screening test and other risk assessment tests as they became available.

The company said Zishan had “strong relationships with the Chinese government ... [and would be] an effective liaison ... [with] the China Food and Drug Administration”.

Zishan executive director Gao Lei said “the Healthy China 2030 plan ... is comprised from six policy areas... one of which is focused on the prevention and treatment of chronic, non-communicable disease such as diabetes, cancers, stroke and obesity”.

“Genetic screening companies have been identified as critical in the early detection off such diseases and therefore lead to proactive treatment,” Mr Lei said.

Mr Lei said that following a review of genetic screening companies that could make a difference for China’s health sector, it selected Genetic Technologies as its partner.

Genetic Technologies was up 0.05 cents or 5.3 percent to one cent with 13 million shares traded.

## AUSCANN

Auscann says it has completed a pilot study for the “final dose form for its [oral] cannabinoid medicines” as a hard capsule.

Auscann said it had lodged a patent for the intellectual property it had developed and that this would be used in “the production of its first stage cannabinoid pharmaceuticals being released in first half of 2019”.

The company provided no details of the pilot study other than it had produced an “effective stable oral dose form which provides consistent and stable dosages of the active cannabinoids with reliable bioavailability”

Auscann was up 26.5 cents or 32.5 percent to \$1.08 with 6.7 million shares traded.

## MICRO-X

Micro-X says any potential impairment to the carrying value of its 30 percent-owned investment Xinray is “non-cash”.

On Monday, Micro-X said it expected a potential impairment charge but did not quantify the amount (BD: Aug 13, 2018).

The company said at that time that the potential impairment was due to an agreement between Xinray and the Jintan, China-based joint venture Nuray Technology in which Xinray holds 30 percent, as it was unclear if future revenue for Xinray was expected through its investment in Nuray, and whether it would support the current carrying value of Micro-X’s investment in Xinray.

Today, Micro-X said that there was no change in its “estimated future sales revenues, product opportunities or cash position” and that its future business plans remained unchanged.

Micro-X was unchanged at 31 cents.

## 1-PAGE

1-Page says it will buy back \$5,000,000 in shares at 16.5 cents a share, before launching an initial public offer on the Toronto Stock Exchange.

In July, 1-Page said it requested to be removed from the ASX to list on another “more suitable” exchange where there would be more interest in its medical marijuana (BD: Jul 23, 2018).

Today, 1-page said it planned an initial public offer on the Toronto Stock Exchange in late 2018 or early 2019 with the Melbourne-based Cannacord Genuity (Australia) as lead manager for the offer.

The company said the offer was subject to shareholder approval at its extraordinary general meeting on September 12, 2018.

1-Page said it Cannacord Genuity would also act as the broker for the proposed \$5,000,000 share sales facility.

The most recent 1-Page Appendix 3B new issue announcement said the company had 154,184,348 shares on issue, with the \$5,000,000 available, able to buy up to 30,303,030 shares.

The company said should applications exceed the amount there would be a pro rata scale-back.

1-Page was in a suspension at 16.5 cents.

## QUEENSLAND BAUXITE

Queensland Bauxite shareholders will vote to acquire three marijuana entities, issue shares for the purchases and change its name to Cann Global.

Queensland Bauxite said it would acquire the remaining 45 percent of 55 percent subsidiary Medical Cannabis Ltd, 100 percent of Medcan Australia and 100 percent of T12 Holdings Pty Ltd which included Hemp Hulling Co.

The company said that Medcan was founded in Brisbane, Queensland in 2016 by directors Craig Cochran and Gareth Ball, with Medcan shareholders to receive 250,000,000 Queensland Bauxite shares.

Queensland Bauxite said that shareholders would vote to issue 1,212,857,143 to the Medical Cannabis shareholders for the remaining 45 percent, while Medical Cannabis was independently seeking to raise a further \$500,000 prior to the conclusion of the acquisitions to fund its current ongoing activities.

The company said the meeting would vote to issue 40,540,541 shares to the Hemp Hulling Co, 16,000,000 shares to Mr Ball, 20,000,000 shares to Mr Cochran, 21,621,622 shares to the T12 shareholders, 2,705,000 shares to Sebastian Edwards and 2,705,000 shares to Sam Edwards.

Queensland Bauxite said that Hemp Hulling's Sebastian and Sam Edwards were also the founders of Organic Markets Direct, a wholesaler of health foods that include Hemp Seed products, Chia Seeds, Green Leaf Stevia, Cacao, Buckwheat, Brown Rice and other pantry foods, and had established the brands EM Super Foods, Australian Grown Naturals, Black Bag and Organic Markets Direct.

The company said that it proposed to raise up to \$5,950,000 and requested approval for the issue of up to 170,000,000 shares at an issue price of 3.5 cents with 85,000,000 attaching options exercisable at 10 cents each by April 30, 2020.

Queensland Bauxite said investors would vote to approve the purchase of 12,500,000 shares with attaching options each by Sholom Feldman or his nominee, including Volcan Australia Corporation Pty Ltd and by Pnina Feldman or her nominee.

The company said the meeting would vote to repeal the existing constitution and adopt a new constitution.

Queensland Bauxite said the proposed board would include Pnina Feldman as executive chairperson, Sholom Feldman as managing director with Andrew Kavasilas as an executive Director and John Easterling as an independent non-executive director.

The meeting will be held at Computershare, Level 4, 60 Carrington Street, Sydney, on September 14, 2018 at 11.30am (AEST)

Queensland Bauxite was untraded at 3.7 cents.

## PHARMAXIS

Allan Gray says it has reduced its substantial shareholding in Pharmaxis from 22,385,398 shares (7.00%) to 20,578,767 shares (5.74%).

Allan Gray said that between Sept 17, 2017 and August 7, 2018 it sold 1,867,162 shares for \$502,825 or 26.9 cents a share and on July 12, 2018 it bought 60,531 shares for \$19,025 or 31.4 cents a share.

Pharmaxis was unchanged at 32 cents.