



Biotech Daily

Wednesday April 20, 2016

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: VIRALYTICS UP 17%, USCOM DOWN 7.5%**
- * **NANOSONICS RECORD Q3 \$12m REVENUE, 10m \$28m NOTES CONVERTED**
- * **RESAPP RAISES \$12.5m**
- * **SOMNOMED Q3 REVENUE UP 32% TO \$11m**
- * **MMJ SIGNS PARTNERS TO IMPORT, PROMOTE MEDICAL MARIJUANA**
- * **ANALYTICA SHARE PLAN RAISES \$568K, TOTAL \$2.3m**
- * **BIOTRON RECEIVES \$1.5m FEDERAL R&D TAX REFUND**
- * **REVA \$1.3m DIRECTORS STOCK, 50% DIRECTORS FEES HIKE AGM**
- * **PRO MEDICUS APPOINT STARFISH ANTHONY GLENNING DIRECTOR**

MARKET REPORT

The Australian stock market climbed 0.52 percent on Wednesday April 20, 2016 with the ASX200 up 27.2 points to 5,216.0 points.

Thirteen of the Biotech Daily Top 40 companies were up, 16 fell, 10 traded unchanged and one was untraded.

Viralytics was the best, up 12 cents or 17.4 percent to 81 cents with 1.6 million shares traded, followed by Actinogen up 11.9 percent to 9.4 cents with 9.7 million shares traded.

Tissue Therapies climbed 8.1 percent; Biotron and Neuren were up more than four percent; Acrux, Orthocell and Osprey were up more than three percent; Living Cell rose two percent; Admedus, Biomomics and Nanosonics were up more than one percent; with Cochlear, CSL and Reva up by less than one percent.

Uscom led the falls, down 1.5 cents or 7.5 percent to 18.5 cents with 53,500 shares traded.

Mesoblast and Oncosil lost six percent or more; Benitec, Cellmid and Compumedics fell more than four percent; Airxpanders, Impedimed and Medical Developments were down more than three percent; Prana and Pro Medicus shed more than two percent; Ellex, IDT, Polynovo and Starpharma were down more than one percent; with Clinuvel and Resmed down by less than one percent.

NANOSONICS

Nanosonics says that revenue for the three months to March 31, 2016 was up 33 percent on the prior quarter to a record \$12.12 million.

Nanosonics said that the result was “primarily driven by continuing strong adoption of Trophon EPR units in North America” and the North American installed base had increased by about 1,000 units to 7,700 units.

The company said that it was the second consecutive quarter “with such strong adoption [which could] be attributed to the increasing awareness created by Nanosonics’ direct sales team together with the on-going strong sales by GE Healthcare and a strengthening of the market fundamentals for the adoption of Trophon”.

Separately, Nanosonics said that an unnamed note-holder will convert June 28, 2012 convertible notes into an undisclosed number of shares at 75 cents a share.

In 2012, Nanosonics said that General Electric’s Healthymagination Fund had made a strategic investment with \$7.5 million in convertible notes, convertible at 75 cents a share and were for four years, with an interest rate of six percent and would be issued in two tranches (BD: Jun 25, 2013).

Nanosonics chief financial officer McGregor Grant said that convertible notes had been transferred from GE to an undisclosed third party.

Biotech Daily calculated that the 10,000,000 notes would convert to about 12,250,000 shares, including six percent simple interest, and worth about \$27,562,500 at today’s closing price of \$2.25.

Nanosonics said that it had received a conversion notice in relation to tranche A and tranche B convertible notes which were due to mature on 28 June 2016 and the number of shares would take into consideration the face value of the notes together with any interest accrued as well as any other adjustments that might be applicable.

Nanosonics said that the issue of shares was expected to within eight business days.

Nanosonics was up four cents or 1.8 percent to \$2.25 with 905,564 shares traded.

RESAPP HEALTH

Resapp says it has raised \$12.5 million from institutional and sophisticated investors in a “significantly oversubscribed” placement at 20 cents a share.

Resapp said the funds would be used to expedite US for its adult respiratory diagnostic test by accelerating US clinical studies; expand US market access; expand into Europe and Asia; and accelerate development of tools for managing chronic respiratory diseases.

Resapp chief executive officer Dr Tony Keating said that with “the high levels of accuracy that we have achieved in our clinical studies to date, the market opportunity for Resapp’s technology has grown significantly larger today than it appeared to be when we listed nine months ago”.

Resapp said that Jett Capital Advisors, Empire Capital Partners and CPS Capital Group acted as joint lead managers to the placement.

Resapp fell one cent or 4.1 percent to 23.5 cents with 11.7 million shares traded.

SOMNOMED

Somnomed says that revenue for the three months to March 31, 2016 was up 32 percent to \$11.1 million, compared to the previous corresponding period.

Somnomed said that revenue was from sales of its sleep apnoea devices, non-device managed-care revenues and sale of various supplementary products.

Somnomed was up two cents or 0.8 percent to \$2.59.

MMJ PHYTOTECH

MMJ says it has binding letters of intent with two strategic partners to facilitate its entry into the Australian medicinal marijuana market.

The Victoria Premier Daniel Andrews said yesterday that the State had begun a cultivation trial of medicinal marijuana and the Victoria Government would supply paediatric epileptic patients directly.

On April 15, 2016, the Federal Deputy Prime Minister and Agriculture Minister Barnaby Joyce visited a possible trial site farm in his electorate near Tamworth, New South Wales and said Australian farmers had the expertise to be “at the forefront of this industry”.

“I believe that it would be an absolute travesty ... if we find out that the fruits of our labor are only to be recognised in the importation of a product from another country ... so the beneficiary of this are farmers somewhere else,” Mr Joyce said.

Today, MMJ said it would partner with Sydney’s Fresh Therapeutics Compounding Pharmacy to import and develop a dispensary model for subsidiary Satipharm’s products, with Gelpell gastro-resistant micro-gell cannabinoid oral capsules the lead product.

The company said that Epilepsy Action Australia would advance the access and acceptance of medical cannabis in Australia through research, advocacy and education. MMJ managing-director Andreas Gedeon said the agreements “set in motion our entry into the Australian market”.

“By partnering with Fresh Therapeutics to import our existing cannabis products into Australia, we are ensuring that we are able to capitalise on regulatory change as it is ratified while still generating cash flow under the existing legislative system,” Mr Gedeon said. “Our agreement with Epilepsy Action Australia means that we are partnered with the country’s foremost epilepsy research and advocacy group.”

MMJ said that its Duncan, Ontario facility was planning for a pre-production and ramp-up of marijuana cultivation as it waited for approval from Health Canada and it was “not aware of any issue that could potentially delay or prevent the grant of a ... licence. MMJ was up one cent or 3.9 percent to 26.5 cents with three million shares traded.

ANALYTICA

Analytica says its share purchase plan at 0.255 cents a share raised \$567,700 and with previous placements took the funding round total to \$2,347,700.

Analytica said it raised \$280,000 in a private placement as well as a \$1,000,000 placement to chairman Dr Michael Monsour and a placement of \$500,000 to a new investor subject to approval of the placement to Dr Monsour (BD: Mar 18, 2016).

Analytica was up 0.1 cents or 50 percent to 0.3 cents.

BIOTRON

Biotron says it has received \$1,548,185 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Biotron said that the incentive refund resulted from expenditure on its HIV-1 and hepatitis C virus drug development programs, for the year to June 30, 2015.

Biotron chief executive officer Dr Michelle Miller said that Biotron was “fully funded for its current activities” including the phase II BIT225 hepatitis C trial and development activities associated with future ethics and regulatory filings, and the research and development rebate would strengthen the company's cash position and support a proposed phase II HIV-1 trial expected to begin in mid-2016.

Biotron was up 0.3 cents or 4.6 percent to 6.8 cents.

REVA MEDICAL

Reva's annual general meeting will vote to issue the equivalent of 826,000 options and 441,000 shares to directors and increase directors' fees 50 percent to \$577,905 a year. Reva said it proposed to issue 11,800 options over 11,800 US shares equivalent to 118,000 Chess depository instruments (CDIs) to each of directors Dr Ross Breckenridge, Brian Dovey, Scott Huennkens, Anne Keating, Gordon Nye, Robert Stockman and Robert Thomas, exercisable at the closing price on the date of grant, vesting in four quarterly instalments over 12 months and within 10 years with "no performance conditions or other requirements attaching to the options, other than the requirement that the non-executive director to whom they are granted continue to be a director of the Company at each relevant vesting date".

The company said that it proposed to issue the same seven directors 6,300 restricted stock units equivalent to 63,000 CDIs each at no cost, vesting in 12 months with the sole restriction that the directors remain directors for 12 months.

At the current share price of \$1.00 per CDI, the grants of options and stock units are worth about \$181,000 per director or \$1,267,000 in total.

Last year, Reva asked shareholders to approve the issue of the equivalent of 1,600,000 CDIs and 1,300,000 options, with the meeting voting overwhelmingly in favor of the grant with just 3.63 percent dissent (BD: May 1, 29, 2015).

Reva said the meeting would vote to increase the total aggregate annual directors' fees by 50 percent from \$US300,000 to \$US450,000 (\$A577,905).

The company said the meeting would vote on the re-election of directors Dr Ross Breckenridge and Robert Stockman and approve the 10 percent placement capacity.

Reva said that shareholders would vote to approve, on an advisory basis, the pay of named executives for the year ended December 31, 2015

The meeting will be held at the AGL Theatre, Museum of Sydney, Corner Phillip and Bridge Streets, Sydney on May 26, 2016, at 10:30am (AEST).

Reva was up 0.5 cents or 0.5 percent to \$1.035.

PRO MEDICUS

Pro Medicus says it has appointed Starfish Ventures investment director Anthony Glenning as a non-executive director, effective from May 1, 2016.

Pro Medicus said that Mr Glenning had "considerable experience in software development" and had spent about 15 years in Silicon Valley in California.

The company said that Mr Glenning was the founder and chief executive officer of Tonic Systems, which developed software for creating and managing online presentations, sold to Google in 2007 and he worked for Google for two years following the acquisition.

Pro Medicus said that Mr Glenning was also a founding non-executive director of Cameron Systems and joined investment firm Starfish Ventures in 2010 where he was currently an investment director and a director of a number of Starfish portfolio companies.

The company said that Mr Glenning held a Bachelors of Computer Science and a Bachelor of Electrical Engineering from the University of Melbourne and a Masters in Electrical Engineering from Stanford University.

Pro Medicus fell 10 cents or 2.5 percent to \$3.85.