



Biotech Daily

Friday August 10, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH EVEN: NEUREN UP 9%, LIVING CELL DOWN 7%**

- * **BIOTA PUBLISHES SCHEME BOOKLET, EXPERTS' REPORT**

- * **PHARMAXIS REVENUE UP 85% TO \$8m, LOSS DOWN 16% TO \$39m**

- * **SUNSHINE HEART REQUESTS CAPITAL RAISING TRADING HALT**

MARKET REPORT

The Australian stock market fell 0.7 percent on Friday August 10, 2012 with the S&P ASX 200 down 31.0 points to 4,277.3 points.

Thirteen of the Biotech Daily Top 40 stocks were up, 13 fell, eight traded unchanged and six were untraded.

Neuren was the best, up 0.2 cents or 9.1 percent to 2.4 cents with 2.8 million shares traded.

Optiscan climbed 6.25 percent; Universal Biosensors and Viralytics were up more than five percent; Bionomics and Heartware were up three percent or more; Acrux, Circadian, Clinuvel, Reva and Starpharma were up one percent or more; with Alchemia, Biota and Cochlear up by less than one percent.

Living Cell led the falls, down 0.4 cents or 7.4 percent to five cents with 282,787 shares traded.

Benitec and Tissue Therapies lost more than five percent; Anteo, Genetic Technologies and Prima fell more than four percent; both Phosphagenics and Phylogica were down 3.45 percent; Mesoblast, Pharmaxis and QRX shed more than two percent; Nanosonics and Sirtex were down more than one percent; with CSL and Resmed down by less than one percent.

BIOTA HOLDINGS

Biota has published its scheme of arrangement booklet for the takeover of Nabi Biopharmaceuticals and the Lonergan Edwards & Associates independent experts report. The booklet says the merger will combine Biota's cash, its royalty generating products Relenza and Inavir, its Biomedical Advanced Research and Development Authority contract and portfolio of clinical and preclinical assets, with Nabi's \$US54 million in cash, Nabi's potential royalty generating product Phoslyra, an interest in Nicvax nicotine conjugate vaccine and its Nasdaq listing.

The booklet said that to implement the merger, Nabi would acquire all Biota shares by way of a scheme of arrangement and eligible Biota shareholders would be issued Biota Pharmaceuticals shares as consideration, Biota Pharmaceuticals shares would be listed on Nasdaq and Nabi would change its name to Biota Pharmaceuticals, with Biota delisted from the ASX and becoming a wholly owned subsidiary of Nabi.

The booklet said that on completion of the merger, Biota shareholders would own about 74 percent of Biota Pharmaceuticals with Nabi shareholders owning about 26 percent.

The booklet said each Biota shareholder, other than ineligible foreign Biota shareholders and electing shareholders, would receive 0.448722952 of a Biota Pharmaceuticals share for each Biota share held on the record date.

Lonergan Edwards said that under the Australian Securities and Investments Commission Regulator Guideline 111 the scheme was "not fair" but said the Guideline focused primarily on change of control transactions and the merger was "reasonable and in the best interests of Biota shareholders given the company's objectives in the absence of a superior proposal".

"We consider that the Scheme should be viewed as a capital raising and related US listing, rather than a change of control transaction," Lonergan Edwards said.

"Therefore, in assessing whether the scheme is reasonable and in the best interests of Biota shareholders we considered it more appropriate to have regard to whether the advantages of the scheme outweigh the disadvantages," Lonergan Edwards said.

"There are both advantages and disadvantages associated with the Scheme," Lonergan Edwards concluded. "However, on balance, we believe the advantages outweigh the disadvantages".

Lonergan Edwards calculated an "effective issue price" of 84-87 cents being the price that Nabi shareholders were effectively buying Biota shares, based on Biota's trading value when the deal was first announced earlier this year (BD: Apr 23, 2012).

Biota said that the Nabi shareholder meeting would be held on September 24, 2012, Biota's meeting would be on September 25, 2012 and if the scheme is approved by Biota shareholders and the merger was approved by Nabi shareholders, a court hearing for approval of the scheme was expected to be held on September 28, 2012.

The company said that the effective date and last day of trading in Biota Shares on the ASX would be October 2, 2012 and the record date for determining entitlements to scheme consideration would be October 9, 2012.

Biota said the implementation date for the scheme was October 12, 2012 and Biota Pharmaceuticals shares were expected to begin trading on the Nasdaq on October 15, 2012 in the US.

Biota was up half a cent or 0.7 percent to 68.5 cents.

PHARMAXIS

Pharmaxis says its net loss after tax for the 12 months to June 30, 2012 was down 16 percent to \$38,644,000 on revenue up 85 percent to \$8,254,000.

Pharmaxis said that \$3 million of revenue came from interest payments, \$1,331,000 from sales, primarily of the Aridol asthma test, along with an initial \$16,000 from sales of Bronchitol, with \$3,739,000 from the Federal Government research and development Tax Credit scheme.

The company said that product sales increased by \$421,000 or 46.3 percent.

Pharmaxis said research and development expenditure fell 15.6 percent from \$34.6 million in the previous year to \$29.2 million.

The company said diluted loss per share fell 29.7 percent from 20.2 cents in the previous year to 14.2 cents for the year to June 30, 2012.

Pharmaxis said it had cash and cash equivalents of \$81,475,000 at June 30, 2012 up 227.7 percent on the previous year's \$44,343,000.

Pharmaxis said that net tangible assets per share was up 29.2 percent to 31 cents.

Pharmaxis fell 2.5 cents or 2.2 percent to \$1.125.

SUNSHINE HEART

Sunshine Heart has requested a trading halt "pending an expected announcement regarding a proposed capital raising".

Last month Sunshine Heart said it would raise \$US28,750,000 (\$A27,663,000) for a pivotal trial of the C-Pulse aorta cuff heart pump (BD: Jul 27, 2012).

Trading will resume on August 14, 2012 or on an earlier announcement.

Sunshine Heart last traded at 4.4 cents.