



Biotech Daily

Wednesday September 26, 2018

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: UNIVERSAL BIO UP 42.5%; AVITA DOWN 18.5%**
- * **J&J LIFESCAN \$44m FOR UNIVERSAL BIOSENSORS STRIP FEE RIGHTS**
- * **ASIC: EX-SIRTEX CEO GILMAN WONG INSIDER TRADING CHARGE**
- * **ZELDA DOSES 1st MARIJUANA INSOMNIA PATIENT**
- * **AVITA RECEIVES \$1m FEDERAL R&D TAX INCENTIVE**
- * **IDT 10% SHARE BUY-BACK, UNMARKETABLE PARCEL FACILITY**
- * **BVF PARTNERS, MARK LAMPERT TAKE 23% OF PHARMAXIS**
- * **BVF, MARK LAMPERT REDUCE TO 15.7% OF OPTHEA**
- * **PAINCHEK TO RELEASE 254m ESCROW SHARES**

MARKET REPORT

The Australian stock market edged up 0.1 percent on Wednesday September 26, 2018 with the ASX200 up 6.4 points to 6,192.3 points.

Sixteen of the Biotech Daily Top 40 stocks were up, 13 fell, seven traded unchanged and four were untraded.

Yesterday's 9.1 percent worst, Universal Biosensors, was today's best, up 8.5 cents or 42.5 percent to 28.5 cents with 669,939 shares traded.

Immutep and Mesoblast climbed more than nine percent; Reva rose 8.3 percent; Clinuvel and Optiscan improved more than six percent; Starpharma was up 3.1 percent; Actinogen, Nanosonics, Opthea, Prana and Pro Medicus rose two percent or more; Ellex, Factor Therapeutics, Medical Developments and Resmed were up more than one percent; with Polynovo up 0.9 percent.

Yesterday's 35 percent best, Avita, led the falls, down 2.5 cents or 18.5 percent to 11 cents with 37.3 million shares traded.

Compumedics lost 6.2 percent; Telix retreated 5.6 percent; Airxpanders, Cyclopharm, Impedimed and Imugene fell more than four percent; Osprey shed 2.2 percent; Bionomics, Neuren and Pharmaxis were down more than one percent; with Cochlear, CSL, Cynata and Volpara down by less than one percent.

UNIVERSAL BIOSENSORS

Universal Biosensors says that Johnson & Johnson's Lifescan has given notice it will buy-out its obligation to pay quarterly service fees for its Verio blood sugar test strips.

Last year, Universal Biosensors said it had received more than \$US45 million in aggregate quarterly service fees, triggering a possible buy-out (BD: Nov 15, 2017).

The company said at that time that the agreement with Johnson & Johnson subsidiary Lifescan included a clause that should the trigger be passed, Lifescan had the option to give notice to buy-out its obligation to pay quarterly service fees and if Lifescan exercised the option it would continue to pay quarterly services fees for the balance of the applicable year in which the notice was given and then must additionally pay a one-time lump sum amount of double the total for the 12 months following the threshold limit request.

In 2014, Universal Biosensors fell 39.4 percent when some investors became aware of the \$US45 million trigger (BD: May 12, 2014).

Today, Universal Biosensors chief financial officer Saleshe Balak told Biotech Daily that the company stopped making the test strips for Lifescan in 2013, but received a royalty on every strip made by Lifescan at its Inverness, Scotland facility since 2014.

Mr Balak said that Universal Biosensors received 1.25 US cents (1.72 Australian cents) for every strip produced up to 500 million strips a year and beyond 500 million strips a year 0.75 US cents (1.03 Australian cents) per strip.

For the six months to June 30, 2018, Universal Biosensors said it received \$12 million in quarterly service fees from Lifescan, but service fees in the second half were generally lower than the first half reflecting the lower pricing and the price threshold was exceeded in the second quarter this year.

Universal Biosensors said the lump sum service fee would be about \$US32 million or \$A44 million based on the current exchange rate, but other factors could affect the amount and investors were "cautioned against placing undue reliance" on the guidance.

The company said that after repaying the \$US15 million (\$A21 million) Athyrium loan and with the receipt of Lifescan service fees it expected to have \$12 million in cash in January 2019 before receiving the lump sum service fee buy-out.

Universal Biosensors climbed 8.5 cents or 42.5 percent to 28.5 cents.

SIRTEX MEDICAL, AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

The Australian Securities and Investments Commission says that former Sirtex chief executive officer Gilman Wong has been charged with insider trading.

ASIC said that the Commonwealth Director of Public Prosecutions was prosecuting Mr Wong who appeared yesterday at Sydney's Downing Central Local Court charged with one count of insider trading under the Corporations Act.

ASIC said that it alleged that "Mr Wong was in possession of inside information, concerning Sirtex's sales, when he sold 74,698 shares in Sirtex on October 26, 2016".

ASIC said the matter was adjourned to November 20, 2018 and the maximum penalty for an insider trading offence was 10 years' imprisonment.

In 2016, Mr Wong took leave while his sale of shares was investigated and in January 2017, he was dismissed from the company (BD: Dec 19, 2016; Jan 25, 2017).

In November 2016, Mr Wong said he sold 74,968 of his 274,968 shares "to cover the tax incurred in relation to the recently vested tranche of rights" (BD: Nov 7, 2016).

In December 2016, Sirtex downgraded its SIR-Spheres growth estimates leading to a significant fall in the share price (BD: Dec 9, 2016).

Earlier this month, Sirtex was acquired by CDH Genetech and China Grand Pharmaceuticals for \$1.87 billion or \$33.60 a share (BD: May 4, Jun 15, Sep 12, 2018).

ZELDA THERAPEUTICS

Zelda says the first of 24 patients has been dosed in its phase IIa trial of sublingual medical marijuana for chronic insomnia.

In April, Zelda said it had completed recruitment for its randomized, placebo-controlled study at the University of Western Australia (BD: Nov 29, 2017; Apr 23, 2018).

The company said in April that the trial would begin with patients undergoing baseline sleep measurements before pharmaceutical dosing and patients would be supplied with wrist monitors to record sleep activity at home over a period of two weeks with preliminary results expected in "late 2018".

Today, Zelda said the study would collect and analyze data to determine the effect of the Zelda formulation on the time it takes to fall asleep, time spent awake and asleep during the night and quality of sleep, along with subjective feedback from patients through standard questionnaires.

Zelda said that preliminary results would be available by July 2019.

The University of Western Australia Centre for Sleep Science director Prof Peter Eastwood said he was "delighted with this milestone".

Zelda fell 0.1 cents or 1.3 percent to 7.4 cents.

AVITA MEDICAL

Avita says it has received between \$1,000,000 and \$1,049,999 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program. In its media release to the ASX, the company said it had received "\$1 million" for research and development expenses in the year to June 30, 2017.

Biotech Daily requests specific amounts so the data can be correctly tabulated.

On request, Avita provided the range, above, but not the specific amount.

Last year, the company said it received a \$974,908 Tax Incentive (BD: Mar 16, 2017).

Avita fell 2.5 cents or 18.5 percent to 11 cents with 37.3 million shares traded.

IDT AUSTRALIA

IDT says it intends to buy-back up to 10 percent of its shares on market and provide an unmarketable parcel facility for investors with less than \$500 in shares.

IDT said the buy-back and facility followed the divestment of its Adelaide CMax clinical trials facility and its generic drug portfolio (BD: Feb 21, 2017; Apr 4, 2018).

The company said that proceeds from the assets sales were retained while it undertook a review of business operations and at June 30 2018 it had more than \$14.0 million in cash "as a consequence of the improved financial performance over the recent period".

IDT said that a portion of its cash balance was "surplus to [its] current requirements".

The company said the 12-month, up-to 10 percent on-market buy-back would begin on October 10, 2018 and would be conducted by Bell Potter Securities and based on its September 20, 2018 closing price of 15.5 cents would cost about \$3.79 million.

IDT said that share registrar Link Market Services would facilitate the unmarketable parcel facility for shareholders with less than \$500 in shares.

The company said that based on the 15.5 cents share price on the record date of September 20, 2018 shareholders with 3,225 shares or fewer could sell their holdings to the company by November 9, 2018.

IDT said that 818 of its 2,009 shareholders held unmarketable parcels, with a total value of \$138,770.

IDT was up one cent or 6.7 percent to 16 cents.

PHARMAXIS

BVF Partners and Mark Lampert say they have increased their substantial holding in Pharmaxis from 68,885,856 shares (21.54%) to 90,392,786 shares (22.94%).

The San Francisco, California-based BVF Partners and Mr Lampert said that between May 24 and September 21, 2018 they traded shares and acquired 21,750,000 shares in the \$24.0 million August placement at 32.5 cents (BD: Aug 6, 2018).

Pharmaxis fell half a cent or 1.6 percent to 30.5 cents.

OPTHEA (CIRCADIAN TECHNOLOGIES)

BVF Partners and Mark Lampert say they have reduced their holding in Opthea from 33,281,585 shares (16.89%) to 32,488,784 shares (15.74%).

The San Francisco, California-based BVF Partners, Biotechnology Value Fund and Mr Lampert said they bought and sold shares between June 13 and August 1, 2018, with the single largest sale 835,616 shares for \$416,137 or 49.8 cents a share.

Opthea was up 1.5 cents or 2.6 percent to 60 cents.

PAINCHEK

Painchek says that 254,156,156 shares will be released from ASX escrow on October 19, with 45,000,000 unlisted options to be released from escrow on October 7, 2018.

According to Painchek's most recent Appendix 3B new issue announcement said it currently had 583,728,431 shares on issue, implying that after the release from escrow there would be 837,884,587 shares available for trading after the release.

The company said the 45,000,000 unlisted options were exercisable at 2.5 cents each by October 7, 2019.

Painchek fell 0.3 cents or 4.7 percent to 6.1 cents with 1.1 million shares traded.