



Biotech Daily

Wednesday February 15, 2017

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: REVA UP 5%, AVITA DOWN 9%**
- * **FEDERAL \$4.5m FOR TYPE 1 DIABETES RESEARCH**
- * **FEDERAL GOVERNMENT MEDICAL CANNABIS ADVISORY COUNCIL**
- * **CSL RECORD H1 REVENUE UP 17% TO \$4.8b, PROFIT UP 12% TO \$1b**
- * **MEMPHASYS (NUSEP), PRIME SET ASIDE \$4m CLAIM**
- * **INNATE'S CHRIS COLLINS REFERRED TO TAKEOVERS PANEL**
- * **PACKER & CO REDUCES, TAKES PROFIT TO 7% OF OPTHEA**
- * **YZJ, SMK REDUCE TO 6.5% OF MEDICAL AUSTRALIA**
- * **RACE REQUESTS FDA PRE-IND MEETING TRADING HALT**
- * **PROBIOTEC APPOINTS GREG LAN DIRECTOR**
- * **AUSBIOTECH MARCH ASIAN INVESTMENT SERIES**

MARKET REPORT

The Australian stock market was up 0.94 percent on Wednesday February 15, 2017 with the ASX200 up 53.9 points to 5,809.1 points. Fourteen of the Biotech Daily Top 40 stocks were up, 20 fell, five traded unchanged and one was untraded. All three Big Caps rose.

Reva was the best, up five cents or five percent to \$1.05 with 9,426 shares traded.

Bionomics and Uscom climbed more than four percent; Acrux, Factor Therapeutics and IDT were up more than three percent; Benitec, CSL and Oncosil rose more than two percent; Airxpanders, Atcor, Ellex, Neuren, Sirtex and Viralytics were up more than one percent; with Cochlear and Resmed up by less than one percent.

Avita led the falls, down one cent or 8.7 percent to 10.5 cents with 264,082 shares traded.

Compumedics lost 6.6 percent; Anteo, Living Cell, Orthocell and Universal Biosensors fell four percent or more; Genetic Technologies, Nanosonics, Osprey, Pharmaxis, Polynovo and Prana were down more than three percent; Prima and Pro Medicus shed more than two percent; Impedimed, Mesoblast, Opthea and Starpharma were down more than one percent; with Clinuvel and Medical Developments down by less than one percent.

FEDERAL GOVERNMENT

The Federal Government says it has provided \$4.5 million for three type 1 diabetes research projects.

A media release from the Minister for Health Greg Hunt and Minister for Education and Training Senator Simon Birmingham said the grants were provided through the Type 1 Diabetes Clinical Research Network support projects that include at least one researcher from outside the field of type 1 diabetes and are meant to promote collaboration between different areas of research specialisation.

“This funding is about ensuring no stone is left unturned in the search for a cure for type 1 diabetes,” Senator Birmingham said.

The media release said that the grant recipients were the Australian National University’s Prof Charmaine Simeonovic, Melbourne’s St Vincent’s Institute of Medical Research’s Prof Stuart Mannering and the Sydney-based Garvan Institute of Medical Research’s Prof Shane Grey.

The Federal Government said that the Type 1 Diabetes Clinical Research Network was run by the Sydney-based Juvenile Diabetes Research Foundation Australia and funded by the Australian Government through the Australian Research Council’s Special Research Initiatives scheme.

FEDERAL GOVERNMENT

The Federal Government has appointed Prof James Angus and Prof Anne Tonkin as chair and deputy chair of to the Advisory Council on the Medicinal Use of Cannabis.

A media release from the Minister for Health Greg Hunt said the Council to “provide expert advice ... [on] the safe and legal distribution of medicinal cannabis products for adults and children suffering from painful and chronic conditions”.

The media release said that Prof Angus was appointed by the Victorian Labor Government as chair of the Victorian Independent Medical Advisory Committee on Medicinal Cannabis and is a leading academic and medical educator.

The Federal Government said that Prof Anne Tonkin was the chair of the South Australian Medication Advisory Committee and a member of the Medical Board of Australia.

The Government said that the Council would provide advice on the implementation of the regulatory scheme allowing for the licenced cultivation and manufacture of medicinal cannabis here in Australia; the design of medical prescribing guidelines and the use of the authorised prescriber and special access scheme mechanisms allowing for patient access; and the current state of medical evidence supporting the use of medicinal cannabis for a variety of clinical conditions.

The media release said that patients could access medicinal cannabis and its products from overseas through an authorised prescriber, namely their doctor, or through the special access scheme B process.

The Government said that its medicinal cannabis scheme allowed for the safe cultivation and manufacture of medicinal cannabis products that would be safe to use, have standardized dosing and adverse events could be properly monitored.

Mr Hunt said that work was underway to have further domestic supplies available “and I want to commend the Victorian Government for their efforts to date in working to develop a domestic supply”.

“I look forward to working with the Council so Australians can have confidence in the medicinal use of cannabis and help relieve the pain and suffering of our fellow Australians,” Mr Hunt said.

CSL

CSL's revenue for the six months to December 31, 2016 up 17.2 percent to \$US3,676.5 million (\$A4,794.6 million) with net profit after tax up 12.1 percent to a record \$US805.5 million (\$A1,050.5 million).

CSL said that research and development expenditure increased 1.1 percent to \$US287.0 million for the six months to December 31, 2016 or 7.8 percent of total revenue, compared to 9.05 percent for the six months to December 31, 2015.

The company said that diluted earnings per share was up 14.1 percent to \$US1.764 and it had cash and cash equivalents of \$US884.5 million at December 31, 2016 compared to \$US1,092.0 million at December 31, 2015.

CSL said an interim unfranked dividend, up 10.3 percent to 64 US cents, would be paid on April 13, for a record date of March 16, 2017.

The company said that revenue was up across all segments and geographic areas except for Germany and the UK with CSL Behring product sales up 18 percent to \$US2,963 million comprising \$US1,426 in immunoglobulin product sales driven by was Privigen and with strong demand for Hizentra, with haemophilia product sales of \$US514 million including the strong uptake of the Idelvion recombinant factor IX for of haemophilia B, and Albumin sales of \$US433 million led by sales growth in China.

CSL said that specialty products sales were up 25 percent to \$US590 million, led by Kcentra and Berinert for acute attacks of hereditary angio-oedema.

The company said influenza business Seqirus had revenue of \$US620 million with growth "driven by a more normal influenza season compared to the prior year and the launch of Zostavax for a national shingles immunisation program in Australia", with revenue from sales of influenza vaccines and the provision of associated services was \$US464 million. CSL was up \$3.33 or 2.9 percent to \$118.00 with 1,476,656 shares traded.

MEMPHASYS (FORMERLY NUSEP)

Memphasys says that a statutory demand for \$S4,821,623 (A4,424,437) from Prime Biologics Pte Ltd has been set aside by mutual consent of the parties.

Memphasys executive chair Alison Coutts said that other issues between the two companies were "yet to be finalized".

Last year, Memphasys said it had received a statutory demand from Prime Biologics for the repayment of the third party debt that Prime paid as guarantor of a third party debt (BD: Sep 12, Nov 11, 2016).

In 2014, the then Nusep spun out its Singapore-based Prime subsidiary to use Nusep-developed technology for plasma fractionation and agreed to take responsibility for a payment to A-Bio Pharma Pte Ltd for Prime B-class non-voting shares with Prime taking over the Singapore manufacturing facility used by A-Bio.

In September, Memphasys said it received a demand from Pulau Manukan Ventures Labuan relating to Prime Biologics, of which Manukan was the key investor, demanding it repay the debt paid by A-Bio, plus legal costs and interest charges (BD: Sep 12, 2016).

Memphasys said the debt had been repaid by Prime as guarantor of the loan, and Memphasys owned 43 percent of Prime with other shareholders including JP Asia Prime Capital Pte Ltd and Manukan, which was part of Xeraya Capital, part of the portfolio of the Malaysian Sovereign Wealth Fund, Khazanah National.

Memphasys said that litigation against Prime and its major investor, Manukan involved two separate actions in the Singapore High Court: the means of payment by Memphasys against the debt pay-out by Prime; and the ownership of a GF100 machine.

Memphasys was up 0.1 cents or 33.3 percent to 0.4 cents with two million shares traded.

[INNATE IMMUNOTHERAPEUTICS](#)

The Takeovers Panel is considering an application from shareholder and Sydney barrister James Wheeldon in relation to Innate director Chris Collins' shareholding in the company. The Australian Government Takeovers Panel director Allan Bulman wrote to Innate detailing the application and said that "a sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings".

"The Panel makes no comment on the merits of the application," Mr Bulman wrote. Mr Bulman said that Mr Wheeldon's application said that Mr Collins was the largest shareholder with a holding of about 17 percent.

Mr Bulman said that the applicant submitted, "based on publicly available information, there is an available inference that Mr Collins may be associated with family members and other shareholders and may have obtained effective control of Innate Immunotherapeutics in contravention of section 606 of the Corporations Act 2001, which is entitled 'Prohibition on certain acquisitions of relevant interests in voting shares'.

Mr Bulman said that the applicant "seeks an interim order to the effect that Mr Collins disclose to the ASX information including details of any associations he has with any other Innate Immunotherapeutics shareholders".

"The applicant seeks final orders including an order that Mr Collins divest 'such number of shares as would cause him to cease to be in contravention of section 606'," Mr Bulman wrote.

Mr Collins is a US Republican Representative associated with the President Donald Trump-appointed Secretary of State for Health and Human Services Dr Tom Price, who has been questioned about his holding of shares in the company.

Biotech Daily has investigated the purchase of shares by Dr Price and has found no evidence of wrong-doing.

Innate's share price soared with the election of President Trump, but tumbled on the executive order banning travellers from seven predominantly countries not associated with terrorism in the US, while exempting countries such as Saudi Arabia and Egypt, whose citizens were involved in the September 11, 2001 attack on the US.

Today, Innate fell half a cent or 0.6 percent to 85.5 cents.

[OPTHEA \(FORMERLY CIRCADIAN TECHNOLOGIES\)](#)

Packer & Co of Cottesloe Western Australia has reduced its substantial shareholding in Opthea from 12,700,488 shares (8.58%) to 10,960,210 shares (7.23%).

Packer & Co said it bought and sold shares on-market between August 5, 2016 and February 14, 2017, with the single largest sale 1,500,000 shares for \$1,275,000 or 85 cents a share.

In 2014, Packer & Co bought shares in the then Circadian on-market and participated in a placement and rights issue at 17.5 cents a share (BD: Oct 6, Nov 6, 25, 2014).

Opthea was up 1.5 cents or 1.55 percent to 95 cents.

[MEDICAL AUSTRALIA](#)

The Sydney-based YZJ Trading for the SMK Trust says it has reduced its holding in Medical Australia from 12,840,318 shares (9.39%) to 8,840,318 shares (6.46%).

The substantial shareholder notice, signed by YZJ director Shaneel Khan of Blacktown, Sydney, said that company sold 4,000,000 shares off-market on February 6, 2017 for \$216,000 or 5.4 cents a share.

Medical Australia was unchanged at 4.6 cents.

RACE ONCOLOGY

Race has requested a trading halt pending an announcement regarding a pre-investigational new drug application meeting with the US Food and Drug Administration. Trading will resume on February 17, 2017 or on an earlier announcement. Race last traded at 19.5 cents.

PROBIOTEC

Probiotec says it has appointed Greg Lan as a director.

Probiotec said that Mr Lan was the founding managing-director of the Sydney-based Aspen Pharmacare Australia, a subsidiary of the South African Aspen Pharmacare Holdings and retired after 15 years with Aspen.

The company said that prior to joining Aspen, Mr Lan had been an executive at Ciba-Geigy in Switzerland and Saudi Arabia, as well as with Sanofi-Aventis in Australia.

Probiotec said that Mr Lan held a Masters of Business Administration from the Ann Arbor-based University of Michigan.

Probiotec fell half a cent or one percent to 50 cents.

AUSBIOTECH

Ausbiotech says it will lead a delegation to Singapore, Hong Kong and Shanghai from March 21 to 28, 2017 for its Asian Investment Series.

Ausbiotech said that companies would have the opportunity to present their business to a room of investors in eight-minute spotlight presentations, as well as enables discussion of foreign investment and partnership opportunities, with more than 200 investors.

The industry organization said that it had developed relationships with major investment groups in the region, seeking to invest and collaborate with Australian life science companies and recognised Australia as a hub for life sciences investment.

Ausbiotech said that the People's Republic of China was "one of the key Asian markets for Australian investment ... driven by formal trade agreements such as the China-Australia Free Trade Agreement".

The organization said that Chinese investment in Australia grew from \$2 billion 10 years ago to about \$75 billion at the end of 2015.

Ausbiotech said that China was Asia's leading cluster for biopharma, which had been listed as a priority sector by the Chinese government, and the country had about 300 venture capital and private equity investors funding life science companies.

The organization said that Singapore and Hong Kong were the third and fourth largest financial centres in the world, respectively.

Ausbiotech chief executive officer Glenn Cross said that there was "a history of Hong Kong-based institutional investors investing in Australian-listed companies".

"This interest has now extended to private and earlier stage companies," Mr Cross said.

"There is particular interest in companies that have products with competitive advantage or relevance to the Chinese market," Mr Cross said.

For more information and to register go to: <http://ausbiotechinvestment.com.au/>.