



Biotech Daily

Friday October 9, 2015

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: USCOM UP 14%; ELLEX DOWN 5%**
- * **RECCE IPO TO RAISE \$5m FOR SUPERBUG ANTIBIOTICS**
- * **CSL BORROWS \$707m AT 1.43%**
- * **PRIMA RECEIVES \$475k FINAL SAXONY BANK CVAC GRANT**
- * **INVION \$2.4m FEDERAL R&D TAX REFUND, PAYS METAMOR LOAN**
- * **NUSEP REPAYS \$250k SINGAPORE LOAN**
- * **CBA, RELATED PARTIES BUY, BORROW TO 5% OF SIRTEX, AGAIN**
- * **IDT CEO LOAN SHARES AGM**
- * **DAVID LAMONT REPLACES PROMOTED CSL CFO GORDON NAYLOR**
- * **BRUCE McHARRIE REPLACES PHYLOGICA CHAIRMAN DR DOUG WILSON**
- * **BIO-MELBOURNE TAKES A WALK ON THE SYNCHROTRON WILD SIDE**

MARKET REPORT

The Australian stock market was up 1.33 percent on Friday October 9, 2015, with the ASX200 up 69.3 points to 5,279.7 points. Twenty-one of the Biotech Daily Top 40 stocks were up, eight fell, nine traded unchanged and two were untraded. All Big Caps rose.

Uscom was the best, up two cents or 13.8 percent to 16.5 cents with 71,250 shares traded, followed by Circadian up 12.8 percent to 22 cents with 12,050 shares traded and Tissue Therapies up 11.1 percent to five cents with 10,000 shares traded.

Admedus and IDT climbed more than six percent; Impedimed and Living Cell rose more than five percent; Avita, Optiscan, Pharmaxis and Sirtex improved four percent or more; Acrux, Compumedics, Polynovo and Pro Medicus were up more than three percent; Atcor rose 2.1 percent; Anteo, Antisense and Prana were up more than one percent; with Cochlear, CSL and Resmed up by less than one percent.

Ellex led the falls, down 2.5 cents or 5.4 percent to 44 cents with 222,451 shares traded. Benitec shed two percent; Actinogen, Bionomics, Biotron and Reva were down more than one percent; with Mesoblast and Orthocell down by less than one percent.

RECCE

Recce hopes to raise up to \$5 million at 20 cents a share to list on the ASX and develop synthetic antibiotics to kill bacteria, including superbug forms.

Recce chairman and Chemeq founder Dr Graham Melrose said that the company hoped to develop antibiotics that target otherwise antibiotic-resistant bacteria that would be “exceptionally economic in comparison to present day antibiotics”.

The company said that “superbugs” or mutated bacteria that are antibiotic resistant killed 750,000 people worldwide each year with numbers increasing.

Recce said that the commercial antibiotic market was estimated to be worth \$US40 billion and a new class of antibiotic for humans had not come to the market for nearly 30 years. The company said that laboratory trials of repeated use, comparing its antibiotics with leading commercial antibiotic amoxicillin, showed that Recce antibiotics always repeatedly killed both the standard and mutated superbug forms of all the bacteria with the same effectiveness.

Recce said the commercial antibiotic always failed the trials against *Staphylococcus aureus*, *Escherichia coli* and *Pseudomonas aeruginosa*.

The company said that it had shown that its antibiotics killed superbugs of *Helicobacter pylori* which caused gastritis in-vitro; and in mice the antibiotics attacked *Escherichia coli* which caused diarrhoea in the intestine and attacked *Helicobacter pylori* in the stomach and duodenum.

“This is the result of a completely new approach to targeting the massive world health problem of superbugs,” Dr Melrose said.

Recce said it had produced and patented antibiotics that were effective in attacking a wide range of disease-causing gram-positive and gram-negative bacteria and superbugs of these bacteria.

Recce said that its technology had given it the opportunity of pursuing alternative backup products or markets should serious adversity be encountered during trials leading to their use in humans.

The company said it had synthesised two particular antibiotics, Recce-327 and Recce-355 and early testing had shown that both were effective in treating a wide range of disease-causing gram-positive and gram-negative bacteria.

Recce said that it aimed to focus on the regulatory approval of Recce-327 for the treatment of sepsis, or blood poisoning, and secondarily gastritis, or inflammation in the stomach, in humans.

The company said that it expected that additional opportunities for Recce-355 would be explored against diarrhoeal-causing *Escherichia coli* in the human intestine:

Recce said that Dr Melrose founded Chemeq which achieved over a three-year period, the top capital gain of all companies listed on the ASX, and an average market capitalisation of about \$500 million and previously was a senior academic in the University of New South Wales Department of Applied Organic Chemistry and a visiting research scientist at Oxford and Munich universities and had been an executive director and chief research executive of Johnson & Johnson in Sydney.

The company said that independent, non-executive director Ian Brown had been involved in initial public offers, fundraising, licencing and was entrepreneur-in-residence at the Fontainebleau France-based Institut Européen d'Administration des Affaires, or the European Institute for Business Administration, known as Insead, and had worked in Australia, Asia, Europe and the US and was formerly a director of Cordlife.

The lead manager for the offer is the Perth Western Australia-based State One Equities Pty Ltd and a copy of the prospectus is available at

[http://www.recce.com.au/useruploads/files/recce_prospectus_\(web\).pdf](http://www.recce.com.au/useruploads/files/recce_prospectus_(web).pdf)

CSL

CSL says it will borrow CHF400 million (\$A569.1 million) and \$US100 million (\$A137.5 million) at an average interest rate of 1.43 percent repayable within 10 years.

CSL head of investor relations Mark Dehring told Biotech Daily the funds were being made available by several major US insurance and superannuation or pension funds.

The company said the 10-year \$US100 million loan had an interest rate of 3.63 percent with 150 million Swiss francs carrying an interest rate of 0.755 percent for eight years and 250 million Swiss francs carrying an interest rate of 0.955 percent for up to 10 years.

CSL said the "private placement was well received by investors with a significant level of oversubscription" and the proceeds would fund the capital management plan and for general corporate purposes.

CSL chief financial officer Gordon Naylor said it was the "fourth issue in this market since 2011 and we now have approximately \$US2.1 billion of US private placement debt outstanding".

CSL uses the term "private placement" to mean "loans", whereas in Australia the term "placement" is generally understood to mean the placement of shares.

CSL was up 25 cents or 0.3 percent to \$91.20 with 990,764 shares traded.

PRIMA BIOMED

Prima says it has received about EUR306,000 (\$A475,000) in grant funding from the European Union and the German Free State of Saxony.

Prima said that the grant was administered by the Sächsische AufbauBank (the Saxony Development Bank) and related to previous development work on the discontinued CVac therapy (BD: Feb 27, 2015).

The company said that since 2010 it had been collaborating on CVac with the Leipzig-based Fraunhofer Institute of Cell Therapy and Immunology, supported by the Saxony Development Bank.

Prima said the grant was the final tranche of funding for CVac from this grant program. Prima was unchanged at 5.7 cents with 2.2 million shares traded.

INVION

Invion says it has received \$2,408,166 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Invion said the rebate related to research and development expenditure in Australia and overseas for the year to June 30, 2015.

The company said that it had a non-equity related funding facility with Metamor Capital Partners and had drawn down \$1.04 million of a maximum \$1.56 million which had been repaid in full (BD: Mar 20, 2015).

Invion said the facility remained available for redraw to fund future research and development expenditure.

Invion was up 0.1 cents or 7.1 percent to 1.5 cents with 6.5 million shares traded.

NUSEP

Nusep says it has paid \$S255,199 (\$A250,057) to clear the loan from the Singapore-based Marquette Pte Ltd.

Nusep said six-month was for \$S250,000 with an interest rate of five percent per annum.

Nusep was untraded at three cents.

SIRTEX MEDICAL

The Commonwealth Bank of Australia and a large number of related parties say that, yet again, they have become substantial in Sirtex with 2,897,052 shares (5.06%).

Last month, the CBA said that it had bought, sold and increased and decreased borrowings to below the five percent substantial level, requiring more than 100 pages to report the trades (BD: Sep 29, 2015).

In August, the CBA said the group reduced its holding to 2,988,845 shares (5.21%), naming scores of related companies and said it bought, sold, borrowed and returned shares in a large number of trades requiring more than 240 pages to report the trades, with some shares subject to share lending agreements (BD: Aug 26, 2015).

Today the CBA took 101 pages to cite purchase and borrowing of shares between June 9 and October 8, 2015 with some trades as small as single shares, scores of trades involving fewer than 10 shares and hundreds of trades of fewer than 50 shares.

Sirtex climbed \$1.25 or four percent to \$32.63 with 361,423 shares traded.

IDT AUSTRALIA

IDT says shareholders will vote to approve the issue of shares to chief executive officer Dr Paul MacLeman and provide a loan to pay for them.

IDT said that the loan shares would vest in five 20 percent tranches when the company's share price maintained for 30 or more calendar days at or above 50 cents, \$1.00, \$1.50, \$2.00 and \$2.50.

Dr MacLeman told Biotech Daily that the shares would be issued at the price on the day of the meeting and provided a formula for determining the total number of shares to be issued based on the share price when the board resolved to grant the shares.

The company said that the loan would be provided at an interest rate of 9.0 percent and would be repayable in seven years from the loan being advanced, or within 90 days of ceasing employment, or within six months after ceasing employment due to death.

IDT said it would ask shareholders to approve a 10 percent increase in its placement capacity and re-elect directors including chairman Graeme Kaufman, Alan Fisher, Reo Shigeno and elect Hugh Burill (see below).

The meeting will be held at IDT, 45 Wadhurst Drive, Boronia, Victoria on November 19, 2015 at 10am (AEDT).

IDT was up 2.5 cents or 6.7 percent to 40 cents.

CSL

CSL says David Lamont will replace Gordon Naylor as chief financial officer who has been promoted to head Seqirus, the Bio-CSL Novartis influenza vaccines business.

CSL said the appointment would be effective from January 2, 2016 and Mr Lamont would be based at CSL's headquarters in Parkville, Melbourne.

CSL chief executive officer Paul Perreault said that Mr Lamont had "a demonstrated track record of success as a global CFO and brings key leadership skills that will continue to drive the disciplined financial management that has been one of the hallmarks of CSL's sustained success".

The company said that Mr Lamont, 50, had been a chief financial officer since 1999 for a range of companies including Oz Minerals, Paperlinx, BHP Billiton divisions, and Incitec Pivot and was currently the chief financial officer and an executive director of MMG.

CSL said that Mr Lamont held a Bachelor of Commerce from Geelong's Deakin University.

PHYLOGICA

Phylogica says that director Bruce McHarrie has been appointed chairman replacing Dr Doug Wilson who remains a non-executive director.

Phylogica said that Dr Wilson would “assume additional duties in the company’s drug development program”.

The company said that it was “grateful for the dedicated service Dr Wilson has provided ... as chairman where he led a critical stage in the company’s development”.

Phylogica said that it was “intensely focused on drug development and Dr Wilson will take a more direct role by virtue of his decades of experience in drug development for large pharmaceutical companies”.

The company said that Mr McHarrie was a founding director of Phylogica and was formerly an executive with the Telethon Kids Institute which vended its Phylomer technology into Phylogica for its subsequent ASX listing in 2005

Phylogica said that prior to joining the Institute Mr McHarrie was with the London-based bioscience unit at Rothschild Asset Management and continued as a consultant, in the health and life sciences sectors, and was a director of Adherium (BD: Aug 27, 2015).

Phylogica was up 0.1 cents or 7.7 percent to 1.4 cents.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network says its October 26 Bio-Briefing will tour an Australian Synchrotron beam line and visit three Australian Research Council centres of excellence.

The Bio-Melbourne Network said that the facility tour, including a beam line tunnel walk-through, would show “how advances in imaging technology could be harnessed to drive significant new industry collaborations, through cutting-edge preclinical imaging techniques that underpin the biotechnology and medical technology industries”.

The Network said that the Bio-Briefing, entitled ‘Seeing is Believing’, would showcase the Synchrotron and three ARC Centres of Excellence exploring next-generation technologies in cellular and whole imaging, creating new intellectual property and technology.

The Network said that imaging technology was advancing rapidly and global markets for medical imaging devices and applications continued to grow, driven by increasing healthcare demand.

Bio-Melbourne Network chief executive officer Dr Krystal Evans said that “new imaging techniques provide powerful tools for preclinical development and enhance early-stage research and development decision-making and new molecular imaging techniques can give early reads on the effectiveness of therapeutics and diagnostics increasing the speed and decreasing the cost of product development”.

The Network said that the speakers at the briefing would include the Australian Synchrotron’s senior imaging and medical therapy scientist Dr Chris Hall, ARC Centre for Bio-Nano Science’s chief investigator and director Prof Tom Davis, ARC Centre for Integrative Brain Function’s director Prof Gary Egan and the ARC Centre for Advance Molecular Imaging’s Business Development Manager Dr Mike Bettess.

The October 26, 2015 Bio-Briefing will be held at the Australian Synchrotron, 800 Blackburn Road, Clayton with registration from 3.45pm for the Bio-Briefing and tunnel walk-through from 4pm to 5.30pm followed by a networking session.

To register go to: <http://www.biomelbourne.org/events/view/387>.