



Biotech Daily

Monday October 26, 2015

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH EVEN: COMPUMEDICS UP 12%; BENITEC DOWN 9%**
- * **3D TO 'MERGE' WITH MACH7, RAISE \$10m, CHANGE NAME**
- * **MEDLAB TO BEGIN NANO-STATIN, INSULIN TRIALS**
- * **IMPEDIMED BUYS US INTERSECTION MEDICAL FOR HEART FAILURE**
- * **SUN ADDS 4th SITE TO DMX-200 KIDNEY TRIAL**
- * **RESMED POSTS \$567m Q1 REVENUE, DIVIDEND**
- * **USCOM POSTS RECORD Q1 \$611k CASH RECEIPTS**
- * **PASSPORT HEALTH TO SELL IMMURON'S TRAVELAN**
- * **IMUGENE LOYALTY OPTIONS**
- * **PSIVIDA AGM FOR 500k MORE DIRECTOR STOCK OPTIONS**
- * **MMJ VOTES TO INCREASE DIRECTORS POOL 150% TO \$500k**
- * **SOMNOMED AGM FOR 250k CHAIRMAN DR PETER NEUSTADT OPTIONS**
- * **TISSUE THERAPIES TO LOSE DIRECTOR DR MEL BRIDGES**

MARKET REPORT

The Australian stock market slipped 0.07 percent on Monday October 26, 2015, with the ASX200 down 3.6 points to 5,348.0 points. Fifteen of the Biotech Daily Top 40 stocks were up, 15 fell, eight traded unchanged and two were untraded.

Compumedics was the best, up four cents or 12.3 percent to 36.5 cents with 250,000 shares traded. Impedimed climbed 6.6 percent; Optiscan, Pro Medicus and Universal Biosensors were up more than five percent; Avita was up 4.8 percent; Oncosil and Prima were up more than three percent; Clinuvel, Ellex, Sirtex and Starpharma rose two percent or more; with Actinogen and Antisense up more than one percent.

Benitec led the falls for the second trading day in a row, down 4.5 cents or 9.4 percent to 43.5 cents with 575,787 shares traded. Living Cell and Osprey fell more than seven percent; Genetic Technologies lost 5.6 percent; Admedus, Biotron and Cellmid were down three percent or more; Anteo and Reva shed more than two percent; with IDT, Mesoblast, Nanosonics and Neuren down more than one percent.

3D MEDICAL

3D Medical says it has a binding agreement to merge with the Singapore-based Mach7 Technologies Pte Ltd, change its name to Mach7 and raise \$10 million.

3D said the proposed merger was subject to conditions including 3D shareholder approval and the raising of at least \$10 million and was expected to complete in January 2016 after a general meeting of its shareholders.

The company said that following the merger it would change its name to Mach7 Technologies and appoint Mach7 chief executive officer Albert Liong as the group's managing director.

3D chairman Dr Nigel Finch told Biotech Daily the imaging systems were essential for the company's three-dimensional prosthetic printing business (BD: Jun 22, 25, Oct 23, 2015). Late last year and earlier this year, 3D conducted a backdoor listing into Safety Medical Products, which had failed to commercialize safe injection systems (BD: Nov 25, 2014). In 2012, Safety Medical said it would allow its syringe patents to lapse and go gold mining in Brazil (BD: Jun 15, 2012).

According to 3D's last Appendix 3B new share issue announcement, the company had 317,205,657 shares on issue and at today's trading halt price of 7.8 cents a share, to raise the \$10 million minimum, 3D would need to issue a further 128,205,128 shares.

3D said that it would issue 459,500,000 shares to the owners of Mach7 for ownership of Mach7's assets and intellectual property, with four separate tranches totalling 300,000 performance shares to be issued to the Mach7 owners pending revenue target and share price milestones.

The company said that a series of capital raisings would raise the \$10 million to support further research and development, sales and marketing activities for Mach7, build 3D's value-added data products, retire about \$US2 million in Mach7 debt and pay for the costs of the transaction and capital raisings.

3D said it would raise up to \$4 million through the issue of 53 million shares in a placement to institutional investors and offer a share purchase plan to enable shareholders to subscribe on the same terms as the placement.

The company said that existing option holders intended to exercise their options, which would raise further funds.

3D said the companies had it had "a strong working relationship" with 3D the exclusive reseller of the Mach7 image management products for hospitals and radiology clinics in Australia and New Zealand, providing systems that allowed enterprises to identify, connect and share diagnostic image and patient care intelligence as required.

The company said that Mach7's customer base included healthcare organisations such as Penn Medicine, Raffles Hospital and Massachusetts General with operations in 10 countries.

3D said that Mach7 had 43 employees with most in Burlington, Vermont and generated contractual cash flow from software licences and support agreements, with revenue of \$US4.1 million (\$A5.7 million) generated in the nine months to September 30, 2015.

Dr Finch said his company had "enjoyed a close working relationship with Mach7 and have seen their outstanding success in the US and Asia".

"This transaction delivers a material revenue boost to 3DM and importantly allows 3DM shareholders to benefit from the ownership of best-in-breed healthcare imaging intellectual property," Dr Finch said.

"The transaction will drive earnings and transform 3DM into a global operation, allowing significant opportunities to scale 3DM's value-adding data activities to leading healthcare institutions," Dr Finch said.

3D Medical was in a trading halt for the capital raising and last traded at 7.8 cents.

MEDLAB CLINICAL

Medlab says it has ethics approval for trials of its Nanocelle nanotechnology spray delivery platform for atorvastatin (Lipitor) and insulin for type II diabetes.

Medlab said that atorvastatin was indicated for patients with high levels of low-density lipoprotein cholesterol.

The company said that the Nanocelle platform converted off-patent pharmaceuticals into water-soluble nanoparticle form for delivery of nutritional and pharmaceutical agents via the buccal and/or nasal mucosa, was originally developed for its cannabis research and was being developed for use with new patented pharmaceuticals.

The company said that the trials were expected to begin in November 2015.

Medlab said that initial research showed that drugs delivered through the platform could be administered in smaller doses with the same result and a reduction in side effects.

Medlab chief executive officer Sean Hall said "we are only altering the delivery mechanism, without changing the molecule, meaning the trials can by-pass animal models and move directly to ... the first clinical trial done among people, with the trials expected to be shorter as a result".

"Through the Nanocelle platform delivery mechanism, a fraction of the normal dosage is administered, bypassing oral intake and gastrointestinal absorption, which could lead to considerable reduction in pain or other side effects usually associated with the drugs," Mr Hall said.

Medlab was up half a cent or 2.9 percent to 17.5 cents with 5.5 million shares traded.

IMPEDIMED

Impedimed says it has acquired "key assets and intellectual property from Intersection Medical" for its bio-impedance spectroscopy for chronic heart failure.

Impedimed has developed the bio-impedance spectroscopy-based L-Dex for lymphoedema subsequent for breast cancer surgery.

The company said it had acquired "all rights, title, and interest in bio-impedance spectroscopy and other associated technology related to the field of chronic heart failure" from the Carlsbad, California-based Intersection Medical with the terms of the purchase confidential.

Impedimed chief executive officer Richard Carreon says the purchase "further enhances Impedimed's intellectual property portfolio and will aid in our strategy to expand into other indications".

"The need to accurately measure and monitor fluid levels is critical in the clinical assessment and management of chronic heart failure patients and we believe we have a simple, sophisticated platform technology which may accomplish this," Mr Carreon said. Impedimed climbed 6.5 cents or 6.6 percent to \$1.045 with 1.5 million shares traded.

SUN BIOMEDICAL

Sun says it has added a fourth site to its phase II safety and efficacy trial of DMX-200, a combination of irbesartan and propagermanium for chronic kidney disease.

Last month, Sun said the first patient had enrolled in the two part trial which would enrol up to 30 patients in the first part, with an interim look at 15 patients by mid-2016, with the second part also enrolling up to 30 patients (BD: Sep 14, 2015).

Today, the company said that the Melbourne Renal Research Group would begin recruiting adult patients into the study.

Sun was unchanged at 0.8 cents.

RESMED

Resmed says that revenue for the three months to September 30, 2015 was up eight percent to \$US411.6 million (\$A567.0 million).

Resmed said that for the three months to September 30, 2015, revenue in the Americas was up 23 percent to \$US254.2 million, compared to the three months to September 30, 2014, but in the combined Europe Middle East Africa and Asia Pacific revenue fell nine percent to \$US157.5 million.

The company said that research and development expense was \$US27.2 million or 6.6 percent of revenue, decreasing by nine percent compared to the previous corresponding period.

Resmed said it had declared a quarterly dividend of 30 US cents per US share, with a record date of November 19, 2015 and payable on December 17, 2015 and holders of Australian Chess depositary instruments would receive an equivalent amount in, based on the exchange rate on the record date, and reflecting the 10 to one ratio between Australian and US shares.

Resmed's chief executive officer Mick Farrell said the result "was led by 39 percent flow generator and nine percent mask growth in the Americas".

"We are investing for ongoing expansion and leadership in our high-growth regions," Mr Farrell said.

"In October, we completed the acquisition of Curative Medical, making our combined Resmed and Curative business the market leader in sleep-disordered breathing and respiratory care in China," Mr Farrell said.

Resmed was up two cents or 0.3 percent to \$7.79 with 2.4 million shares traded.

USCOM

Uscom says that cash receipts from customers of \$610,880 for the three months to September 30, 2015 was the best on record, up 133 percent on the prior year.

Uscom said that the cash receipts were for sales of its ultra-sonic cardiac output monitor Uscom 1a and the BP+, which were up 105 percent compared to the three months to June 30, 2015.

The company said the three month period included an expense of \$700,000 for the purchase of Thor Laboratories as well as a \$2.14 million placement and share plan.

Uscom said that cash on hand was up 35 percent to \$1.57 million.

Uscom was unchanged at 17.5 cents.

IMMURON

Immuron says that US travel clinic Passport Health will sell its Travelan for travellers' diarrhoea throughout its network.

Immuron said that the Baltimore, Maryland-based Passport Health was "the largest provider of travel medicine and immunisation services in North America ... with more than 250 travel clinic locations" but the specific terms of the agreement were confidential.

The company said that Travelan's active ingredient was hyper-immune bovine colostrum powder, a source of antibodies that bind to entero-toxigenic Escherichia coli in the gastrointestinal tract, "preventing them from attaching to the intestinal wall and thereby neutralizing their ability to cause Travellers' Diarrhoea and its associated symptoms".

Immuron said that hyper-immune colostrum was developed to be high in antibodies to a range of E coli bacteria present in normal colostrum in very small amounts.

Immuron was unchanged at 48 cents.

IMUGENE

Imugene says that following its \$3 million placement at 0.75 cents a share, eligible shareholders will receive two ASX-listed options for every 15 shares, at no cost.

Last month, Imugene said the placement was to clients of Forrest Capital, who also would receive one ASX-listed option for every two placement shares, exercisable at 1.5 cents by March 31, 2017, and the funds would be used to start the company's phase Ib/II Her-Vaxx gastric cancer trial (BD: Sep 8, 2015).

After the market closed on Friday, October 23, 2015, Imugene said it proposed to issue 177,321,669 loyalty options to shareholders at exercisable at the record date of October 30, 2015, as well as about 200,000,000 placement options to placement participants. Imugene said that no funds would be raised from options immediately, but it could raise \$5,659,825 during the life of the options, if all 377,321,669 options that are to be issued are exercised at a price of 1.5 cents each.

Imugene was unchanged at 0.9 cents with 1.3 million shares traded.

PSIVIDA

Psivida will vote to grant chief executive officer Dr Paul Ashton and five directors stock options over 500,000 shares.

Last year, Psivida voted to grant chief executive officer Dr Paul Ashton and the five directors 375,000 stock options, but saw up to 18.2 percent opposition to the proposals (BD: Dec 16, 2014).

Today, Psivida said that it proposed to grant Dr Ashton 290,000 options, vesting in four equal tranches from July 23, 2016 and exercisable at \$US4.09 (\$A5.64) a share, within 10 years of grant.

The company said that pending shareholder approval chairman Dr David Mazzo would receive, 30,000 options, with 20,000 each for Douglas Godshall, Michael Rogers, Peter Savas and Dr James Barry, all vesting on July 23, 2016, exercisable at \$US4.09 and within 10 years of grant.

Psivida said that shareholders would vote on the election of directors Dr Ashton, Dr Mazzo, Mr Godshall, Dr Barry, Mr Rogers and Mr Savas.

The meeting will be held at the Renaissance Boston Waterfront Hotel, 606 Congress Street, Boston, Massachusetts on December 3, 2015 at 10am (US EST).

Psivida was untraded at \$5.45.

MMJ PHYTOTECH

MMJ says its annual general meeting will vote to increase the directors pay pool by 150 percent from \$200,000 to \$500,000.

MMJ said that shareholders would be asked to ratify: the issue of 313,333 fee shares to Merchant Corporate Finance; issue 2,500,000 adviser options to Merchant Corporate; issue 196,722 fee shares to Merchant Corporate Finance; and the issue of 6,557,377 shares and 1,311,475 options to an unnamed sophisticated investor in a placement which raised \$2,000,000 (BD: Oct 23, 2015).

The company said the meeting would vote to approve the 10 percent placement capacity; elect director Winton Willesee and chairman Peter Wall; and approve the remuneration report.

The meeting will be held on November 24, 2015 at Four Points Sheraton Hotel 707 Wellington Street, Perth, Western Australia at 3pm (AWST).

MMJ fell one cent or 2.7 percent to 35.5 cents.

SOMNOMED

Somnomed will vote to executive chairman Dr Peter Neustadt 250,000 options exercisable at \$2.64 each by October 31, 2018.

Somnomed said that it would ask shareholders to re-elect Dr Neustadt and approve the remuneration report.

The meeting will be held at Level 4, Plaza Building, Australia Square, 95 Pitt Street Sydney, on November 25, 2015 at 11am (AEDT).

Somnomed was up five cents or two percent to \$2.57.

TISSUE THERAPIES

Tissue Therapies says that non-executive director Dr Mel Bridges will resign, effective from the annual general meeting on November 25, 2015.

Tissue Therapies said that Dr Bridges joined the board in 2009 and helped “guide the company through a number of important milestones and challenges”.

Tissue Therapies chairman Dr Cherrell Hirst said the board acknowledged Dr Bridges’ contribution and thanked him for his service to the company.

Tissue Therapies was unchanged at 5.2 cents.