



Biotech Daily

Monday October 30, 2017

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: BENITEC UP 16%; LIVING CELL DOWN 6%**
- * **WEHI'S JANE VISVADER, GEOFF LINDEMAN WIN \$50k VICTORIA PRIZE**
- * **CREDIT SUISSE TAKES, DISPOSES 8.7% OF MESOBLAST**
- * **ADMEDUS SHELVES PROF IAN FRAZER DNA VACCINE FUNDING**
- * **ANTISENSE: 'ATL1102 SIGNIFICANTLY REDUCES NERVE FIBRE LOSS'**
- * **USCOM RELEASING UPGRADED BP+ MONITOR**
- * **G MEDICAL BUYS TEXAS CARDIOSTAFF FOR \$4.2m DEBT, \$1.3m SCRIP**
- * **PARADIGM STARTS PHASE IIb PPS OSTEOARTHRITIS TRIAL**
- * **MGC SIGNS \$8m OF VARM COSMO \$40m PA MARIJUANA COSMETICS DEAL**
- * **HYDROPONICS WINS FEDERAL MARIJUANA GROWING LICENCE**
- * **INVION AGM VOTES ON CHO GROUP, LIGHT THERAPY, CONSOLIDATION**
- * **MEDIGARD 6m DIRECTORS SHARES AGM**
- * **AVITA VOTES ON 50m CEO DR MIKE PERRY INCENTIVE SHARES**
- * **ITL DIRECTOR SHARES IN LIEU, FEES POOL 33% HIKE, NAME CHANGE AGM**
- * **INVITROCUE HAS LESS THAN TWO QUARTERS CASH**
- * **ALLAN GRAY TAKES 17% OF IMPEDIMED**
- * **FIL REDUCES TO 7.5% OF IMPEDIMED**

MARKET REPORT

The Australian stock market was up 0.27 percent on Monday October 30, 2017 with the ASX200 up 15.9 points to 5,919.1 points. Nine of the Biotech Daily Top 40 stocks were up, 20 fell, eight traded unchanged and three were untraded. All three Big Caps were up.

Benitec was the best, up three cents or 16.2 percent to 21.5 cents with 610,838 shares traded. Neuren climbed 8.3 percent; Impedimed and Uscom improved more than five percent; Factor Therapeutics was up 4.2 percent; Actinogen, Medical Developments and Resmed were up three percent or more; Admedus and Cochlear were up more than one percent; with CSL and Pro Medicus up by less than one percent.

Living Cell led the falls, down 1.5 cents or 6.4 percent to 22 cents with one million shares traded. Avita, Opthea and Volpara lost more than five percent; Orthocell fell 4.4 percent; Compumedics, Pharmaxis, Polynovo and Prima were down more than three percent; Acrux, ITL, Mesoblast and Sirtex shed more than two percent; Bionomics, Clinuvel, LBT and Starpharma were down more than one percent; with Airxpanders, Ellex and Nanosonics down more than one percent.

VICTORIA GOVERNMENT, THE WALTER AND ELIZA HALL INSTITUTE

The Victoria Government says WEHI's Prof Jane Visvader and Prof Geoffrey Lindeman jointly won the \$50,000 Victoria Prize for Life Sciences.

The State Government said it partnered with the State-funded Victorian Endowment for Science, Knowledge and Innovation (Veski) for the awards.

The Victoria Government said that Prof Visvader and Prof Lindeman had worked together at the Walter and Eliza Hall Institute of Medical Research for 19 years uncovering the role of molecular and cellular events that gave rise to breast cancer.

The Government said that Deakin University's Prof Maria Forsyth was awarded the \$50,000 Victoria Prize for Physical Sciences for her research in electrochemical sciences, which lead to the development of new fuel cell designs for battery storage.

The Victoria Government media release said that Victoria Fellowships were awarded to 12 early career researchers valued at up to \$18,000 each to assist them with an international study mission, with six in life sciences and six in physical sciences.

The life science fellowships were won by the University of Melbourne's Dr Kim Allison and Jane Hawkey, the Florey Institute of Neuroscience and Mental Health's Dr Erin McAllum and Monash University's Dr Jennifer Payne, Dr Philip Ward and Samantha Rowbotham. The Minister for Innovation Philip Dalidakis said the prizes showed "how much talent we have in Victoria".

"We're supporting our innovators because they help our economy," Mr Dalidakis said. "Their discoveries and new ideas will create the jobs and industries of the future."

MESOBLAST

Credit Suisse says it has become a substantial shareholder in Mesoblast with 29,000,000 shares or 8.71 percent and ceased its substantial holding.

In two announcements, the Sydney-based Credit Suisse Holdings (Australia), on behalf of Credit Suisse AG and affiliates, said it acquired the 29,000,000 shares "pursuant to an underwriting agreement" for \$1.50 a share and disposed of the entire holding but did not stipulate the price of the shares as required by the Corporations Act 2001.

Last week the Tel Aviv, Israel-based Teva Pharmaceuticals said it sold 29,000,000 shares acquired in 2010 by subsidiary Cephalon (BD: Dec 8, 2010; Oct 25, 2017).

In August, Mesoblast raised \$50.7 million at \$1.40 a share (BD: Aug 25, Sep 15, 2017).

Today, Credit Suisse said the shares held by its affiliates included securities "subject to an obligation to return under a securities lending arrangement".

Credit Suisse said that between June 29 and Oct 24, 2017 it borrowed and returned as many as 2,000,000 Mesoblast shares under an Australian and overseas lending agreement, as well as under a master prime broking agreement, bought 1,357 shares for \$1,900 or \$1.40 a share and on August 11 bought one Mesoblast share for \$1.80.

The company said it bought and sold shares in smaller trades of up to 12,637 shares between July 6 and October 9, 2017.

Credit Suisse said it had Australian securities lending agreements with itself and Citibank NA Sydney, Deutsche Securities Australia, Macquarie Bank, State Street Bank and Trust Co and JP Morgan Nominees (Australia).

Credit Suisse said it had overseas securities lending agreements with itself, Bank of New York Mellon, Citibank NA – Kuwait Investment Authority, HSBC Bank PLC A/C Gulf London, Morgan Stanley London, RBC Investor Services Trust Canada, the Bank of New York Mellon, Northern Trust Co, State Street Bank and Trust Co, Black Rock Institutional Trust Co, JP Morgan Chase and Brown Brothers International.

Mesoblast fell three cents or 2.2 percent to \$1.345 with 2.8 million shares traded.

ADMEDUS (FORMERLY ALLIED MEDICAL, BIOMD)

Admedus chief executive officer Wayne Paterson has told Biotech Daily that Admedus will no longer fund the immune-therapeutics work led by Prof Ian Frazer.

In 2011, the then Fortescue Metals invested Allied Medical merged with Biomd to form Allied Healthcare Group with a stake in the Brisbane-based Coridon, led by Gardasil inventor Prof Ian Frazer (BD: Feb 15, Jun 14, 2011).

Allied said Coridon was developing DNA vaccines for the prevention and treatment of a range of infectious diseases and cancers, including Epstein-Barr virus which was the cause of infectious mononucleosis or glandular fever in young adults and was linked with Burkitt's lymphoma, nasopharyngeal carcinoma, Hodgkin's disease, non-Hodgkin's lymphomas and lympho-proliferative diseases (BD: Jul 20, 2011).

The then Allied chief executive officer Lee Rodne said the group would have a medical supplies business, the Biomd Adapt bovine cardiac patch, now known as Cardiocel, and an interest in the Coridon DNA vaccine development company (BD: May 19, 2011).

By August 2015, Admedus controlled 72.2 percent of Coridon, which had been renamed Admedus Vaccines and was undertaking a 44-patient phase II herpes simplex 2 vaccine study (BD: Aug 27, 2015).

Final results published in May showed "interesting trends" in reducing viral shedding, viral lesions and further outbreaks and in a brief "no questions" webinar, discussing all the company's programs, Mr Paterson said the results made it "an extremely positive study" despite the lack of statistical efficacy on any of the secondary or exploratory outcomes (BD: Mar 4, Oct 19, 2016; May 4, 2017).

Following the departure of Mr Rodne, the appointment of Mr Paterson and other board changes, Admedus conducted a restructure "to improve commercial effectiveness as well as accelerate the company's path to profitability" which was followed by a 32 percent staff cut and \$12 million cost reduction (BD: Jun 7, Jul 11, 2016).

In July 2016, the company raised \$18.3 million in a placement and rights issue at 33 cents a share, having traded as high as 55 cents in the fortnight before the announcement and at 45 cents prior to the trading halt (BD: Jul 29, 2016).

The company said that funds raised were for a range of projects including further investment in immunotherapy programmes in conjunction with Prof Frazer.

Over the weekend and today, in a series of emails, Mr Paterson said the decision had been stated in his "mid-year webinar" and said that he "informed the market six months ago that [Admedus] had stopped funding these projects".

Today, Mr Paterson said "the cost of drug development is beyond any small cap Aussie company".

I mentioned to the market at my mid-year webinar that we are seeking strategic alternatives but the cost of development had been such a drain on our balance sheet ... that I stopped funding it," Mr Paterson said. "I repeated that again on several other webinars, interviews and non-deal roadshows in London and New York."

In the September 5, 2017 "webinar" the company said the board was "reviewing funding options, [with] both private and public routes under consideration".

In the company's annual report filed to the ASX on October 13, 2017, Admedus said the phase IIa herpes simplex virus 2 study "held some significant clinical results but the viability of this as a commercial opportunity is still under development".

"Our immunologist partners continue to research HSV-2, [human papillomavirus] and RNA vaccines and work in this area is ongoing," the annual report said.

"The board of [Admedus Immunotherapies] are currently assessing its options in terms of next steps with this program," the report said.

Admedus was up half a cent or 1.9 percent to 26.5 cents.

ANTISENSE THERAPEUTICS

Antisense says a 40-patient trial showed that ATL1102 significantly reduced active lesions in patients with relapsing remitting multiple sclerosis.

In August, Antisense foreshadowed the results saying the data on the number of active multiple sclerosis brain lesions that converted to areas of axonal [or] nerve fibre loss would be presented by Amsterdam-based Vrije Universiteit Medical Centre's Prof Frederik Barkhof at the joint European and America Committees For Treatment And Research In Multiple Sclerosis meeting in Paris, on October 27, 2017 (BD: Aug 30, 2017).

Today, the company detailed the results saying that a phase II study dosing 17 patients for eight weeks compared to 23 placebo patients showed a reduction of new active multiple sclerosis lesions by 54 percent at week 12 ($p = 0.01$) and a significant reduction in the proportion of active lesions at week 8 and week 12 converting to "black holes" or areas of nerve fibre loss at week 16 of 13.2 percent for the ATL1102 group and 27.6 percent for the control group ($p = 0.0376$).

"Notably, ATL1102 treated patients had 90 percent fewer new enhancing lesions that those receiving placebo at week 12 ($p < 0.005$).

The poster concluded that "the positive effect of ATL1102 on reducing [black hole] evolution suggests that along with its action in reducing the number of new inflammatory brain lesions, ATL1102 may also be neuroprotective by reducing damage to axons in residual new lesions".

The company said the abstract, entitled 'ATL1102 treatment reduces conversion of active multiple sclerosis lesions into persistent black holes' was available at: <http://bit.ly/2ls7iR6>. Antisense fell 0.1 cents or 3.1 percent to 3.1 cents.

USCOM

Uscom says it is releasing its upgraded BP+ central blood pressure monitor, pending upgraded approvals in Europe and the US expected this year.

Uscom executive chairman Prof Robert Phillips told Biotech Daily that the company had spent considerable time and funds in "an extensive upgrade" of the original system which had regulatory approval as a research device.

In 2013, Uscom acquired New Zealand's Pulsecore for its non-invasive central blood pressure measurement system for \$2.5 million in scrip (BD: May 30, Jun 18, 2013).

The company previously said it had Australian Therapeutic Goods Administration, Conformité Européenne (CE) mark and US Food and Drug Administration approval for the diagnostic but following the upgrade needed to submit amendments to the approvals.

Prof Phillips told Biotech Daily that the upgraded BP+ was approved in Australia with the European amended approval expected by the end of November and the FDA amended approval expected by the end of the year.

Prof Phillips said the previously approved models were in use in the International Space Station, by the British Army and in pilot hypertension studies with an unnamed pharmaceutical company.

In a media release, Uscom said that the BP+ technology had "the potential to change the way hypertension and heart failure are monitored and managed, and is the culmination of a collaboration by a team of international clinicians, engineers and software technicians spanning over 10 years".

Uscom said it had spent \$2 million preparing the BP+ for market.

Prof Phillips said his company was "a technologic leader in the \$5 billion worldwide hypertension market, an entirely new revenue source for the company".

Uscom was up one cent or 5.9 percent to 18 cents.

[G \(GEVA\) MEDICAL INNOVATIONS](#)

G Medical says it will acquire the Austin, Texas-based Cardiostaff Diagnostic Services by assuming up to \$US3.22 million in debt and pay \$US1 million (\$A1,302,880) in scrip.

G Medical said the shares would be voluntarily escrowed for six months and the deal was subject to customary conditions.

The company said that Cardiostaff was a US Medicare and Medicaid designated independent diagnostic testing facility providing physicians' practices and hospitals with all hours patient medical monitoring services including cardiac events monitoring, extended holter monitoring and mobile cardiac tele-monitoring, allowing it to provide national coverage medical call centre services and enter into the reimbursement space.

The company said it would receive pre-defined and approved reimbursement rates for all services from the facility, which would serve as a platform for G Medical's suite of products, targeting out-patients, as well as in-patients in hospitals and home nursing.

G Medical was up 3.5 cents or 8.1 percent to 46.5 cents with 1.5 million shares traded.

[PARADIGM BIOPHARMACEUTICALS](#)

Paradigm says it has treated the first of 100 patients in its phase IIb trial of pentosan polysulfate sodium for knee osteoarthritis and bone marrow oedema lesions.

Paradigm said that the randomized, double-blind, placebo-controlled trial was expected to be completed with results available by April 2019 (BD: Sep 19, 2017).

The company said the trial at five sites in Queensland, South Australia, Victoria and Western Australia would evaluate patients with knee osteoarthritis and sub-chondral bone marrow lesions for safety, tolerability, pain levels and effects on disease symptoms.

Paradigm was up 3.5 cents or 9.5 percent to 40.5 cents.

[MGC \(MEDICAL GRADE CANNABIS\) PHARMACEUTICALS](#)

MGC says it has signed an \$8 million binding agreement with South Korea cosmetics manufacturer Varm Cosmo for its marijuana-based cosmetics.

Earlier this month, MGC climbed 100 percent on news that it had a \$40 million a year binding agreement with Varm Cosmo (BD: Oct 20, 2017).

Today, the company said the first purchase order and a \$1 million payment were expected in November.

MGC fell 0.1 cents or 1.45 percent to 6.8 cents with 53.6 million shares traded.

[THE HYDROPONICS COMPANY](#)

Hydroponics says the Federal Office of Drug Control has issued subsidiary Canndeo a licence to grow and cultivated cannabis plants.

Hydroponics said it was Canndeo's second Office of Drug Control licence following a cannabis research licence in July 2017.

Hydroponics chief executive officer David Radford said the licence was "a major milestone in the company's objective to supply high quality medicinal cannabis products from both local and international sources to the Australian patient groups".

Mr Radford said the licence supported "the strategic growth plan ... focused upon a build out of the existing Canadian business and an accelerated path to market for medicinal cannabis in Australia".

Hydroponics climbed 9.5 cents or 42.2 percent to 32 cents with 7.3 million shares traded.

INVION

Invion says shareholders will vote to acquire the Cho Group's photo dynamic therapy, approve 2.75 billion shares to the Cho Group and conduct a 100-to-one consolidation. In August, Invion said it would licence "new generation photo dynamic therapy" for cancers from the Hong Kong's Cho Group for \$5.5 million in shares at 0.2 cents a share, when Invion had a market capitalization of \$2,911,931 (BD: Aug 31, 2017). Invion said it would be the exclusive distributor and licensee in Australia and New Zealand for the technology and would conduct research and development of the technology, initially targeting prostate cancer, and the Cho Group would provide non-dilutive funding for the trials.

Today, Invion said the annual general meeting would vote on a series of resolutions to effect the agreement, including the approval of prior shares issues, the acquisition of the technology and the issue of 2,750,000,000 shares to the Cho Group and the 100-to-one stock consolidation.

Invion said shareholders would also vote on the remuneration report and the re-election of director Warren Brown.

The meeting will be held in the Edinburgh Room, the Brisbane Club, 241 Adelaide Street, Brisbane on November 30, 2017 at 10am (AEST).

Invion fell 0.3 cents or 37.5 percent to 0.5 cents with 31.2 million shares traded.

MEDIGARD

Medigard will vote to grant chairman Dr Chris Bishop 1,500,000 shares, director Craig Cameron 1,000,000 shares and chief financial officer Patricia Boero 3,500,000 shares. Medigard said the meeting would vote on the remuneration report, the re-election of Dr Bishop, the approval of the 3,000,000 shares to unrelated parties and to approve the placement facility.

The meeting will be held at the Woodroffe Hotel, 22 White Street, Southport, Queensland on November 30, 2017 at 9.30am (AEST).

Medigard was untraded at one cent.

AVITA MEDICAL

Avita shareholders will vote on the issue of 50,000,000 shares to chief executive officer Dr Mike Perry, pending performance hurdles.

Avita said that Dr Perry's 50,000,000 incentive shares would be issued subject to conditions including tenure, share price and specific milestone performance hurdles.

The company said that 16,666,666 shares would vest in three equal tranches over three years from June 1, 2017, 16,666,666 shares would vest subject to achieving twice, thrice and four fold the share price at the of approval, with 16,666,668 shares vesting in two equal tranches on US Food and Drug Administration Recell burns approval and the initial procurement under the BARDA contract.

Avita said that the annual general meeting would vote on the adoption of the remuneration report, the re-election of director Jeremy Curnock Cook, the ratification of the prior issue of 100,982,978 shares and the approval of the 10 percent placement capacity.

The meeting will be held at K & L Gates, Level 25, The Rialto, 525 Collins Street, Melbourne on November 30, 2017 at 11am (AEDT).

Avita fell 0.3 cents or 5.6 percent to 5.1 cents with 4.3 million shares traded.

ITL HEALTH GROUP

ITL will vote to grant three directors shares in lieu of fees, increase the directors' fees pool 33 percent to \$400,000 and formally change the company's name to ITL Health.

ITL said that shareholders would vote to approve the issue of shares to executive chairman William Mobbs and directors Andrew Turnbull and Mark Peatey in lieu of fees at the lower of the current market price or the 12 month weighted average price.

The company said that it proposed to increase the aggregate pool of fees for non-executive directors by \$100,000 to \$400,000.

ITL said that the increase was a maximum limit and it did not intend to increase fees to that limit.

The company said it proposed to formally change its name to ITL Health Group from ITL Limited.

In February, ITL said it would rebrand as ITL Health Group as part of a "unified global rebranding plan" (BD: Feb 27, 2017).

The company's notice of meeting said that shareholders would vote on the remuneration report, the re-election of director Mr Peatey, approval of an up-to 20 percent share buy-back, approve the 10 percent placement capacity and approve the executive share plan.

The meeting will be held at Myhealthtest, Level 3, 10 Moore Street, Canberra on November 30, 2017 at 10am (AEDT).

ITL fell one cent or 2.4 percent to 40 cents.

INVITROCUE

Invitrocue says its net operating cash burn for the three months to September 30, 2017 was \$587,000 with cash at the end of the quarter of \$868,000.

Invitrocue did not provide further details.

Invitrocue was unchanged at 8.6 cents.

IMPEDIMED

Allan Gray Australia says it has increased its substantial holding in Impedimed from 56,088,235 shares (14.95%) to 63,713,308 shares (16.96%).

Allan Gray said it bought and sold shares between February 1 and October 25, 2017, with the largest acquisition 2,892,539 shares for \$1,862,768 or 64.4 cents a share.

Impedimed was up four cents or 5.6 percent to 76 cents.

IMPEDIMED

FIL Limited says it has reduced its substantial shareholding in Impedimed from 34,868,096 shares (9.29%) to 28,013,479 shares (7.46%).

The Sydney and Hong Kong-based FIL said it bought 851,535 shares and sold 7,706,152 shares between May 4 and October 25, 2017, at prices ranging from 65 cents to 85 cents.