



Biotech Daily

Tuesday June 11, 2019

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: PROTEOMICS UP 10%; LBT DOWN 10%**
- * **MESOBLAST, JCR EXPAND TEMCELL TO HIE IN JAPAN**
- * **ELIXINOL, RFI PARTNER FOR US MARIJUANA EXPANSION**
- * **GENETIC TECHNOLOGIES TELLS ASX: 'DIRECTOR LEE TRAINING'**
- * **NEXT SCIENCE TO RELEASE 711k ESCROW SHARES**
- * **ZELDA'S MARA GORDON REDUCES TO 5.8%; MERCHANT TAKES 3.6%**
- * **MING HAO ZHENG, YING FAN INCREASE, DILUTED TO 5% OF ORTHOCELL**
- * **CREDIT SUISSE TAKES LOSS, REDUCES TO 7.8% IN PRESCIENT**
- * **RESPIRI TO ISSUE 10m MANAGEMENT OPTIONS**

MARKET REPORT

The Australian stock market was up 1.59 percent on Tuesday June 11, 2019, with the ASX200 up 102.4 points to 6,546.3 points. Seventeen of the Biotech Daily Top 40 stocks were up, 13 fell, seven traded unchanged and three were untraded. All three Big Caps were up.

Proteomics was the best, up three cents or 9.7 percent to 34 cents, with 469,225 shares traded.

Clinuvel climbed eight percent; Imugene and Uscom improved more than six percent; Avita was up 5.9 percent; CSL, Impedimed and Pro Medicus rose more than four percent; Cochlear, Genetic Signatures, Nanosonics and Resmed were up three percent or more; Alterity (Prana), Opthea and Polynovo rose more than two percent; with Cyclopharm, Mesoblast, Oncosil, Orthocell and Starpharma up by less than one percent.

LBT led the falls, down 1.5 cents or 10.3 percent to 13 cents with 4.1 million shares traded, followed by Actinogen down 10 percent to 0.9 cents with 23.2 million shares traded.

Patrys and Telix lost more than seven percent; Dimerix fell 5.1 percent; Optiscan fell 4.3 percent; Volpara was down 3.2 percent; Antisense and Pharmaxis shed two percent or more; Paradigm was down 1.05 percent; with Cynata, Medical Developments and Neuren down by less than one percent.

MESOBLAST

Mesoblast says it has expanded its partnership with JCR Pharmaceuticals to use Temcell for newborns with neonatal hypoxic ischemic encephalopathy (HIE).

Mesoblast said that hypoxic ischemic encephalopathy was a lack of sufficient blood supply and oxygen to the brain.

In 2013, the company said it acquired the Ashiya, Japan-based JCR Pharmaceuticals Co as a partner when it bought the mesenchymal stem cell assets for graft versus host disease from Osiris, with JCR to file for Japan regulatory approval for JR-031 for graft-versus-host disease (BD: Oct 11, 28, 2013).

Last year, Mesoblast said it had expanded its partnership with JCR to use Temcell for genetic and symptomatic epidermolysis bullosa which caused extremely fragile skin that blisters and tears from minor friction or trauma (BD: Oct 24, 2018).

Today, the company said the expansion of the partnership would use mesenchymal stem cells to treat newborns with hypoxic ischemic encephalopathy, a condition which occurred in 0.25 percent of live births and could cause “seizures, delayed development of motor skills and cognitive function and cerebral palsy”.

Mesoblast said it would receive royalties on Temcell product sales for all licenced indications, but the commercial terms of the expanded partnership were not disclosed.

The company said that the licence agreement had been expanded to give JCR the rights to sell Temcell for hypoxic ischemic encephalopathy and access Mesoblast’s broad patent portfolio for this indication.

Mesoblast said that JCR planned to begin a clinical trial of Temcell in newborns with hypoxic ischemic encephalopathy In July 2019 “to further extend the label in this indication”.

The company said that it had “the right to use all safety and efficacy data generated by JCR in Japan to support its development and commercialization plans for its [mesenchymal stem cell] product candidate remestemcel-L in the US and other major healthcare markets, including for [graft versus host disease], wound healing, and ... [hypoxic ischemic encephalopathy]”.

Mesoblast said that in the US there were about 6,000 new patients each year with moderate to severe hypoxic ischemic encephalopathy “who could potentially benefit from treatment with remestemcel-L”.

Mesoblast chief executive officer Dr Silviu Itescu said the partnership supported the company’s growth plans for its mesenchymal stem cell product candidate remestemcel-L beyond acute graft versus host disease in children, including other paediatric indications such as hypoxic ischemic encephalopathy and adult acute and chronic graft versus host disease, biologic-refractory Crohn’s disease, and osteoarthritis.

Mesoblast was up 2.5 cents or 1.7 percent to \$1.465 with 785,748 shares traded.

ELIXINOL GLOBAL

Elixinol says it will partner with RFITD Holdings in a 60-40 joint venture, the Broomfield, Colorado-based Infusion Strategies LLC, to expand its hemp products in the US.

Elixinol said that RFITD was an affiliate of the Blauvelt, New York-based RFI (Rockland Food Ingredients) which manufactures and develops “products from natural ingredients for the nutritional, dietary supplement, food, functional food and beverage industries”.

The company said Infusion Strategies would increase its exposure to the cannabidiol-infused dietary supplement food additive, and beverage industries through RFI’s base.

Elixinol said it would own 60 percent of Infusion Strategies with RFI holding 40 percent.

Elixinol fell five cents or 1.3 percent to \$3.90 with 494,667 shares traded.

GENETIC TECHNOLOGIES

Genetic Technologies has told the ASX that director Samuel Xue Lee failed to tell the company he had sold all his shares in the company on May 13 until June 3, 2019.

Genetic Technologies said in an Appendix 3Y director's interest notice on June 5 that Mr Lee had sold 59,594,850 shares or 2.19 percent of the company, represented by 397,299 American depositary receipts (ADRs), for \$US478,916 (\$A684,166) or 1.14 cents a share. The company responded to an ASX query on the late lodging that the shares were sold during a "closed period" for the board, which began on February 28, 2019 and remained in place, but it had limited visibility of ADR trades.

Genetic Technologies said it first became aware of the trade on May 29 when an Australian-based stock broker queried why an Appendix 3Y had not been lodged in relation to a series of trades.

The company said that following the inquiry it asked directors, and Mr Lee informed the company of his May 13 trading, and it lodged the Appendix 3Y on June 5, within two days of becoming aware of the trade.

Genetic Technologies said its securities trading policy "required directors to notify the chairman of their intention to trade at least two business days before trading and to obtain clearance in writing from the company secretary prior to trading" and that directors were required "to notify the company secretary of any dealings in [company] securities immediately once any such dealings occur".

Genetic Technologies said it had "a standing agenda item in each monthly board meeting to remind directors to disclose and declare all interests to [the company]" and that Mr Lee's failure to seek prior clearance suggested "that the directors may require further training on corporate governance matters".

Genetic Technologies was up 0.1 cents or 14.3 percent to 0.8 cents with 27.9 million shares traded.

NEXT SCIENCE

Next Science says it will release 710,987 shares from ASX escrow on June 26, 2019.

Next Science said that, following the release of the shares it would have 105,920,240 shares available for trading, with a further 73,569,335 shares to be released.

Next Science was up three cents or one percent to \$3.17 with 380,460 shares traded.

ZELDA THERAPEUTICS

Zelda says director Mara Gordon has sold 35,500,000 shares with 26,931,660 shares, bought by the Perth-based Merchant Funds Management.

Zelda said Ms Gordon had reduced her holding from 79,642,326 shares (11.90%) to 44,142,326 shares (5.84%) to "settle personal commitments and [help] facilitate a major investment in Zelda by a strategic investor" and would not sell her remaining shares.

The company said investment group Merchant 26,931,660 shares or 3.57 percent.

Zelda said the board held a combined 27 percent of the company and would not sell any securities unless the sale would facilitate a major investment.

Merchant managing-director Andrew Chapman said his company was "an early mover" in Australian medical cannabis and had a long association with some of Zelda's founders.

"We believe Zelda has the potential to create significant shareholder value over the next 12 months as clinical trials complete and international commercialization commences," Mr Chapman said.

Zelda was up 0.1 cents or 2.4 percent to 4.2 cents with 1.1 million shares traded.

ORTHOCELL

Prof Ming Hao Zheng and Ying Fan say they have increased and been diluted in Orthocell from 7,392,715 shares (6.72%) to 7,743,515 shares (5.06%).

Orthocell chief scientific officer Prof Zheng said that 58,824 shares were acquired in a placement at 17 cents on December 18, 2018, 259,489 shares were acquired on May 21, 2019 at 12.8 cents a share in lieu of fees, with a further 32,487 shares at 51.3 cents each on June 6 in lieu of fees.

The shareholder notice said that shares had been diluted following the \$10.6 million placement at 40 cents a share (BD: May 30, 2019).

The notice said that the shares were held with Jessica Zheng and Monica Zheng. Orthocell was up half a cent or 1.2 percent to 41 cents with 1.8 million shares traded.

PRESCIENT THERAPEUTICS

The Sydney-based Credit Suisse says it has reduced its holding in Prescient from 38,767,904 shares (9.83%) to 30,567,904 shares (7.75%).

Credit Suisse said it bought and sold shares on-market between May 9 and June 6, 2019 with the single largest sale 7,000,000 shares for \$294,000 or 4.2 cents a share.

In May, Credit Suisse said it became a substantial shareholder in Prescient acquiring 10,896,843 shares on April 1, and 27,770,985 shares on May 3, 2019 in the \$9.1 million capital raising at five cents a share (BD: May 8, 2019).

Prescient was unchanged at 4.1 cents with 2.45 million shares traded.

RESPIRI

Respiri says it will issue 10,000,000 options to senior management vesting in two tranches.

Respiri said it would issue 6,000,000 options exercisable at 0.5 cents by December 31, 2020, subject to a market price trigger for the company's shares of 20 cents each.

The company said it would issue 4,000,000 options exercisable at 12.5 cents a share by December 31, 2021 pending a share price trigger of 25 cents a share.

Respiri was unchanged at 13.5 cents.