



Biotech Daily

Tuesday September 18, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: BIONOMICS UP 9%, ANTISENSE DOWN 5%**
- * **BIOTA LOWERS NABI TAKEOVER SIGHTS FROM \$US54m TO \$US27m**
- * **FMR, FIDELITY HONG KONG TAKES 5% OF ACRUX**
- * **INVION (CBIO) EARNS \$2m R&D TAX CREDIT**
- * **AUSTRALIAN ETHICAL TAKES 5% OF UNIVERSAL BIOSENSORS**
- * **ANU INCREASES, DILUTED TO 7% OF BIONOMICS**
- * **BIONOMICS APPOINTS GRAEME KAUFMAN DIRECTOR**
- * **BIOPROSPECT LOSES DIRECTOR JACOB KHOURI**

MARKET REPORT

The Australian stock market fell 0.18 percent on Tuesday September 18, 2012 with the S&P ASX 200 down 7.8 points to 4,394.7 points.

Nine of the Biotech Daily Top 40 stocks were up, 13 fell, nine traded unchanged and nine were untraded. All three Big Caps were up.

Bionomics was the best, was up three cents or 9.4 percent to 35 cents.

Phylogica climbed 7.4 percent; Mesoblast and Prima were up more than five percent; Genetic Technologies and Viralytics were up more than four percent; Circadian rose 2.6 percent; Cochlear, CSL, Reva and Sirtex were up more than one percent; with Resmed up 0.8 percent.

Antisense led the falls, down 0.1 cents or 5.3 percent to 1.8 cents with 19.9 million shares traded, followed by Optiscan down five percent to 9.5 cents with 99,562 shares traded.

Biota fell 4.2 percent; Acrux, Anteo and Neuren lost more than three percent; Alchemia, Living Cell, Nanosonics, Sunshine Heart and Tissue Therapies shed two percent or more; with Pharmaxis and Universal Biosensors down by less than one percent.

BIOTA

Biota says that US resistance to the Nabi Biopharmaceuticals takeover to list on the Nasdaq has forced it to halve the cash it hopes to receive in the deal.

In April, Biota assigned a zero value for Nabi's pipeline making it clear it was only interested in the \$US54 million in cash and the Nasdaq listing and that post-merger it expected to have more than \$US100 million in cash for its programs (BD: Apr 23, 2012). At that time, Biota said that the scrip for cash and listing deal was the best way to raise funds and was preferable to trying to raise money in Australia.

Today, Biota said it would settle for \$US27 million in order to placate Nabi investors who want to liquidate the company.

Yesterday, Biotech Daily reported that Mangrove Partners Fund LP was leading a push against the merger claiming it was "one of the largest stockholders of Nabi Biopharmaceuticals" and the bid was under liquidation value, with Nabi rebutting that a previous letter from Mangrove was "contrary to the facts". (BD: Sep 17, 2012).

In its preliminary final report, Biota said it had \$52.9 million in cash and cash equivalents at June 30, 2012 (BD: Aug 22, 2012), so if successful, the merged entity would have about \$80 million in cash, not including royalties received and cash burnt in the three months to September 30, 2102.

Today, Biota said that the fall in its share price, from about \$1.00 to below 70 cents, since the merger was announced in April 2012, detracted from its intended value.

Biota said that certain of Nabi's shareholders expressed their views strongly opposing the proposals to be considered at the Nabi shareholders meeting and began soliciting additional support to vote against the proposals.

Biota said it had "taken the decision to adjust the terms of the merger to endeavor to deliver on the overwhelming support for the merger from Biota shareholders".

Biota said that the Nabi board support the revised terms and one of the key opposing Nabi shareholders intended to publicly support the merger on the new terms.

The company said that under the revised terms, the cash would be reduced but its shareholders would own an increased proportion of the merged company.

Biota said that the reduced amount of cash raised through the transaction was at its existing share price and not at a discount.

Biota chairman Jim Fox said that shareholders demonstrated a 90 percent support for the merger and would retain a greater proportion of the company post-merger.

Biota said the cash beyond \$27 million would be returned to Nabi shareholders and Biota shareholders would own between 81.4 percent and 85.8 percent of the resultant entity based on its volume-weighted average share price at current exchange rates, with a floor and ceiling of 62 cents and 86 cents respectively, except that if the price is above 86 cents Biota could terminate the merger and below 62 cents Nabi could terminate the merger.

The company said it would ask the Supreme Court of Victoria to adjourn the scheme meeting scheduled for Tuesday 25 September 2012 to a later date.

Biota fell three cents or 4.2 percent to 69 cents.

ACRUX

The Hong Kong branch of the US-based FMR Corp and Fidelity Investments has become substantial in Acrux with 8,636,252 shares or 5.19 percent of the company.

FMR and Fidelity said it acquired the shares between May 14 and September 13, 2012 at prices ranging from \$US3.19 to \$US4.78.

The FMR and Fidelity group has previously invested in Cochlear, CSL and Heartware.

Acrux fell 10 cents or three percent to \$3.21 with one million shares traded.

INVION (FORMERLY CBIO)

Invion says it has received its Federal Government research and development tax credit of about \$2.22 million, taking its cash position to about \$4.7 million.

Invion said the tax credit was a cash refund of up to 45 cents of each dollar of eligible research and development spend for local activities in the year to June 30, 2012.

The company said that the additional cash reserves would be used to support the progression of the company's clinical and business plans for the development of drug candidates INV102 and Cpn10 or Chaperonin 10, formerly known as XToll.

Invion said the \$4.7 million did not include the \$US4.4 million phase II trial of INV102 in asthma patients which was funded by the US National Institutes of Health.

Invion was up 0.2 cents or 3.6 percent to 5.8 cents.

UNIVERSAL BIOSENSORS

Australian Ethical Smaller Companies Trust has become a substantial shareholder in Universal Biosensors with the acquisition of 8,485,445 shares or 5.33 percent.

The initial substantial shareholder notice said that most recently the Trust acquired 3,544,204 shares for \$2,112,322 or an average price of 59.6 cents a share.

Universal Biosensors fell 0.5 cents or 0.7 percent to 69.5 cents.

BIONOMICS

The Australian National University has increased its holding in Bionomics from 19,613,188 shares to 23,238,079 shares but has been diluted from 7.73 percent to 6.73 percent.

The University said it was allotted 4,829,891 shares for \$1,159,174 or 24 cents a share in September 2009 and sold shares from then until September 14, 2012 at a range of prices.

Bionomics was up three cents or 9.4 percent to 35 cents.

BIONOMICS

Bionomics says it has appointed Graeme Kaufman as a non-executive director.

Bionomics said that Mr Kaufman was "a 45-year veteran of the biotechnology sector in Australia, spending the majority of that time at ... CSL".

The company said that at CSL, Mr Kaufman was chief financial officer and general manager of its biosciences division and was one of the driving forces behind the privatization and ASX listing of CSL.

Bionomics said Mr Kaufman was currently the head of corporate finance with Mesoblast. He was recently appointed a director at Cellmid (BD: Aug 27, 2012).

Bionomics said Mr Kaufman was previously a director of Circadian, Amrad Corp and Strategic Life Sciences before joining Lodge Partners in a corporate finance position.

Mr Kaufman holds a Bachelor of Science and a Masters of Business Administration from the University of Melbourne.

BIOPROSPECT

Bioprospect says Jacob Khouri has resigned as a non-executive director effective immediately.

Last year, Bioprospect appointed Mr Jacob Khouri a director following the resignation of his father, major shareholder and Gun Capital director Elias (Leo) Khouri (BD: Sep 17, 2010; Feb 16, 2011).

Mr Khouri Snr said he resigned to avoid a conflict of interest over legal disputes with Solagran (BD: Sep 17, 2010).

Gun Capital had filed a claim of misleading or deceptive conduct against Solagran, Solamind and their chairman and director Dr Vagif Soultanovich Soultanov (BD: Aug 26, 2010).

Separately, Bioprospect was in dispute with Solagran over a 2007 development agreement saying there were two aspects to the dispute including alleged misrepresentations made by Solagran concerning the nature and extent of Solagran's intellectual property rights in and to the Bioeffectives technology and Solagran's obligation to supply Bioeffectives to Bioprospect at cost price (BD: Jul 29, 2010).

The dispute was concluded by mediation (BD: Oct 27, 2010).

Bioprospect was untraded at 0.1 cents.

Solagran was been suspended for failing to file accounts on March 1, 2012 and last traded at 3.9 cents.