



Biotech Daily

Tuesday May 23, 2017

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH EVEN: IMPEDIMED UP 4%, DIMERIX DOWN 30%**
- * **MINDEROO \$75m FOR ELIMINATE CANCER INITIATIVE**
- * **MRCF, UNISEED \$6.3m FOR INNAVAC**
- * **LBT SHARE PLAN FOR \$3m**
- * **UP TO 80% OF GI DYNAMICS OPPOSE DIRECTORS OPTIONS**
- * **AIRXPANDERS 32% OPPOSE BOARD OPTIONS, 10% PLACEMENT FAILS**
- * **AVITA DIRECTORS 'CONFIDENT IN RECELL', SHARES IN LIEU OF PAY**
- * **HYDROPONICS 'STRATEGIC ALLIANCE' TRADING HALT**
- * **QUEST REDUCES TO 5% OF VIRALYTICS**
- * **ANALYTICA APPOINTS 13% DR PETER CORR DIRECTOR, 10m OPTIONS**
- * **GORDAGEN APPOINTS CRAIG NEWTON COO**
- * **BRAIN RESOURCE APPOINTS LOUIS GAGNON CEO**

MARKET REPORT

The Australian stock market slipped 0.19 percent on Tuesday May 23, 2017 with the ASX200 down 11.0 points to 5,760.2 points. Twelve of the Biotech Daily Top 40 stocks were up, 12 fell, 13 traded unchanged and three were untraded. All three Big Caps rose.

Impedimed was the best, up 2.5 cents or 3.7 percent to 70 cents with 1.4 million shares traded. Both Genetic Signatures and ITL climbed 2.5 percent; Acrux, Factor Therapeutics, Mesoblast, Nanosonics and Sirtex improved one percent or more; with Clinuvel, Cochlear, CSL, Medical Developments, Resmed, Starpharma and Viralytics up by less than one percent.

Dimerix led the falls, down 0.3 cents or 30 percent to 0.7 cents with 15.8 million shares traded. IDT, Neuren and Polynovo fell more than four percent; Avita and Benitec lost more than three percent; Actinogen, Admedus, Compumedics, Cyclopharm and Opthea were down more than one percent; with Ellex down 0.9 percent.

MINDEROO, ELIMINATE CANCER INITIATIVE

The Andrew and Nicola Forrest-run Minderoo charity says that \$75 million of a \$400 million donation will be seed capital for the Eliminate Cancer Initiative.

Minderoo said that Eliminate Cancer, initially to be based in Perth, Western Australia, would encourage the global cancer research industries “to coordinate and specialize their research and concentrate on their specific strengths”.

“The goal is to make cancer non-lethal so that eventually it has minimal impact on life or life style for the next generation,” Minderoo said.

Mr Forrest said he knew it was “a hugely ambitious initiative”.

“I also know that we will never achieve anything that we didn’t aim for, so the [Eliminate Cancer Initiative] and all of its partners intend to help the global cancer industry coordinate and specialise to achieve our goal,” Mr Forrest said.

Minderoo said that the Initiative’s advisors included Harry Perkins Institute of Medical Research director Prof Peter Leedman, Victorian Comprehensive Cancer Centre executive director Prof Grant McArthur and the Houston, Texas-based MD Anderson Cancer Centre former president Dr Ron DePinho.

The charity said that the Initiative’s governance standards administrative board would be chaired by University of Melbourne chancellor Allan Myers, with Dr DePinho as an executive director of policy, advancement and clinical science council.

Minderoo said that the Initiative’s governing board would be chaired by Mr Forrest with Texas Medical Centre former chief executive officer Dr Bobby Robbins as part of the leadership team.

Minderoo said that more than 100 million lives would be lost to cancer over the next decade, with cancer accounting for one in six deaths worldwide.

INNAVAC PTY LTD, MEDICAL RESEARCH COMMERCIALISATION FUND, UNISEED

University of Melbourne spin-out Innavac says it has received \$6.3 million from the Brandon Capital-managed Medical Research Commercialisation Fund and Uniseed.

Innavac said that it was developing synthetic toll-like receptor agonists as therapies for the prevention and treatment of respiratory infections.

The company said the initial investment by the MRCF and Uniseed would be used to fast-track the development of its toll-like receptor agonists for the prevention and treatment of respiratory infections in high-risk patient populations with asthma or chronic lung diseases and support its vaccine adjuvant technology.

Innavac said that early studies indicated that its toll-like receptor agonists were broad-spectrum agents that leveraged the innate immune system to prevent respiratory tract viral infections such as cold, influenza, respiratory syncytial virus and bacterial infections.

The company said that research and development would be through a collaboration between its founding scientist, the University of Melbourne Department of Immunology’s Prof David Jackson and the Newcastle, New South Wales–based Hunter Medical Research Institute’s Dr Nathan Bartlett.

Innavac said that the research teams had “world class capabilities in [toll-like receptor] signaling and respiratory infection”.

Innavac chief executive officer Dr Christophe Demaison said the company wanted “to transform the way we prevent respiratory infections with an entirely novel product concept”.

“Having the financial support and domain expertise of MRCF and Uniseed is vital for the development of our products,” Dr Demaison said.

Innavac is a private company.

LBT INNOVATIONS

LBT says it hopes to raise \$3 million in a share plan at 26 cents a share, a 14.0 percent discount to the 5-day volume weighted average price to last night.

LBT said that shareholders could subscribe for up to \$15,000 worth of new shares without brokerage or other transaction costs.

The company said that the funds would be used for the commercialization of its automated plate assessment system APAS Independence, through the Hettich AG joint venture Clever Culture Systems AG.

LBT said that commercialization would have “a specific focus on establishing distribution partners and market laboratory trials”.

The company said that the record date was May 22, 2017.

Last year, LBT raised \$7,001,342 in a placement at 31 cents a share (BD: Dec 2, 2016).

LBT fell four cents or 13.3 percent to 26 cents.

GI DYNAMICS

Up to 80 percent of votes at the GI Dynamics annual general meeting voted down proposals to give directors options over shares “in the money”.

Earlier this month, GI Dynamics proposed that six directors be granted options over 78,000 US shares, equivalent to 3,900,000 Chess depository instruments (CDIs), with Dr Oern Stuge to receive 30,000 “initial” options over US shares, exercisable at 76 US cents, equivalent to 1,500,000 options exercisable at 2.025 Australian cents per CDI, with directors Dr Stuge, Timothy Barberich, Graham Bradley, Michael Carusi, Anne Keating and Daniel Moore be given 8,000 “annual” options over US shares exercisable at \$US2.33 each, equivalent to 400,000 Australian options each, exercisable at 6.2 cents, when the company was trading at 6.5 cents per CDI (BD: May 2, 2017).

Today, GI Dynamics reported that Dr Stuge had his 8,000 “annual” options approved but all other director options were overturned.

The greatest opposition was to options for Ms Keating and Mr Carusi, with 5,063,281 votes (80.2%) against and 1,247,012 votes (19.8%) in favour, with the other director options and options for stock brokers Bell Potter opposed at similar levels.

The company’s most recent Appendix 3B new issue announcement said that GI Dynamics had the equivalent to 557,874,430 CDIs on issue, meaning the votes against Ms Keating’s and Mr Carusi’s options amounted to 45.4 percent of the company, sufficient to requisition extraordinary general meetings under the Australian Corporations Act.

GI Dynamics is a Delaware US-incorporated company and according to the company’s constitution ‘special meetings’ can only be called by either a majority of the whole of board resolution or by “stockholders holding at least a majority of the voting power of all the then outstanding shares ... entitled to vote at an election of directors”, that is more than 50 percent of the shareholding.

Resolutions to elect Dr Stuge and Mr Moore passed easily as did resolutions to increase its US shares from 13,000,000 to 50,000,000, the elimination of class B shares, the ratification of placement shares, renewal of the 10 percent placement capacity and the transfer of securities under the Employee, Director and Consultant Equity Incentive Plan.

In 2015, GI Dynamics annual general meeting saw up to 19.2 percent opposition to the grant of stock and options equivalent to 50,000 Chess depository interests and options to directors Ms Keating, Mr Carusi, Mr Barberich, Mr Bradley, Mr Myer and Mr Moore as well as shares equivalent to 1,343,500 CDIs and 1,568,150 options to then chief executive officer Michael Dale (BD: May 1, Jun 9, 2015).

GI Dynamics fell half a cent or 8.3 percent to 5.5 cents.

AIRXPANDERS

The Airxpanders annual general meeting voted down the 10 percent placement capacity and saw up to 31.5 percent opposition to directors' options.

Earlier this month, Airxpanders proposed to grant chief executive officer Scott Dodson and five directors, Barry Cheskin, Dennis Condon, Elizabeth Hammack, Gregory Lichwart and Zita Peach, options over the equivalent of 1,349,250 Chess depository instruments (CDIs) exercisable at the price on the date of the grant (BD: May 5, 2017).

The greatest dissent was against the issue of options to Mr Cheskin with 21,208,990 votes (31.5%) opposed and 46,085,912 votes (68.5%) in favor.

An Airxpanders executive told Biotech Daily the votes were equivalent to US shares.

Each US share is equivalent to three Airxpanders' CDIs.

All other director options resolutions were opposed by a smaller margin, but the 10 percent placement capacity was rejected as a special resolution requiring a 75 percent majority with 11,409,366 abstention votes (16.95%) counted with the 10,778,696 votes (16.01%) as against the resolution and 45,120,324 votes (67.04%) in favour of the resolution.

The meeting overwhelmingly re-elected Mr Condon and Ms Hammack as directors.

The company's most recent Appendix 3B new issue announcement said that Airxpanders had the equivalent to 285,092,478 CDIs on issue, meaning the votes against Mr Cheskin's options amounted to 22.3 percent of the company, sufficient to requisition extraordinary general meetings under the Australian Corporations Act.

Airxpanders is a Delaware US-incorporated company and its certificate of incorporation says that "only the chairman of our board of directors, chief executive officer or a majority of our board of directors may call special meetings of our stockholders".

Airxpanders was unchanged at 83 cents.

AVITA MEDICAL

Avita says director will take "part or all of their director's fees in the form of shares ... [as] a strong show of confidence in the potential of the company".

Avita said that the board policy was that individual directors would invest an amount equivalent to 100 percent of their annual remuneration over a three to four year period.

The company said that the policy followed shareholder approval of the employee share plan last year.

Avita said that today's allotment of shares was the first tranche of quarterly investments.

Avita chairman Lou Panaccio said the participation by directors in the plan was a "strong show of confidence in the potential of the company".

"Avita's Recell technology is proving itself in a variety of clinical areas including as a treatment for a variety of burns, plastic, reconstructive and cosmetic procedures and also as a treatment for vitiligo," Mr Panaccio said. "This decision by directors of the company shows that we are highly aligned with the interests of shareholders and strongly believe in the commercial potential of Recell."

Avita fell 0.3 cents or 3.4 percent to 8.6 cents.

THE HYDROPONICS COMPANY

Hydroponics has requested a trading halt "pending an announcement to the market regarding a strategic alliance with a US pharmaceutical company".

Trading will resume on May 25, 2017 or on an earlier announcement.

Hydroponics last traded at 33 cents.

VIRALYTICS

Quest Asset Partners says it has reduced its substantial holding in Viralytics from 17,865,541 shares (7.45%) to 12,462,695 shares (5.18%).

The Sydney-based Quest substantial shareholder notice said the company bought and sold shares between July 28, 2016 and May 19, 2017, acquiring 10,135,570 shares for \$9,643,366 or 95.1 cents a share and disposing of 14,207,136 shares for \$14,085,064 or 99.1 cents a share, as well as the “transfer” of 101,673 shares.

Last year, Quest bought shares at 78.1 cents each and sold shares at 77.3 cents a share. Viralytics fell half a cent or 0.45 percent to \$1.105.

ANALYTICA

Analytica says it has appointed 12.58 percent owner Dr Peter Corr as a director, with a grant of 10,000,000 options, pending shareholder approval.

Analytica said that Dr Corr was the majority owner and director of substantial shareholder the US Virgin Islands-based INOV8, which has a 12.58 percent shareholding.

The company said that Dr Corr had been offered, subject to shareholder approval, a grant of 10,000,000 options exercisable at 1.3 cents a share within five years.

Analytica said that Dr Corr had extensive experience in the discovery and development of medicines in multiple indications, as well as the sale of assets to major multinational corporations.

The company said that Dr Corr was previously a Washington University in St Louis professor of medicine as well as pharmacology and molecular biology, with research published in more than 160 scientific manuscripts.

Analytica said that following Washington University Dr Corr was Monsanto/Searle’s head of discovery research, later head of research and development at Warner Lambert Parke Davis until the company was acquired by Pfizer, where he was head of development and subsequently head of science and technology and pharmaceutical research and development.

The company said that Dr Corr held a Doctorate of Philosophy from Georgetown University School of Medicine.

Analytica was unchanged at 0.6 cents with 4.2 million shares traded.

GORDAGEN PHARMACEUTICALS

Gordagen says it has appointed Craig Newton as its chief operating officer for the launch of two tocotrienol-based food additive products.

Gordagen said that Mr Newton had marketing, sales and commercialization experience in the life sciences industry in Australasia, Asia and Europe.

The company said that Mr Newton had “experience in business development, marketing and sales of pharmaceuticals, diagnostics and medical devices” and would be responsible for business development, including major international licencing and partnering deals for both the food additive and pharmaceutical portfolios.

Gordagen said that Mr Newton was previously Bio Nova International’s head of sales and marketing, Serono UK’s in-vitro fertilization business unit manager and Cryptome Pharmaceuticals chief operating officer.

The company said that Mr Newton held a Bachelor of Applied Science from the University of South Australia and Graduate Diploma in Management from the Royal Melbourne Institute of Technology and a Graduate Diploma in Marketing from Monash University.

Gordagen is a private company.

BRAIN RESOURCE

Brain Resource says it has appointed Louis Gagnon as its chief executive officer with chairman and founder Dr Evian Gordon continuing his full-time involvement.

Brain said that Mr Gagnon had 25 years' experience in digital business and was formerly Amazon subsidiary Audible's chief product and chief marketing officer.

The company said that previously Mr Gagnon was Yodle chief product and chief marketing officer and Monster Worldwide head of products.

Brain said that Mr Gagnon had worked as an internet and social entrepreneur, founding and consulting social marketing organisations in Asia and Africa to improve women's reproductive health.

The company said that Mr Gagnon held a Master of Science degree from the Université de Montréal HEC Montréal business school and a Bachelor in Business Administration degree from the Québec, Montréal-based Laval University,

Brain Resource was up half a cent or 7.7 percent to seven cents.