



Biotech Daily

Thursday October 5, 2017

Daily news on ASX-listed biotechnology companies

- * **ASX EVEN, BIOTECH DOWN: BENITEC UP 23%; FACTOR DOWN 18%**
- * **CSL CLOSES \$894m LOAN FACILITY**
- * **US PATENT FOR PHYLOGICA BLOOD-BRAIN PHYLOMERS**
- * **FACTOR THERAPEUTICS VF001 LEG ULCER TRIAL DELAY**
- * **MMJ: TGA, GERMAN APPROVALS, \$184k REVENUE IN 3 MONTHS**
- * **ALEXANDER BEARD, CVC, STINOC TAKE 8% OF PROBIOTEC**
- * **BATH ROAD, TONY GIAM TAKE 6.5% OF PROBIOTEC**
- * **HONSUE CHO (CHO GROUP) TAKES 15% OF INVION**
- * **ANDREW, SKYE LEICESTER TAKE 6% OF ALLEGRA**

MARKET REPORT

The Australian stock market slipped 0.01 percent on Thursday October 5, 2017 with the ASX200 down 0.3 points to 5,651.8 points.

Eleven of the Biotech Daily Top 40 stocks were up, 15 fell, 11 traded unchanged and three were untraded.

Benitec was the best on yesterday's presentation news, up 3.5 cents or 22.6 percent to 19 cents with 963,399 shares traded.

Mesoblast climbed 6.3 percent; Ellex was up 3.8 percent; Living Cell, Osprey, Sirtex and Starpharma rose two percent or more; Actinogen, Cyclopharm, Polynovo and Resmed were up more than one percent; with Cochlear and Nanosonics up by less than one percent.

Factor Therapeutics led the falls, down one cent or 18.2 percent to 4.5 cents with 3.5 million shares traded (see below).

Compumedics and Opthea lost more than seven percent; Avita fell 4.9 percent; Admedus and Volpara were down more than three percent; Bionomics shed 2.1 percent; Airxpanders, Impedimed, LBT, Pharmaxis and Viralytics were down more than one percent; with CSL, Medical Developments, Pro Medicus and Reva down by less than one percent.

CSL

CSL says it has completed the \$US700 million (\$A893.9 million) loan facility, foreshadowed at its August full year results briefing (BD: Aug 16, 2017).

A CSL executive told Biotech Daily the loan was from an “undisclosed range of institutions” with principal and interest not due until the end of the loan period.

CSL said there were four loans: \$US250 million over 10 years at 3.17 percent; \$US200 million over 12 years at 3.32 percent; \$150 million over 15 years at 3.47 percent; and \$100 million over 20 years at 3.77 percent.

CSL fell four cents or 0.03 percent to \$133.25 with 419,088 shares traded.

PHYLOGICA

Phylogica says it has been granted a further US patent covering the identification of its Phylomers with the ability to enter specific endothelial cells in the brain.

Phylogica said that the patent, entitled ‘Method of determining, identifying or isolating cell-penetrating peptides’ provided coverage for the technology until 2031.

The company said delivering drugs to brain endothelial cells was “a first step towards developing better medicines for neurological conditions of the central nervous system”.

Phylogica said brain endothelial cells were resistant to foreign molecules but it had shown that brain endothelial cells were accessible to its Phylomers which could be candidates for delivering drug cargoes to the brain.

The company said that the identification of Phylomers with the potential to cross the blood-brain barrier came from work with then partner Roche and was a precursor to development of its “functional penetrating peptide” technology.

Phylogica chief executive officer Stephanie Unwin said the company was “developing a matrix of Phylomer classes that penetrate diverse cell types and carry different drug cargoes”.

“Many of the Phylomers described here showed significant specificity for brain endothelial cells, which raises two interesting points,” Ms Unwin said.

“First, cell specificity is important because it potentially reduces dosing requirements and toxicity,” Ms Unwin said. “And second, by combining a cell-specific [functional penetrating peptide] with a cargo that enables gene editing or that binds a disease target, it may be possible to develop very effective disease-specific therapies.”

Phylogica was unchanged at 4.2 cents.

FACTOR THERAPEUTICS

At the bottom of the second page of a ‘Shareholder Communication - Clinical Trial Update’, Factor Therapeutics says its wound treatment trial has been delayed.

Factor Therapeutics said the delay was due to slow recruitment at some sites and the impact of hurricanes on Florida, Texas and Puerto Rico trial centres.

The company said it had lost three months due to the delays and expected to complete recruitment by July 2018.

In April, Factor Therapeutics said that recruitment in the 168-patient, randomized, double-blinded, placebo-controlled, phase II trial of VF001 for venous leg ulcers was expected to be completed by October 2017 (BD: Apr 7, 2017).

Last December, the company said it expected a top-line efficacy read-out by the end of 2017 and in July said it expected results by this month (BD: July 22, 25; Dec 20, 2016).

Factor Therapeutics fell one cent or 18.2 percent to 4.5 cents with 3.5 million shares traded.

MMJ PHYTOTECH

MMJ says Harvest One has complied with an Australian marijuana standard and a German approval will lead to \$C180,000 (\$A184,191) in revenue by last month.

In a 'Harvest One Operational Update', MMJ said it owned 59 percent of the Vancouver, British Columbia-based Harvest One Cannabis which was making the announcement on behalf of its wholly-owned subsidiary, the Cham, Switzerland-based Satipharm AG. Harvest One said that on September 27, 2017 Satipharm received final approval of compliance under the Australian Therapeutic Goods Administration's Therapeutic Goods Order Number 93, making its cannabidiol capsules available for prescription by any registered medical practitioner in Australia.

The Canadian company said that Satipharm had received a German 'free sale certificate' reducing constraints for exports and removing the final regulatory trading impediments with other European Union jurisdictions, and officially establishing the capsules as a food supplement rather than a novel food.

Harvest One said that Satipharm was the only company in Europe with a good manufacturing practice-grade cannabidiol (CBD) food additive and it expected to see an increased demand for the capsules across the EU.

The company said the CBD Gelpell capsules were available in Germany, Denmark, the UK, Ireland, Netherlands, Spain and Austria through online shops, mail order and conventional pharmacies.

Harvest One said it expected revenue of about \$C180,000 in the first quarter of the 2018 fiscal year, with further increases expected in the second quarter.

The company's most recent annual report posted revenue of \$C75,950 (\$76,216) for the 12 months to June 30, 2017, about the same as the amount cited by MMJ as its revenue, for the same period.

Harvest One said that Satipharm's Swiss manufacturing partners had received approval to manufacture products containing tetrahydrocannabinol (THC) with the new formulations to be available in Canada and Australia by July 2018, following safety and stability testing, as well as regulatory approvals.

MMJ chief executive officer Andreas Gedeon said Satipharm had "accomplished several substantial milestones of long-time value".

"With the international use patent secured, new formulations and entry to the Canadian market pending, Satipharm, with its leading approach to medical cannabis delivery technologies and together with its unique global reach will keep pressing to further establish our group's cutting edge position in this ever-growing industry," Mr Gedeon said. MMJ climbed 3.5 cents or 10.45 percent to 37 cents with 2.6 million shares traded.

PROBIOTEC

Alexander Beard, CVC and Stinoc have become substantial shareholders in Probiotec with the acquisition of 4,772,515 shares or 7.85 percent of the company.

The Sydney-based CVC said it acquired 3,447,268 shares as part consideration for the transfer to Probiotec of 4,800,000 shares in South Pack Laboratories on October 3 2017. In September, Probiotec said it would buy the Sydney-based pharmaceutical and food additive contract packer South Pack Laboratories for \$8 million in cash and 7.9 million shares (BD: Sep 21, Oct 3, 2017).

The CVC substantial shareholder notice said that related party Stinoc acquired 212,500 shares on September 21 and 55,098 shares on September 22, 2017, for an average price of 53.4 cents a share.

Probiotec was unchanged at 57 cents.

PROBIOTEC

Bath Road says it has become a substantial shareholder in Probiotec with 3,950,000 shares or 6.49 percent of the company.

Bath Road director and South Pack Laboratories chief executive officer Tony Giam said the shares were issued as part consideration of the sale of South Pack to Probiotec (see above).

In a separate announcement, Probiotec said the shares would be held in voluntary escrow.

Mr Giam said in the substantial shareholder notice that the 3,950,000 shares were issued in consideration for the transfer to Probiotec of 5,000,000 South Pack shares, held by Bath Road as trustee for Bath Road Trust.

INVION

Cho Group chairman Honsue Cho has become a substantial shareholder in Invion with 218,894,000 shares, or 15.03 percent of the company.

The Melbourne-based Mr Cho said he acquired 33,333,333 shares for \$100,000 on April 21, and 185,560,667 shares for \$556,682 on June 8, 2017 all at 0.3 cents a share.

In April, Invion said it had a "strategic alliance" with the Hong Kong-based Cho Group, which would invest \$656,682 for shares at 0.3 cents each to take a 15.03 percent stake in the company, appoint two directors, with the funds to be used for working capital as it continued to market the sale or out-licence of its respiratory assets and sought, with the Cho Group, to identify new assets for its pipeline (BD: Apr 18, 2017).

In August, Invion said it would be the sole Australia and New Zealand distributor and licensee of the Group's "new generation photo dynamic therapy" (BD: Aug 31, 2017). Invion was unchanged at 0.4 cents with 5.6 million shares traded.

ALLEGRA ORTHOPAEDICS

Andrew and Skye Leicester say they have become substantial shareholders in Allegra with 5,019,790 shares or 5.71 percent of the company.

The Mittagong, New South Wales-based Mr and Ms Leicester said they bought the shares directly and through their superannuation fund between August 22 and September 8, 2017 at 12 and 13 cents a share, with 3,333,334 shares bought on September 13 at "\$0.015 per share".

In September, Allegra raised \$1.3 million at 15 cents a share (BD: Sep 8, 2017).

Allegra was untraded at 15 cents.