



Biotech Daily

Wednesday August 1, 2018

Daily news on ASX-listed biotechnology companies

- * JULY BDI-40 UP 4%, ASX200 1%, BIG CAPS 2%, NBI 6%
- * TODAY: ASX, BIOTECH DOWN: OSPREY UP 18%; ADMEDUS DOWN 18%
- * FEDERAL \$3m FOR STEM CELL RESEARCH
- * SUDA RAISES \$6.8m
- * AIRXPANDERS REVENUE UP 649% TO \$5.7m; CAPITAL RAISING HALT
- * PHARMAUST RECEIPTS UP 0.3% TO \$3m
- * STEMCELL UNITED HAS LESS THAN 2 QUARTERS CASH
- * RESAPP COMPLETES SMARTCOUGH-C-2 ENROLMENT
- * PATRYS: PAT-LM1 EUROPEAN PATENT
- * QUEENSLAND BAUXITE COMPLIANCE, CAPITAL RAISING SUSPENSION
- * ASX APPROVES 1-PAGE DELISTING
- * PARADIGM WEALTH, INVESTMENT ADMIN BELOW 5% IN SIENNA
- * PROF TREVOR PERRIOR DINES ON DRUG DISCOVERY WITH RACI

MARKET REPORT

The Australian stock market eased 0.07 percent on Wednesday August 1, 2018 with the ASX200 down 4.5 points to 6,275.7 points. Fourteen of the Biotech Daily Top 40 stocks were up, 19 fell, five traded unchanged and two were untraded.

Osprey was the best, up 3.5 cents or 17.95 percent to 23 cents with 904,821 shares traded. Volpara climbed 6.0 percent; Imugene was up 4.55 percent; Genetic Signatures rose 2.5 percent; Actinogen, Avita, Clinuvel, Nanosonics and Orthocell were up one percent or more; with CSL, Cyclopharm, Ellex, Pro Medicus, Resmed, Sirtex and Starpharma up by less than one percent.

Admedus led the falls for the second day in a row, down three cents or 18.2 percent to 13.5 cents, with 8.9 million shares traded. Optiscan lost 11.8 percent; Impedimed fell 7.4 percent; Prana shed 6.4 percent; Reva was down 5.4 percent; Benitec and Cynata fell four percent or more; Bionomics, Dimerix and LBT were down more than three percent; Immutep, Telix and Uscom shed more than two percent; Compumedics, Medical Developments, Mesoblast, Polynovo and Universal Biosensors were down more than one percent; with Cochlear and Neuren down by less than one percent.

BIOTECH DAILY TOP 40 INDEX (BDI-40)

July was good to biotech with the Biotech Daily Top 40 Index (BDI-40) up 4.4 percent to a record \$8,844 million market capitalization, compared to the S&P ASX200 up 1.4 percent (see charts below).

The strong rises heavily outnumbered the falls with 26 companies up, of which 14 improved more than 10 percent, with 11 falls, of which just three were down by more than 10 percent.

The deepest fall was Medical Developments losing \$69 million on bad news from the FDA, which was more than offset by Mesoblast up \$208 million on a modest \$54 million China deal for its stem cells for cardiac indications and Starpharma up \$68 million to rejoin the \$500 million club, again.

In percentage terms, the BDI-40 July best was Benitec, recovering from a low base, up 54.3 percent to \$54 million, followed by Actinogen (42.2%), Mesoblast (29.6%), Osprey (29.4%), Reva (24.7%), Ellex (21.6%), Factor (17.9%), Avita (17.0%), Starpharma (15.7%) Universal Biosensors (14.6%), LBT (13.0%), Clinuvel (12.1%), Compumedics (12.1%) and Airxpanders (11.5%).

Admedus led the falls, on good revenue but not much of a runway, down 27.7 percent to \$47 million followed by Medical Developments (19.8%) and Bionomics (10.5%).

Despite a 0.07 percent Resmed fall to \$20,110 million, the three Big Caps of Cochlear, CSL and Resmed (which are not included in the BDI-40) again ventured into record territory, up a collective 1.7 percent, with CSL up 2.1 percent to \$88,947 and Cochlear up 1.6 percent to \$11,703 million.

For the year to July 31, 2018 the Big Caps were up 52.9 percent, the BDI-40 rose 31.9 percent, with the Nasdaq Biotechnology Index (NBI) and the ASX200 both up 9.8 percent.

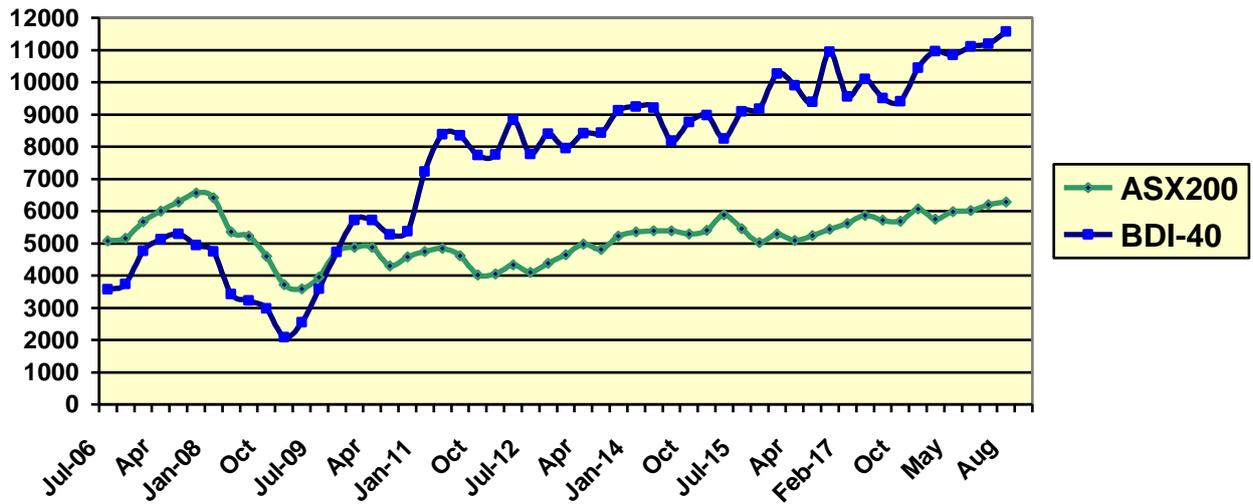
In July, the NBI climbed 6.2 percent, with the remnants of Biota in Vaxart up 3.4 percent to \$30 million on the Nasdaq, Queensland's Protagonist up 3.1 percent to \$198 million and Redhill down 11.4 percent to \$218 million.

Outside the BDI-40, Paradigm climbed 40 percent to \$112 million, up 489.5 percent for the year; Probiotec rose 31.0 percent to \$93 million, 287.5 percent for the 12 months; with Regeneus up 70.8 percent for both the month and year.

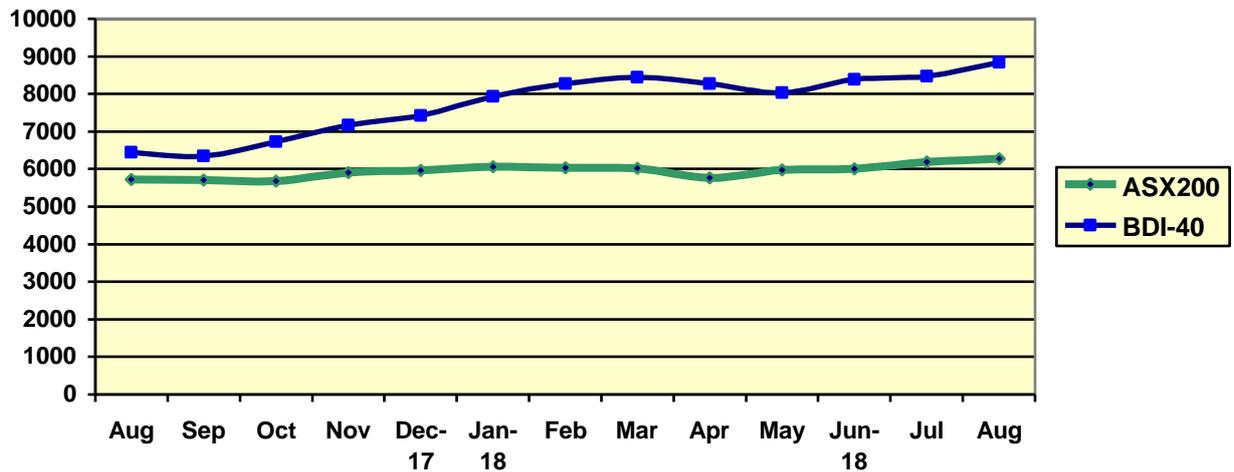
But all were eclipsed by Invion up a further 20.3 percent to \$225 million in July or a modest 7,400 percent for the year.

While the rest of the biotechnology sector is up, the 16 companies in Cannabis Corner are coming down from their high, having fallen for three months in a row and down a collective 25.3 percent from the January 31, 2018 all-time glow of \$1,700 million to \$1,270 million at July 31, 2018.

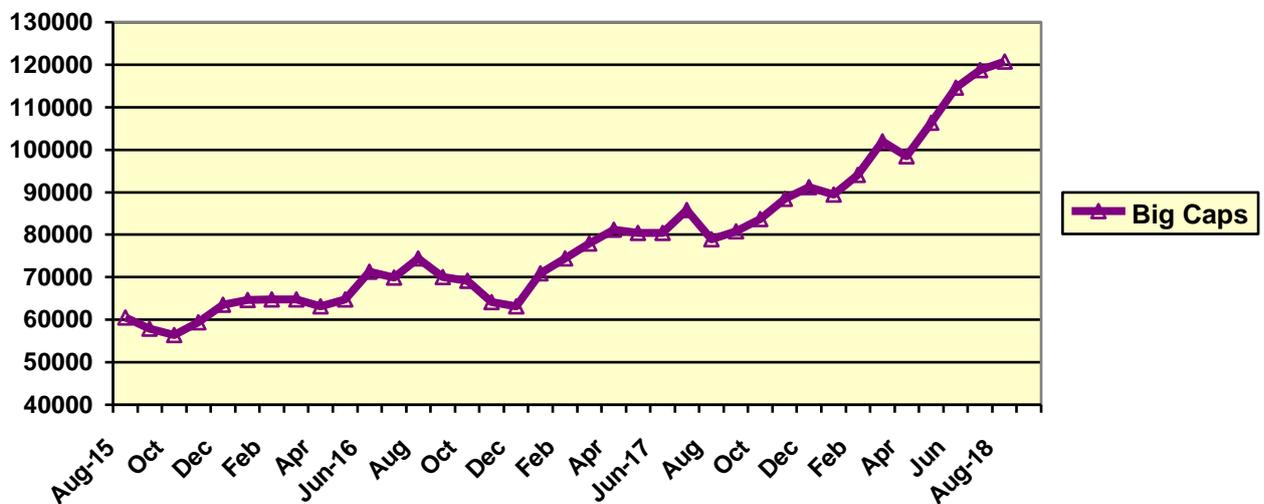
BDI-40 v ASX200 Jun 30, 2006 to Jul 31, 2018- Adjusted



BDI-40 (\$m) v S&P ASX 200 – Jul 31, 2017 - Jul 31, 2018 (current, raw data)



Big Caps \$m (Cochlear, CSL, Resmed) Jul 31, 2015 – Jul 31, 2018



FEDERAL GOVERNMENT

The Federal Government says it will invest \$3 million in stem cell research for congenital heart disease and genetic defects that cause blindness in kids.

A media release from the Federal Health Minister Greg Hunt said the \$3 million would fund projects run by Stem Cells Australia, a research organization administered by the University of Melbourne.

The release said Stem Cells Australia was researching treatments for genetic causes of blindness, building a model of a patient's eye for their stem cells and using that to determine whether treatment would work, while another project aimed to repair and reconstruct tissues for children with heart defects.

SUDA PHARMACEUTICALS

Suda says it has raised \$6.12 million through a "significantly oversubscribed" rights issue at 0.5 cents a share and will place an additional 133,675,200 shares raising \$668,376.

Suda said each two new shares issued in the rights issue and placement would come with an attaching option, exercisable at 1.5 cents by June 30, 2020.

Suda fell 0.05 cents to half a cent with 3.8 million shares traded.

AIRXPANDERS

Airxpanders says customer receipts for the six months to June 30, 2018 was up 649.3 percent to \$US4,241,000 (\$A5,721,530) compared to the previous corresponding period. In its Appendix 4C quarterly report, Airxpanders said it had total cash and short-term investments of \$US5.5 million as of June 30, 2018 consisting of "highly liquid" US Treasury securities and \$US999,000 in cash, with an estimated cash outflow for the next three months of \$7,700,000.

Airxpanders requested a trading halt pending "an announcement in relation to a proposed capital raising".

Trading will resume on August 3, 2018 or on an earlier announcement.

Airxpanders last traded at 9.9 cents.

PHARMAUST

Pharmaust says that receipts from customers for the year to June 30, 2018 were up 0.3 percent to \$3,001,000 compared to the previous corresponding period.

The company said it had cash and cash equivalents of \$1,876,000 at June 30, 2018 and an estimated cash outflow for the next three months of \$1,250,000.

Pharmaust was unchanged at 3.7 cents.

STEMCELL UNITED

Stemcell United says its net operating cash burn for the three months to June 30, 2018 was \$670,000 with cash at the end of the quarter of \$1,086,000.

Stemcell said its estimated cash outflow for the next three months of \$1,070,000.

Stemcell fell 0.1 cents or 3.7 percent to 2.6 cents with 1.8 million shares traded.

RESAPP HEALTH

Resapp says it has completed enrolment for its 1,470 patient Smartcough-C-2 respiratory disease diagnostic study.

Resapp said the study, to evaluate the efficacy of its Resappdx software application in diagnosing childhood respiratory diseases, was a revision of its earlier Smartcough-C study which was “not a representative evaluation of Resappdx due to a range of issues during execution and clinical adjudication” (BD: Dec 13, 2017).

The company said the study would enter the data verification phase, with final quality assurance, clinical and radiologic adjudication to be conducted for the remaining patients, with top-line results expected later this month.

Resapp was up 2.5 cents or 17.9 percent to 16.5 cents with 9.35 million shares traded.

PATRY'S

Patrys says it has been granted a European patent protecting its anti-cancer pre-clinical candidate PAT-LM1.

Patrys said the patent, titled ‘Neoplasm specific antibodies and uses thereof’, protected PAT-LM1 until March 15, 2024.

The company said that the patent, awarded by the European Patent Office, protected the antibody and its use in treating and diagnosing cancer, and was the last patent to be granted in a portfolio of 14 patents across three PAT-LM1 families.

Patrys chief executive officer Dr James Campbell the company had “an ongoing program to out-licence PAT-LM1 and the granting of this final patent strengthens the intellectual property portfolio for business development efforts”.

Patrys was unchanged at 4.4 cents with 5.8 million shares traded.

QUEENSLAND BAUXITE

The ASX says Queensland Bauxite has been suspended for failure to lodge its quarterly report and because it intends to amend the terms of re-compliance.

At 9.48am, the ASX suspended Queensland Bauxite for its failure to lodge its Appendix 4C quarterly report by June 30 2018.

At 10.06am and 10.07am Queensland Bauxite filed its Appendix 4C quarterly report and released an announcement that said “due to current market conditions” its intended capital raise at eight cents was no longer practical and as a result it would amend the raising price.

The company said the revised offer would be a discounted raising for a minimum of \$2 million and an oversubscription maximum of \$6 million at 3.5 cents a share, with one attaching 18-month option exercisable at 10 cents for every two shares subscribed.

Queensland Bauxite said the raising would be exclusive to its shareholders and that the directors would allocate the raising to shareholders in accordance with the size of their holding.

The company said that the ASX had informed it that a change in price of the capital raise would constitute “significant changes to the capital structure of the company” and thus require suspension from trading until the re-compliance was completed, which the company said it expected to be October.

Queensland Bauxite last traded at 3.7 cents.

1-PAGE

1-Page says it has received formal approval to delist from the ASX, pending shareholder approval.

1-Page said it was finalizing the notice of meeting, which it expected to release by the end of the week, with the meeting expected to be held in early September.

Last month, the company said it had 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 its directors were finishing terms of the share sale facility to be offered to existing shareholders who wished to dispose of shares once the company was delisted. 1-Page last traded at 16.5 cents.

SIENNA CANCER DIAGNOSTICS

Melbourne’s Paradigm Wealth Management has reduced its substantial holding in Sienna and been diluted from 9,105,829 shares (5.05%) to 9,065,829 shares (4.37%).

The substantial shareholder notice, signed by Paradigm director James Mirams said the “relevant interest [was] through managed discretionary account service for Investment Administration Service Pty Ltd clients” and the company was one of the investment managers appointed by Investment Administration Service, with the registered holder HSBC Custody Nominees.

Paradigm said it sold 40,000 shares “in specie” on July 11, 2018 but did not list a price for the shares as required under the Corporations Act 2001.

Earlier this month, Sienna said it would raise \$1.6 million in a placement at six cents a share with a rights issue for a further \$3.6 million (BD: Jul 20, 2018).

Sienna was untraded at 7.8 cents.

ROYAL AUSTRALIAN CHEMICAL INSTITUTE

Domainex chief executive officer Prof Trevor Perrior will discuss the changing face of drug discovery at the Royal Australian Chemical Institute’s dinner, next week.

The Institute said that the title of Prof Perrior’s presentation was ‘The Changing Face of Drug Discovery’ and would cover how drug research had evolved in both scientific and commercial terms during his more than 30 years in the pharmaceutical and biotechnology industry, what impact such changes have had on the careers of scientists working in the sector and what the future might hold for small-molecule drug discovery.

RACI said that its Bioactive Discovery and Development Group would host the dinner with Prof Perrior, who had worked as chief scientific officer for the Cambridge, England-based contract research organisation NCE Discovery, before it merged with the Little Chesterford-based Domainex, a drug discovery contract manufacturing business for pharmaceutical outsourcing.

The Institute said that Prof Perrior studied at Cambridge University and Oxford University, as well as in the US, before working as a team leader with Imperial Chemical Industries (ICI) in 1984 and had held a number of research and development roles at ICI, Zeneca and Astrazeneca.

The dinner will be held at the Pumphouse Hotel, 128 Nicholson Street, Fitzroy, on August 8, 2018.

To register, go to: <https://www.ivvy.com.au/event/VBG820/>.

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

| Company \$Am | Aug-17 | Jul-18 | Aug-18 |
|----------------------|---------------|---------------|---------------|
| Cochlear | 8,203 | 11,519 | 11,703 |
| CSL | 57,073 | 87,141 | 88,947 |
| Resmed | 13,696 | 20,124 | 20,110 |
| BDI-20 | | | |
| Bionomics | 222 | 256 | 229 |
| Clinuvel | 307 | 527 | 591 |
| Compumedics | 80 | 99 | 111 |
| Cyclopharm | 56 | 68 | 62 |
| Ellex | 131 | 88 | 107 |
| Impedimed | 261 | 150 | 153 |
| LBT Innovations | 45 | 23 | 26 |
| Medical Developments | 300 | 343 | 275 |
| Mesoblast | 758 | 702 | 910 |
| Nanosonics | 703 | 946 | 946 |
| Neuren | 116 | 299 | 271 |
| Opthea | 147 | 106 | 116 |
| Pharmaxis | 85 | 99 | 104 |
| Polynovo | 113 | 352 | 336 |
| Immutep | 54 | 94 | 103 |
| Pro Medicus | 534 | 829 | 868 |
| Reva | 329 | 93 | 116 |
| Sirtex | 928 | 1,754 | 1,771 |
| Telix | 21 | 129 | 126 |
| Volpara | 55 | 141 | 135 |
| Second 20 | | | |
| Actinogen | 37 | 45 | 64 |
| Admedus | 64 | 65 | 47 |
| Airxpanders | 201 | 26 | 29 |
| Avita | 49 | 88 | 103 |
| Benitec | 28 | 35 | 54 |
| Cynata | 54 | 130 | 120 |
| Dimerix | 22 | 15 | 16 |
| Factor Therapeutics | 47 | 39 | 46 |
| Genetic Signatures | 46 | 38 | 41 |
| Imugene | 33 | 83 | 79 |
| ITL Health | 47 | 16 | 17 |
| Oncosil | 43 | 144 | 131 |
| Optiscan | 37 | 28 | 29 |
| Orthocell | 23 | 27 | 27 |
| Osprey | 111 | 51 | 66 |
| Prescient | 13 | 23 | 24 |
| Prana | 30 | 23 | 25 |
| Starpharma | 281 | 432 | 500 |
| Universal Biosensors | 68 | 41 | 47 |
| Uscom | 20 | 23 | 23 |

* Biotech Daily editor, David Langsam, owns shares in Acrux, Benitec, Innate, Mesoblast, Nanosonics, Patrys, Polynovo, Prana, 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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