



Biotech Daily

Tuesday November 20, 2018

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: COMPUMEDICS UP 6.5%; AIRXPANDERS DOWN 11%**
- * **PRO MEDICUS SIGNS \$27m PARTNERS IMAGING DEAL**
- * **EYE CO FLUDROCORTISONE ACETATE FOR DRY AMD TRIAL**
- * **PHARMAXIS READIES FOR LOX INHIBITOR PANCREATIC CANCER TRIAL**
- * **KAZIA PLAN RAISES \$800k, TOTAL \$4.2m**
- * **RESONANCE RECEIVES \$326k FEDERAL R&D TAX INCENTIVE**
- * **NUHEARA UNVEILS IQSTREAM TV FOR INDEPENDENT VOLUME CONTROL**
- * **BIOTRON 43% REMUNERATION 1st STRIKE; OPTIONS**
- * **ADHERIUM 33% REMUNERATION 1st STRIKE; SHARE PLAN**
- * **UNIVERSAL BIOSENSORS REPAYS \$21m ATHYRIUM LOAN**
- * **MMJ COMPLETES PHYTOTECH SALE TO HARVEST ONE; NAME CHANGE**
- * **ADAM LEITZES, KARST PEAK TAKE 19.8% OF AVITA**
- * **FIL SELLS, TAKES LOSS ON ALL 83.3m FACTOR SHARES**
- * **COCHLEAR APPOINTS CSL'S ABBAS HUSSAIN DIRECTOR**

MARKET REPORT

The Australian stock market fell 0.38 percent on Tuesday November 20, 2018 with the ASX200 down 21.9 points to 5,671.8 points. Seven of the Biotech Daily Top 40 stocks were up, 19 fell, eight traded unchanged and six were untraded.

Compumedics was the best, up 2.5 cents or 6.5 percent to 41 cents with 21,010 shares traded. Pharmaxis and Pro Medicus climbed four percent or more; Osprey improved 3.6 percent; Immutep rose 2.7 percent; Cochlear was up 1.7 percent; with Mesoblast and Paradigm up by less than one percent.

Airxpanders led the falls, down half a cent or 11.1 percent to four cents with 303,132 shares traded. Impedimed lost 9.4 percent; Avita was down 7.8 percent; LBT, Nanosonics, and Polynovo fell more than five percent; Clinuvel, Cynata and Ellex shed more than four percent; CSL, Dimerix, ITL, Neuren, Starpharma, Telix and Volpara lost three percent or more; Oncosil, Orthocell and Prana shed more than two percent; Resmed was down 1.4 percent; with Genetic Signatures down 0.9 percent.

PRO MEDICUS

Pro Medicus says it has signed a \$27 million, 7-year contract with the Boston, Massachusetts-based Partners Healthcare.

Pro Medicus said Partners Healthcare was founded in 1994 by the Massachusetts General Hospital and the Brigham and Women's Hospital and was a "national leader in biomedical and data science research".

The company said the contract, through its wholly-owned subsidiary Visage Imaging, was "a transaction licencing model" would see its Visage 7 technology implemented Massachusetts General and the Brigham and Women's hospitals "eliminating their legacy [picture archiving and communication system] with scope to expand to other Partners network hospitals at a later date".

Pro Medicus chief executive officer Dr Sam Hupert said the deal was a "milestone" for the company.

Dr Hupert said "not only is it our biggest deal to date, there is the potential for further upside within the Partners network after this initial rollout is completed."

"In addition, [Massachusetts General] and [Brigham and Women's] are two of the most prestigious medical institutions in North America renowned for their medical research, as well as their key roles as teaching hospitals for Harvard Medical School," Dr Hupert said.

"The fact that both institutions selected Visage 7 as their platform of choice reinforces our view that Visage's leading-edge technology is suitable for a broad range of clinical environments, including the most sophisticated and demanding users," Dr Hupert said.

Pro Medicus said the rollout had begun with the first sites scheduled to be implemented by July 2019.

"This deal has repositioned us in the market," Dr Hupert said.

"Not only does it add to our rapidly growing North American footprint, we now have two out of the top four US hospitals standardizing on our platform, which we see as a catalyst for growth in both North American and other global markets." Dr Hupert said.

Pro Medicus was up 39 cents or 4.25 percent to \$9.56 with 187,239 shares traded.

EYE CO

Eye Co says it has ethics approval for its nine-patient phase Ib safety studies of fludrocortisone acetate for dry age-related macular degeneration.

Eye Co said that the trial was "the first time this drug will be used in humans with retinal disease".

The company said that fludrocortisone acetate was currently indicated for the adrenal gland insufficiency Addison's disease.

Eye Co said that fludrocortisone acetate was "a potential breakthrough treatment of geographic atrophy associated with dry age-related macular degeneration (AMD).

The company said there were no registered or available effective treatment for dry AMD, which was expected to affect more than 100 million people in the major pharmaceutical markets over the next 10 years.

Eye Co said that the lead investigator for the study was Prof Andrew Chang who would conduct the study at Sydney Retina.

Eye Co chief scientist Prof Philip Penfold said that fludrocortisone acetate would potentially "prevent blindness amongst millions of people afflicted with this pervasive disease".

The company said the study was due to begin this year and take about six months to complete.

Eye Co is a private company.

PHARMAXIS

Pharmaxis says it has completed preclinical work for its anti-fibrotic lysyl oxidase program for pancreatic cancer and hopes to start a phase I trial by April 2019.

Pharmaxis said the pancreatic cancer trial was the third program from the anti-fibrotic amine oxidase chemistry platform to reach human clinical trials, following trials of two separate compounds for fibrosis diseases including non-alcoholic steatohepatitis and idiopathic pulmonary fibrosis (BD: Oct 11, Nov 15, 2018).

The company said it was “the first company to progress a small molecule [lysyl oxidase] inhibitor into clinical development” and the compound was a once-daily oral drug that inhibited all lysyl oxidase family members.

Pharmaxis said the compound had cleared pre-clinical safety and toxicity studies and had shown significant reductions in fibrosis in animal models of kidney fibrosis, lung fibrosis, myelofibrosis and pancreatic cancer.

The company said that the selective lysyl oxidase-like 2 (LOXL2) inhibitors that were currently in phase I studies were suited to chronic fibrotic conditions such as non-alcoholic steatohepatitis and idiopathic pulmonary fibrosis, the all-encompassing lysyl oxidase (LOX) inhibitor was “well positioned for the treatment of severe fibrosis as well as cancer with prominent stroma [or connective tissue] or fibrotic metastatic niches”.

Pharmaxis said it was collaborating with Sydney’s Garvan Institute of Medical Research to investigate the therapeutic potential of LOX inhibition in pancreatic cancer, with the Institute’s Dr Thomas Cox leading the academic collaboration.

“Pancreatic cancer has proved difficult to treat with chemotherapy in part because fibrotic stroma limits access to, and efficacy of current drug treatments against tumor cells,” Dr Cox said.

“An anti-fibrotic may enhance accessibility and provide additional benefit against not only tumor cells at the primary tumor, but also those cells which have spread from the pancreas to other parts of the body,” Dr Cox said.

Pharmaxis said Garvan researchers had evidence in mouse models that inhibition of the LOX family altered the tumor micro-environment rendering tumors more susceptible to existing therapies and had generated positive results in in-vitro and animal models of pancreatic cancer using the its LOX inhibitor.

Pharmaxis chief executive officer Gary Phillips said that taking another a drug into the clinic “further validates the productivity and expertise of our drug discovery and development team”.

“This latest drug has shown real promise in pre-clinical testing,” Mr Phillips said.

Pharmaxis was up one cent or four percent to 26 cents with 1.4 million shares traded.

KAZIA THERAPEUTICS

Kazia says its share plan at 38 cents a share has raised “about \$800,000” with final applications and payments to be confirmed this week.

In October, Kazia said it had raised \$3.4 million at 38 cents a share in a placement to institutional investors and the funds would progress its phase IIa study of GDC-0084 for glioblastoma multiforme, its phase I study of Cantrixil for ovarian cancer and for working capital (BD: Oct 18, 2018).

The company said the London and Sydney-based WG Partners was the lead manager to the placement.

Kazia fell half a cent or 1.3 percent to 37.5 cents.

RESONANCE HEALTH

Resonance says it has received \$326,470 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Resonance said the rebate related to research and development expenditure for the year to June 30, 2018.

Resonance was untraded at 2.5 cents.

NUHEARA

Nuheara says it has completed its first production run of Iqstream TV allowing users to independently change volume of their television without affecting other listeners.

Nuheara said Iqstream TV was the “first of many planned accessories for [its] range of smart hearing buds and continues [its] mission of enabling the power to hear”.

The company said Iqstream TV connected directly to the television with an inbuilt extension for its mobile phone application providing the user with the ability to balance the volume of the television sound independently from anyone else in the room.

Nuheara said users could balance the television sound with ambient sounds and conversations or choose just to hear the sound from the television.

The company said users would “no longer need to turn up the ... volume to a level that family, friends or neighbours may find inconvenient”.

Nuheara chief executive officer Justin Miller said “the development of cutting-edge Nuheara accessories, such as Iqstream TV, marks a major milestone in Nuheara’s pursuit to be the leading company providing complete hearing ecosystem solutions that are focused on affordability and accessibility”.

“Currently, this market is underserviced and overpriced,” Mr Miller said.

“The continued advanced research and development, design and manufacture of forward-thinking new products such as these, consolidates Nuheara’s global leadership position in the delivery of smart hearing solutions,” Mr Miller said.

Nuheara fell 0.2 cents or 3.2 percent to 6.1 cents.

BIOTRON

Biotron has a remuneration report first strike following an annual general meeting vote of 23,635,843 votes (42.8%) against the report and 31,645,138 votes (57.2%) in favor.

Biotron said that a further 8,583,100 votes were “open” but did not disclose whether they were voted for or against the report and did not disclose a poll of all votes.

Biotech Daily calculates that had the open votes been in favor of the report it would have had a 37.0 percent first strike.

Under the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 any company sustaining a vote of 25 percent or more against the remuneration report in two successive annual meetings is required to vote on a board spill and if passed the directors must stand for re-election within 90 days.

The company said three resolutions on the issue of 24,015,554 shares and 6,000,000 options was opposed by more than 27.8 million votes with more than 40.8 million votes in favor; while directors Michael Hoy and Dr Susan Pond were re-elected overwhelmingly.

Biotron’s most recent Appendix 3B new issue announcement said that the company had 549,968,777 shares on issue, meaning that the 28,049,578 votes against the issue of options amounted to 5.1 percent of the company, sufficient to requisition extraordinary general meetings.

Biotron fell 2.5 cents or 11.4 percent to 19.5 cents with 53.2 million shares traded.

ADHERIUM

The Adherium annual general meeting gave the remuneration report a 'first strike' with 23,853,661 votes (33.2%) against and 47,952,158 votes (66.8%) in favor.

Under the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 any company sustaining a vote of 25 percent or more against the remuneration report in two successive annual meetings is required to vote on a board spill and if passed the directors must stand for re-election within 90 days.

Adherium's most recent Appendix 3B new issue announcement said that the company had 174,873,932 shares on issue, meaning that the votes against the remuneration report amounted to 13.6 percent of the company, sufficient to requisition extraordinary general meetings.

The company said the employee share plan was passed by 68.3 percent in favor and 31.7 percent against, with about 14 percent opposition to the re-election of directors Bruce McHarrie and Bryan Mogridge, while Prof John Mills was re-elected overwhelmingly. Adherium said the 10 percent placement capacity was passed with about 94 percent support.

Adherium fell 0.1 cents or 1.6 percent to 6.1 cents.

UNIVERSAL BIOSENSORS

Universal Biosensors says it has given notice to Athyrium Opportunities Fund it will prepay an outstanding loan of \$US15,000,000 (\$A20,599,500) on November 26, 2018.

Universal Biosensors said the payment would extinguish all of its secured debt obligations (BD: Dec 20, 2013; Jan 21, 2018).

The company said the loan would be paid from funds held in US denominated currency which was \$US22.5 million at November 15, 2018 and would allow access to restricted cash of \$2.9 million which was pledged as collateral for the loan.

Universal Biosensors said that after taking into account the debt repayment it had \$12.7 million in cash at November 15, 2018.

The company said that along with overall on-going cost reduction initiatives, the early repayment of the loan reduced financing costs and total operating expenditures, removed debt covenants and restrictions allowing greater business decision-making flexibility.

Universal Biosensors was untraded at 22.5 cents.

MMJ GROUP HOLDINGS

MMJ says it has completed its sale of Phytotech Therapeutics to Canada's Harvest One Cannabis and formally changed its name from MMJ Phytotech to MMJ Group Holdings.

MMJ said that Harvest One had paid \$C1,000,000 (\$A1,043,060) in cash and issued 8,326,695 Harvest One shares worth \$C7,000,000.

The company said that to satisfy obligations under Phytotech's Yissum research and licence agreement, it nominated that 2.0 percent of the disposal payment be paid to the Yissum Research Development Co of the Hebrew University of Jerusalem, comprising \$C20,000 in cash and 166,534 Harvest One shares.

MMJ ended its suspension after the market closed, having last traded at 33 cents.

AVITA MEDICAL

Adam Gregory Leitzes and Karst Peak Capital and say they have increased their holding in Avita from 189,908,597 shares (14.87%) to 265,226,056 shares (19.76%).

In a substantial shareholder notice the Hong-Kong-based Mr Leitzes said he was a director of Karst Peak, which with associated companies, acquired 75,317,459 shares off-market, on November 16, 2018 at 9.7 cents a share

The notice said the associated companies were Karst Peak Asia Master Fund and Vermilion Peak Master Fund.

Avita fell 0.7 cents or 7.8 percent to 8.3 cents with 1.65 million shares traded.

FACTOR THERAPEUTICS

FIL says it has sold its entire holding of 83,291,889 shares in Factor Therapeutics following last week's trial results.

In January, the Hong Kong and Sydney-based FIL said it had increased its holding to 72,013,287 shares (9.86%) (BD: Jan 21, 2018).

The company said that on April 11, 2018 it bought 11,278,602 shares at four cents a share in a rights offer.

FIL said that on July 2, 2018 it bought and sold 7,960,274 shares at five cents a share.

The company said that following the Factor trial results last week, on November 15, it sold 83,291,889 shares.

In the substantial shareholder notice FIL said it received \$0.00 per share for the sale, but a spokesperson for the company said the shares were sold for 0.2 cents each.

Factor was unchanged at 0.3 cents with 131.9 million shares traded.

COCHLEAR

Cochlear says it has appointed the UK-based CSL director Abbas Hussain as a non-executive director, effective from December 1, 2018.

Cochlear said Mr Hussain had worked in the pharmaceutical industry for 30 years and had experience in building relationships with professionals in the healthcare industry.

The company said that most recently Mr Hussein was Glaxosmithkline's head of pharmaceuticals and managed the vaccine business in 150 countries.

Cochlear said Mr Hussain had experience in the US, Europe, Japan, China and India.

The company said Mr Hussain was currently a director of CSL and Immunocore and an advisor to Cellresearch and C-Bridge Capital.

Cochlear said Mr Hussain had a Bachelor of Science and a Graduate Diploma of Industrial Studies from England's Loughborough Institute of Technology.

Cochlear climbed \$2.71 with 1.7 percent to \$158.74 with 504,641 shares traded.