



Biotech Daily

Thursday August 16, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH UP: SUNSHINE HEART UP 11%, PHYLOGICA DOWN 8%**
- * **CBIO EXPECTS \$2.2m R&D TAX CREDIT; \$1.2m EXECUTIVE LEGAL ACTION**
- * **NUSEP RESTRUCTURES BOARD, MANAGEMENT**
- * **SUNSHINE HEART RAISES \$17m OF \$27m, MORE EXPECTED**
- * **BIO-MELBOURNE BRIEFING: 'WHEN TO SELL, LICENCE, QUIT'**

MARKET REPORT

The Australian stock market was up 1.14 percent on Thursday August 16, 2012 with the S&P ASX 200 up 49.0 points to 4,330.2 points.

Eleven of the Biotech Daily Top 40 stocks were up, 13 fell, 11 traded unchanged and five were untraded.

Sunshine Heart was the best, up 0.4 cents or 11.4 percent to 3.9 cents with 1.7 million shares traded.

Impedimed climbed 9.1 percent; Cellmid was up 6.25 percent; Heartware was up 5.2 percent; Bionomics and Neuren were up four percent or more; Prana and Reva were up more than three percent; Cochlear rose 2.3 percent; Biota, Mesoblast, Resmed, Starpharma and Universal Biosensors were up more than one percent; with Alchemia up by 0.9 percent.

Phylogica led the falls, down 0.2 cents or eight percent to 2.3 cents with nine million shares traded.

Allied Health and Benitec lost more than five percent; Avita and Clinuvel fell more than three percent; Nanosonics and QRX shed more than two percent; Tissue Therapies and Viralytics were down more than one percent; with Acrux, CSL and Sirtex down by less than one percent.

CBIO

CBio says it has lodged the required documents for the Federal Government research and development tax credit and expects a cash rebate of about \$2.22 million by October 2012. The company said it was “reviewing the operating budget and will continue to manage the company’s finances with a view to maximizing operational efficiencies and minimizing shareholder dilution”.

CBio said it would decide whether to raise capital in the near future.

The company said that in relation to legal proceedings commenced against former officers including former chairman Stephen Jones, it had filed an amended statement of claim for a total of about \$1.2 million (BD: Jun 25, 2012).

CBio fell half a cent or 9.1 percent to five cents.

NUSEP

Nusep says that following the acquisition of Singapore’s A-Bio (BD: Aug 14, 2012) it will restructure its board and management.

Nusep said that each application of the Prime technology would be run as a separate company to focus exclusively on its own application of the technology.

The company said that Nusep Holdings would act as a holding company primarily directing the operational companies on the basis of their profit and loss and developing new applications of the Prime technology.

Nusep said that daily operations would be delegated to the subsidiaries which would be accountable for their budgets on a quarterly basis.

The company said that the Prime Biologics investment showed the new structure would enable it to raise additional funds for new applications at the subsidiary level.

Nusep said it was evaluating similar investment possibilities for the Spermsep application.

Nusep said it would own 100 percent of each of the subsidiaries and as additional external funding came into Prime Biologics it expected its shareholding would be reduced to about 50 percent.

Nusep said that Australian subsidiary, Nusep Pty Ltd would manufacture all the membranes for the various applications including plasma and sperm, providing a significant revenue stream.

The company said that each company would have an operational managing director, with a representative from the Holdings board on each of the subsidiary boards.

Nusep said that the role of an executive chairman role was no longer required and the role of managing director had been significantly altered.

Nusep said that managing director Dr Hari Nair would become Nusep Holdings’ managing director and would spend a large proportion of his time managing the operations of Singapore’s Prime Biologics and chairman John Manusu would become non-executive chairman.

Nusep’s chief operating officer Mr Prakash Patel will become managing director of Nusep Australia and managing director of Spermgen Pty Ltd.

The company said that Dr Nair was the executive chairman of Prime Biologics and Mr Manusu its managing director.

Nusep was unchanged at seven cents.

SUNSHINE HEART

Sunshine Heart says that after discounts and expenses it has raised \$US18,000,000 (\$A17,128,300) for a pivotal trial of the C-Pulse aorta cuff heart pump.

Earlier this week, Sunshine Heart said it had raised a total of \$US20,125,000 of its hoped for maximum of \$US28,750,000 (\$A27,357,730) (BD: Jul 27, Aug 13, 2012).

Sunshine Heart previously said it had “granted the underwriters a 30-day option to purchase up to an additional 431,250 shares [worth \$US3,018,750] solely to cover over-allotments, if any”.

A US Securities and Exchange Commission document filed by Sunshine Heart on February 9, 2012 in relation to a \$2.1 million placement at \$8 per US share or four cents per Australian Chess depositary interest (CDI) (BD: Feb 9, 2012) said that investors in that placement had 'pre-emptive rights' to be offered up to 25 percent for the securities offered third parties within 30 days of the close of the sale of the securities on a pro-rata basis. Sunshine Heart has previously estimated the US pivotal trial costing about \$US40 million (BD: Jun 3, 2010), but is believed to have revised the costs lower, with the company developing a minimally invasive procedure, which was likely to reduce operating times and procedural risk, including the risk of infections.

Sunshine Heart was up 0.4 cents or 11.4 percent to 3.9 cents with 1.7 million shares traded.

BIO-MELBOURNE NETWORK

The Bio-Melbourne Network will hold a briefing on “when to sell, when to licence and when to call it quits” on August 22, 2012.

The Bio-Melbourne Network said that the briefing panel would be chaired by Allied Healthcare chief operating officer Dr Julian Chick, with speakers including Gresham Partners' Paul Duske, Growth Equities Partners' Brad Ross-Sampson and Immuron director Dr Stewart Washer.

The Network said that Mr Duske and Mr Ross-Sampson would discuss identifying the indicators that determined when biotechnology companies should sell, licence or run and said that “hindsight is a wonderful thing....and a valuable strategic tool”.

The Network said that one aspect of the panel discussion would be reinvention.

The Network said there were many companies that had failed programs and reinvented themselves and noted that Inhibitex was acquired this year by Bristol Myer Squibb for \$2.5 million for its hepatitis C program which was in-licenced at the preclinical stage after their antibacterial antibody program failed in clinical studies.

The Bio-Melbourne Network said that valuation and moving from a position of strength would be discussed and asked whether biotechnology was typically more advantageous for the buyer or the seller and who usually came out better off and under what circumstances?

The Network said discussion would focus on the timing of licencing technology, when to raise capital, when to look to sell or merge the company and when to simply walk away and the barriers to more merger and acquisition deals.

The Bio-Melbourne Network said the briefing would be hosted by Nexia Australia, Level 18, 530 Collins Street, Melbourne, with registration at 3:45pm and presentations from 4pm, followed by networking drinks.

More information is at: <http://www.biomelbourne.org/events/view/244>.

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