



Biotech Daily

Thursday October 17, 2019

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: AVITA UP 14%; OPTISCAN DOWN 14%**
- * **ALCIDION: 'CASH FLOW POSITIVE, SHARE PRICE UP 300% IN 6 MONTHS'**
- * **WEHI TEAM WINS \$250k PRIME MINISTERS INNOVATION PRIZE**
- * **TERUMO HANDS BACK AVECHO (PHOSPHAGENICS) TPM-PROPOFOL**
- * **PALLA 'UNDERWRITTEN' \$31m PLACEMENT, RIGHTS OFFER**
- * **MESOBLAST: LONZA TO MANUFACTURE REMESTEMCEL-L**
- * **CYNATA, SUMITOMO QUIT ACQUISITION TALKS**
- * **PHARMAXIS RECEIVES \$6.2m R&D TAX INCENTIVE**
- * **PAINCHEK, WARD PAIN TESTS FOR AGED CARE FACILITIES**
- * **CSL AGM PASSES ALL RESOLUTIONS; 4.9% DISSENT**
- * **NEUROTECH 6m DIRECTOR OPTIONS AGM**
- * **CRESO DELIVERS FIRST ORDER OF 10% CBD OIL TO MEDLEAF NZ**
- * **THC RECEIVES S4, S8 NARCOTICS LICENCES FOR MARIJUANA**
- * **RECCE'S DR GRAHAM MELROSE, OLGA MELROSE DILUTED TO 23%**
- * **M-D DR IAN DIXON INCREASES, DILUTED TO 29% OF EXOPHARM**
- * **CSL LOSES DIRECTOR DR TADATAKA YAMADA**
- * **IMUGENE APPOINTS PROF YUMAN FONG ADVISOR**

MARKET REPORT

The Australian stock market fell 0.77 percent on Thursday October 17, 2019, with the ASX200 down 51.8 points to 6,684.7 points. Fourteen of the Biotech Daily Top 40 stocks were up, 23 fell and three traded unchanged. All three Big Caps were up.

Avita was the best, up eight cents or 13.6 percent to 67 cents, with 20.3 million shares traded. Oncosil climbed 10.6 percent; Compumedics was up 7.7 percent; Resonance rose 6.9 percent; Actinogen and Pharmaxis improved more than five percent; LBT, Imugene and Uscom were up more than four percent; Alterity and Impedimed rose more than three percent; with Mesoblast and Next Science up more than one percent.

Optiscan led the falls, down 0.6 cents or 13.6 percent to 3.8 cents, with 1.5 million shares traded. Genetic Signatures lost 7.1 percent; Polynovo eased 6.6 percent; Cynata was down 5.7 percent; Clinuvel, Dimerix and Patrys fell more than four percent; Immutep and Neuren were down more than three percent; Cochlear, Ellex, Kazia, Medical Developments, Nanosonics, Opthea, Paradigm and Pro Medicus shed more than two percent; Amplia, Cyclopharm, Orthocell, Osprey, Proteomics, Resmed, Starpharma and Volpara were down more than one percent; with CSL down 0.2 percent.

ALCIDION

Alcidion chief executive officer Kate Quirke says the company is cash flow positive and has already booked \$12.9 million in revenue for the 2019-'20 financial year.

In Melbourne with the company's chair, Buchan principal Rebecca Wilson, as part of an investor and media roadshow, Ms Quirke said that "all the company's contracts have been renewed, with one of them for the third time".

Ms Quirke said that the roll out of the company's Miya Precision, Smartpage and Patientrack software for hospital management along with associated services, provided digital data and analytics to ensure that neither patients nor their data could be lost in the system.

She said that medical professionals could see individual patient data, including medications and observations, at a glance at a smart phone.

Ms Quirke demonstrated the use of the mobile telephone system, showing that medical staff could easily move from an overall picture of the patient, including alerts for medication or observations, to drill down on specific data including test reports, scans and other medical information.

Ms Quirke said that there were 215 hospitals and 30,000 hospital beds using at least one of Alcidion's systems, with 79 million observations recorded and about 590,000 alerts generated.

She said that the Alcidion systems had algorithms to detect, from the pattern of observations, whether a patient was stable or at risk and alerts would be generated for medical staff.

Ms Quirke said that the data could be, and was being, used for research purposes but researchers needed to gain approval from individual hospitals to use their data, which could be anonymized and scrambled so that the data was safe but not trackable to individual patients.

Ms Quirke said that among the key contract wins for the company were Australian Capital Territory Health and the private hospital Healthscope business, along with continued expansion into UK National Health Service Trusts.

Ms Quirke said that theoretical addressable market for Alcidion products and Services was about \$240 million over five years but she did not expect that taking all of that market was realistic.

She said that Australia had 62,000 hospital beds that could use its systems and currently there were 4,200 using Patientrack and 2,580 using Miya.

In the UK, Ms Quirke said there was a theoretical \$582 million market opportunity with 145,000 beds of which 9,500 had Patientrack and 1,000 were using Miya.

Ms Quirke said that company's focus was on similar countries to Australia and the UK, such as Canada, as well as South Korea, but the US market was much more difficult and despite its value was not an immediate priority.

Ms Quirke said that of New Zealand's 10,000 public hospital beds, 4,329 had Patientrack and 400 were using the Maya program.

Ms Quirke said that research and development expenditure was expected to continue at about the \$1.5 million a year level.

Ms Quirke said that company expected revenue to move from 65 percent services and 35 percent products to 60 percent products and 40 percent services as its pipeline of products was rolled out.

She noted that the company share price had increased from about five cents in March to more than 20 cents today.

Alcidion fell one cent or 4.2 percent to 23 cents with 2.4 million shares traded.

FEDERAL GOVERNMENT

The Federal Government says the team at the Walter and Eliza Hall Institute of Medical Research have won the \$250,000 Prime Minister's prize for innovation.

A media release from Australia's chief scientist Dr Alan Finkel said that the Walter and Eliza Hall Institute's Prof Peter Czabotar, Prof David Huang, Prof Andrew Roberts and Prof Guillaume Lessene had won the prize "for their roles in inventing, developing and commercializing a breakthrough anti-cancer drug", namely Venetoclax for chronic lymphocytic leukaemia and other cancers.

Dr Finkel's media release said that the University of Western Australia's Prof Cheryl Praeger won the \$250,000 Prime Minister's prize for science; the University of Melbourne's Prof Laura Mackay won the \$50,000 Frank Fenner prize for life scientist of the year; the University of Sydney's Prof Elizabeth New won the \$50,000 Malcom McIntosh prize for physical scientist of the year; Nura Operations' Dr Luke Campbell won the \$50,000 prize for new innovators; with both teaching prizes awarded to staff at South Australian schools: Stirling East Primary School's Sarah Finney won the \$50,000 prize for excellence in science teaching in primary schools and Brighton Secondary School's Dr Samantha Moyle won the \$50,000 prize for science teaching in secondary schools. For more details, go to www.science.gov.au/pmscienceprizes.

AVECHO BIOTECHNOLOGY (FORMERLY PHOSPHAGENICS)

Avecho says Tokyo's Terumo Corp has handed back its tocopheryl phosphate mixture-propofol injectable and will not progress development of the drug in Japan.

Last year, Avecho said its alliance with Terumo, initially designed to explore tocopheryl phosphate mixture (TPM) patches, would focus on injectables, after its one-day TPM-oxymorphone patch agreement with Terumo was terminated (BD: Mar 20, 2018).

Today, the company said that the propofol general anaesthetic was used for sedation during surgical procedures, propofol, and had been combined with TPM for a joint patent application and toxicology program with Terumo.

Avecho said toxicology studies found the TPM-propofol combination to be safe for the induction and short-term maintenance of anaesthesia, "the vehicle used for the TPM-propofol formulation did not prove safe for a complete 24-hour infusion".

The company said it attributed the toxicity to the inclusion of a combination of commonly used injectable co-surfactants, polysorbate 80 and 20.

Avecho said continuous 24-hour exposure increased the administered amounts above those used routinely, which would restrict the labelled indication for the TPM-propofol product to the induction and short-term maintenance of anaesthesia.

Avecho said Terumo was unwilling to launch a propofol product with a restricted indication in Japan.

Avecho chief scientific officer Dr Paul Gavin said it was "important to note that the observed toxicity was not caused by the TPM".

"Pilot toxicology studies in this larger program demonstrated that TPM was safe for injection at amounts exceeding those currently used in all other injectable formulation programs utilizing TPM," Dr Gavin said.

Avecho executive chairman Dr Greg Collier said that "while it is obviously disappointing to see it draw to a close, it is important to recognize how our technology and programs have advanced through our partnership with Terumo," Dr Collier said.

Avecho said it was yet to determine if it would continue to develop the existing TPM-propofol for acute use only or optimize the formulation for further toxicology studies.

Avecho fell 0.2 cents or 33.3 percent to 0.4 cents with 23.3 million shares traded.

PALLA PHARMA (FORMERLY TASMANIAN POPPY INDUSTRIES ENTERPRISES)

Palla Pharma says it hopes to raise \$8.4 million in a placement and \$22.7 million in a “fully underwritten” two-for-five entitlement offer at 70 cents a share.

Palla said the record date for the non-renounceable entitlement offer would be October 21, with the institutional entitlement offer opening today October 17 and closing on November 18, 2019 and the retail entitlement offer opening on October 23 and closing on November 11, 2019.

The company said it was advised by Arnold Bloch Leibler and KPMG, with Morgans Corporate and Shaw and Partners joint lead managers and underwriters.

Palla chief executive officer Jarrod Ritchie said the raising would strengthen the company’s balance sheet, reduce debt and position the company “for future growth through expansion of both its Australian and Norwegian operations”.

Palla was in a trading halt and last traded at 90 cents.

MESOBLAST

Mesoblast says that Lonza will manufacture commercial quantities of remestemcel-L for paediatric steroid-refractory acute graft versus host disease.

Mesoblast said the agreement would provide for the Basel, Switzerland-based Lonza to expand its Singapore current good manufacturing practice facilities in order to meet long-term growth and capacity needs for its lead allogeneic cell therapy product candidate remestemcel-L.

The company said the agreement would facilitate inventory build and commercial supply ahead of its US launch, expected in 2020 if approved by the US Food and Drug Administration following completion of its rolling biologics license application expected by the end of 2019.

Mesoblast chief executive Prof Silviu Itescu said the “commercial manufacturing agreement with Lonza ... is designed to ensure that we are in a position to meet projected commercial demand as we plan to roll-out the first of our allogeneic cell therapies to people around the world in need of life-saving and disease-modifying products”.

Mesoblast was up 2.5 cents or 1.4 percent to \$1.81 with 2.4 million shares traded.

CYNATA THERAPEUTICS

Cynata says that discussions with the Osaka, Japan-based Sumitomo Dainippon Pharma on a potential acquisition offer have terminated.

In July, Cynata said Sumitomo offered \$2.00 a share to acquire the company, valuing it at \$203,770,106, in a non-binding proposal (BD: Jul 19, 2019).

Today, the company said that it had been “unable to reach agreement on terms to its satisfaction of a potential acquisition by Sumitomo Dainippon Pharma”.

Cynata fell 8.5 cents or 5.7 percent to \$1.40.

PHARMAXIS

Pharmaxis says it has received \$6,225,227 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Pharmaxis said the rebate related to research and development expenditure for the year to June 30, 2019.

Pharmaxis was up one cent or 5.1 percent to 20.5 cents.

PAINCHEK

Painchek says it has partnered with Ward Medication Management to deliver roll-out of its smartphone pain assessment device to residential aged care homes.

Painchek said the roll-out was funded by the Federal Government and clinical teams from Painchek and the Melbourne-based Ward would deliver training to aged care service providers in the use of the technology.

The company said it would conduct engagement of residential aged care facilities, marketing of the training program and coordination of the sessions, with Ward delivering up to 350 training sessions and implementing a 'train the trainer' program via its 30 clinical pharmacists.

Painchek was up half a cent or 1.6 percent to 32 cents with 4.7 million shares traded.

CSL

CSL says its annual general meeting passed all resolutions but with 4.9 percent of the company opposing the remuneration report and the issue of performance shares.

CSL said the greatest dissent was against the remuneration report with 204,735,510 votes (91.54%) in favor and 22,237,072 votes (8.46%) against the resolution.

CSL said the grant of 44,306 performance shares to chief executive officer Paul Perreault passed with 241,087,584 votes (91.65%) in favor and 21,967,834 votes (8.35%) against.

The company said the grant of 8,571 performance shares to executive director and head of research and development Prof Andrew Cuthbertson faced 15,860,386 dissenting votes (6.03%).

CSL said that resolutions to re-elect directors Dr Megan Clark and Marie McDonald were passed overwhelmingly.

According to the company's most recent Appendix 3B new share announcement, CSL had 453,859,107 shares on offer, meaning that the votes opposing the remuneration report amounted to 4.9 percent of the company, not sufficient to requisition extraordinary general meetings.

CSL fell 41 cents or 0.2 percent to \$252.59 with 694,807 shares traded.

NEUROTECH INTERNATIONAL

Neurotech says it will vote to issue 6,000,000 options to directors Winton Willesee, Mark Davies and Dr David Cantor as part of their remuneration for services rendered.

Neurotech said it proposed to issue Mr Willesee, chairman Mr Davies and Dr Cantor 2,000,000 options each, exercisable at 135 percent of the 5-day volume-weighted average price and within three years of grant.

The company said it would vote to grant Peter Griffiths 6,500,000 options exercisable at 5.89 cents each and 5,429,754 tranche two options exercisable at 1.99 cents each under a consultancy service agreement, as well as approve the issue of 600,000 convertible notes at \$1.00 per convertible note to raise up to \$600,000 and ratify the issue of up to 20,253,151 shares, 20,253,151 conversion options and approve the issue to 4,000,000 options to Max Capital, on the same terms as the directors options

Neurotech said it would vote on a special resolution to amend the company's constitution, the remuneration report, to re-elect directors Dr Cantor, Mr Willesee and Mr Davies, and approve an additional 10 percent placement facility.

The meeting will be held at Suite 5 CPC, 145 Stirling Highway, Nedlands, Western Australia on November 18, 2019 at 4pm (WST).

Neurotech was unchanged at 1.5 cents.

CRESO PHARMA

Creso says it has delivered the first order of its 10 percent cannabidiol oil to the Auckland, New Zealand-based Medleaf Therapeutics.

In August, Creso said it had appointed Medleaf to distribute its Canneqix 50 for chronic pain and its cannabidiol (CBD) oil in New Zealand (BD: Aug 6, 2019).

Today, the company said Medleaf CBD oil was now available via prescription.

Creso fell half a cent or 1.7 percent to 29 cents.

THC GLOBAL GROUP

THC says its Southport and one of its Bundaberg manufacturing facilities have received schedule four and schedule eight licences from the Queensland Department of Health.

THC said it would now be able to manufacture, distribute and sell schedule eight controlled medicines and schedule four pharmacy medicines, including medical marijuana. The company said the licences would enable it to use its on-site analytical lab equipment for medical marijuana and other schedule four and eight substances.

THC said it now held all licences required to supply medical marijuana produced at its Southport facility to Australian patients, which it expected to commence in early 2020.

The company said it expected to complete product validation this year for pharmaceutical certification from the Australian Therapeutic Goods Administration for its 'Bundy' facility.

THC was up two cents or 5.3 percent to 40 cents with 1.1 million shares traded.

RECCE PHARMACEUTICALS

Recce executive director and former chairman Dr Graham Melrose and Olga Melrose say their 30,375,003 share-holding has been diluted from 28.35 percent to 22.70 percent.

The Mount Claremont, Western Australia-based Dr and Mrs Melrose said they were diluted in the recent \$6,768,444 placement at 26 cents a share (BD: Oct 10, 2019).

Recce was unchanged at 26.5 cents with 1.2 million shares traded.

EXOPHARM

Exopharm managing-director Dr Ian Dixon says he has increased and been diluted in Exopharm from 27,935,294 shares (34.7%) to 27,975,294 shares (29.3%).

The Blackburn, Victoria-based Dr Dixon said that on August 29, 2019 he bought 40,000 shares for \$14,800 or 37 cents a share.

In July, Exopharm said it had commitments for a \$4,440,000 placement and raised a further \$1,099,640 in a share plan at 27 cents a share (BD: Jul 24, Aug 16, 2019).

Exopharm was unchanged at 40 cents.

CSL

CSL says director Dr Tadataka 'Tachi' Yamada has resigned.

In 2016, CSL said it had appointed Dr Yamada as a director effective from September 1, 2016, replacing John Akehurst who retired (BD: Aug 17, 2016).

IMUGENE

Imugene says it has appointed CF33 inventor Prof Yuman Fong as the head of its oncolytic virotherapy scientific advisory board.

Imugene said Prof Fong was currently the chair of California's City of Hope department of surgery, the Sangiacomo Family chair in surgical oncology and the editor-in-chief of Molecular Therapy Oncolytics.

The company said Prof Fong previously worked at New York's Sloan Kettering Cancer Centre and was previously the chair of the recombinant DNA advisory committee of the US National Institutes of Health.

Imugene said Prof Fong invented its CF33 acquired with Vaxinia to kill tumor cells and activate the immune system against cancer cells (BD: Jul 15, 2019).

Imugene was up 0.1 cents or 4.8 percent to 2.2 cents with 3.7 million shares traded.