



Biotech Daily

Friday February 6, 2015

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: GENETIC TECHNO UP 28%, PATRYS DOWN 25%**
- * **NANOSONICS ADDS DIRECT US SALES TO GE FORCE**
- * **CLIFFORDS' GIFT \$5m TO MELBOURNE UNI NEURAL ENGINEERING**
- * **MEDIBIO: 'HEART RATE DEPRESSION TEST \$128m OPPORTUNITY'**
- * **JP MORGAN, CANNACORD 'BORROW' 7%, QUIT GENETIC TECHNOLOGIES**
- * **MEDIGARD PLEADS SCHULTZ TO ASX 71% QUERY**
- * **GORDAGEN APPOINTS COO, CFO, CLINICAL DIRECTOR, ADVISERS**
- * **RHINOMED APPOINTS JUSTINE HEATH COO, CFO**

MARKET REPORT

The Australian stock market was up 0.16 percent on Friday February 6, 2015 with the S&P ASX 200 up 9.2 points to 5,820.2 points.

Twelve of the Biotech Daily Top 40 stocks were up, 17 fell, nine traded unchanged and two were untraded. All three Big Caps were up.

Genetic Technologies was the best for the second day in a row, despite or because of activity by JP Morgan and Cannacord (see below), up 0.8 cents or 27.6 percent to 3.7 cents with 47.1 million shares traded.

Compumedics climbed 9.5 percent; Benitec, Nanosonics and Oncosil were up more than four percent; Optiscan, Sirtex and Viralytics were up more than three percent; Bionomics, Osprey and Starpharma rose more than two percent; Atcor was up 1.1 percent; with Cochlear, CSL and Resmed up by less than one percent.

Patrys led the falls, on confirmation of previously announced PAT-SM6 manufacturing delays, down 0.4 cents or 25 percent to 1.2 cents with 10.7 million shares traded.

Medical Developments lost 11.0 percent; Tissue Therapies fell 8.2 percent; Ellex was down 5.9 percent; Prana fell 4.8 percent; Circadian and Mesoblast were down more than three percent; Avita, GI Dynamics, Impedimed, Neuren, Phosphagenics, Prima and Universal Biosensors shed more than two percent; Anteo and Pharmaxis were down more than one percent; with Acrux down 0.35 percent.

[NANOSONICS](#)

Nanosonics says it has created a North American direct sales operation to drive sales of the Trophon EPR ultrasound probe cleaner alongside distribution partner GE Healthcare. Nanosonics said its existing North American sales and service group of six infection prevention sales staff had been supporting the GE Healthcare ultrasound sales force and would begin direct sales, with up to 15 additional infection prevention sales staff planned to join the team in the next three months and cover the US and Canada.

The company said that GE Healthcare would continue as a key non-exclusive distributor of Trophon EPR and its consumables in the US and Canada through its separate sales, marketing and service teams.

Nanosonics said that all sales through its sales group would be recorded directly at a retail margin and was expected to be fully functional by July 2015.

The company said that through the transition of GE Healthcare to a non-exclusive partner, purchases by GE were “unlikely to be significant” but revenues from direct sales were expected to grow steadily as its sales team came into effect.

Nanosonics chief financial officer McGregor Grant told Biotech Daily that the company would receive the full retail price which was about double what it was currently receiving for sales of the units and about 90 percent of the margins on sales of consumables.

“The margins for us will increase considerably,” Mr Grant said.

Mr Grant said that the move to direct sales was initiated by Nanosonics and was not a response to GE Healthcare.

“GE continues to be our key distribution partner, along with Toshiba in the UK and Miele Professional in six countries of Europe,” Mr Grant said.

Nanosonics chief executive officer Michael Kavanagh said that the “opportunity to establish Trophon EPR as the new standard of care across the North American market continues to grow as the market fundamentals for adoption strengthen”.

“The market potential is large and with an installed base already in excess of 4,000 units in North America, awareness of Trophon EPR and its benefits is growing strongly,” Mr Kavanagh said.

“The ability to directly drive sales across the total market, including the non-hospital market, provides a compelling business rationale for commencing our own direct operations,” Mr Kavanagh said.

“This new sales model allows Nanosonics to leverage its expertise in infection control whilst GE Healthcare continues to leverage its leadership position and strength in the ultrasound market,” Mr Kavanagh said.

GE Healthcare Ultrasound chief executive officer Anders Wold said that there was “a real need for improved infection control solutions in the ultrasound field and GE Healthcare recognizes the importance of providing customers with improved solutions to address the risk of imaging-related infections”.

“The Trophon EPR delivers excellent benefits for our customers and GE Healthcare will continue selling Trophon and associated consumables in the US and Canada through our dedicated Trophon sales team as well as our large ultrasound sales force,” Mr Wold said.

“This integrated sales model for North America is proving increasingly successful in markets such as the UK and is expected to accelerate the broad adoption of Trophon EPR as the primary mechanism for the high level disinfection of all ultrasound transducers,” Mr Kavanagh said.

“In addition, our ongoing clinical studies program is identifying a number of new highly relevant and clinically significant unique benefits of Trophon EPR, the results of which are expected to be presented [by July 2015],” Mr Kavanagh said.

Nanosonics closed up 6.5 cents or 4.4 percent at \$1.55 with 4.3 million shares traded.

UNIVERSITY OF MELBOURNE

The University of Melbourne says that the Clifford family will donate \$5 million to endow the Clifford Chair in Neural Engineering.

The University said that Leigh Clifford was the current Qantas chairman and a former Rio Tinto chief executive officer and was the deputy chairman of 'Believe - the Campaign for the University of Melbourne'.

The University said that with the donation, the Believe Campaign had reached the milestone of \$400 million.

The University said that the Clifford Chair in Neural Engineering would facilitate the development of new medical point of care diagnostics, providing clinicians with the information they require to undertake faster, more reliable diagnoses and better management of patients especially those located in indigenous and rural communities. A media release for the University said that the Believe Campaign aimed to raise \$500 million by the end of 2017 to support key research, scholarship and engagement goals. "The Chair will bring together researchers and experts from engineering, medicine and science to improve health outcomes for every Australian not just those living in major metropolitan cities," Mr Clifford said.

"The idea of small, low cost and easy to use devices for the best patient management is only one example of what is possible in the future," Mr Clifford said.

The University said that the Centre for Neural Engineering was a cross disciplinary research and development centre with a focus on the convergence of the engineering, physical and the life sciences and was researching potential treatments for epilepsy, Parkinson's disease and spinal injuries.

MEDIBIO

Medibio says an Ametus Group commercialization study estimates \$US100 million in US revenue for its heart rate depression test technology, within five years of approved.

Medibio said the Woodbury, Minnesota-based Ametus Group found that revenue, based on depression alone, at \$US2.3 billion with a potential market share of five percent within five years, generating revenue of about \$US100 million (\$A127.8 million) a year.

The company said that based on primary market research there was a need and desire to use the circadian heart rate technology as a device for both the initial differentiated diagnosis of depression and also for ongoing monitoring of therapy effectiveness.

Medibio said that more than 90 percent of clinicians surveyed by Ametus would use a circadian heart rate-based diagnostic "once clinically proven and reimbursable, with primary care physicians the likely first adopters in the US".

The company said there were existing American Medical Association current procedural terminology (CPT) codes and payment structures covering electrocardiographic monitoring for up to 48 hours, which could be leveraged for its business.

Medibio said that based on their current usage, it could be presumed that the supervision and payment conditions today for the diagnosis of cardiac disease would be sufficient for physician adoption for mental health diagnosis.

The company said that the average \$US45 per test rebate net under the codes should support strong margins based on its likely cost structures.

Medibio said that Ametus believed that if a reimbursement strategy was based around expanding indications for payment from existing payors and insurers within the existing CPT and International Classification of Diseases codes, full national reimbursement coverage was possible within 24 months from US Food and Drug Administration approval.

Medibio was up 0.1 cents or 33.3 percent to 0.4 cents with 8.2 million shares traded.

GENETIC TECHNOLOGIES

JP Morgan Chase says that with Cannacord Genuity it became substantial in Genetic Technologies, taking 7.00 percent of the company, but quit this afternoon.

This morning, JP Morgan Chase said that with Cannacord and affiliates it became substantial in the company on February 3, 2015 by borrowing 75,658,650 shares.

The New York and Delaware-based JP Morgan said that the interest was through the “re-hypothecation of client securities under a prime brokerage agreement [and was] subject to an obligation to return under a securities lending agreement”.

JP Morgan said that Canaccord Genuity Inc House was the registered holder of 74,791,650 shares with “various clients and custodians” the holders of 867,000 shares. In terms of consideration, the JP Morgan substantial shareholder notice did not include any purchases of shares, with all share trades described as “on-lend”, “borrow” and “on-lend-return”.

At 3.06pm (AEDT) JP Morgan filed a ceasing substantial notice saying that on February 4, 2015, it divested 66,964,650 shares through the “re-hypothecation of client securities under a prime brokerage agreement”.

Genetic Technologies was up 0.8 cents or 27.6 percent to 3.7 cents with 47.1 million shares traded.

MEDIGARD

Medigard has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company’s share price rose 71.4 percent from 3.5 cents on January 23, 2015 to six cents on February 6, 2015, but did not note an increase in the trading volume. Medigard was up half a cent or 9.1 percent to six cents.

GORDAGEN PHARMACEUTICALS

Gordagen says it has appointed Dr Ric DeGaris chief operating officer, Phillip Hains chief financial officer, Sally Kinrade clinical development director, with Dr Errol Malta and Mark Sullivan scientific advisers.

Gordagen said it was commercializing natural tocotrienols as evidence-based dietary supplements and pharmaceuticals.

The company said that chairman Fred Nadjarian and g director Dr Glenn Tong made the appointments to “provide the company with the capability and industry experience to take [the] portfolio into the clinic and ready for market”.

Gordagen said that Dr DeGaris had played a pivotal role as part of its science advisory board to build “a robust and ambitious corporate strategy ... [and would] become part of the executive team to execute that strategy”.

The company said that Dr DeGaris had held senior positions for pharmaceutical companies, contract research organizations and consultancies.

Gordagen said that Mr Hains was the founder and principal of the Armadale, Victoria-based CFO Solution and Ms Kinrade had 12 years in clinical pharmacy and more than 20 years industry and management experience.

Gordagen said the clinical appointments, including Medicines Development’s Dr Malta and Mr Sullivan would “play a strong role in the management of Gordagen’s development program, in particular, a series of phase II clinical trials scheduled for 2016”.

Gordagen is a private company.

RHINOMED

Rhinomed says it has appointed Justine Heath as its chief operating officer and chief financial officer, effective from today.

Rhinomed said that Ms Heath was a fellow of the Institute of Chartered Accountants, Australia and had more than two decades experience in senior finance and operational roles, including in healthcare and technology development companies.

The company said that Ms Heath previously worked for Price Waterhouse Coopers, Santos, Faulding and Hexima and most recently was chief financial officer at hearing aid company Blamey Saunders.

Rhinomed was up 0.2 cents or 10.5 percent to 2.1 cents.