



Biotech Daily

Thursday June 13, 2013

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: PHYLOGICA UP 10%, ANTISENSE DOWN 8%**
- * **USCOM, PULSECOR CENTRAL MEASUREMENT 'HOLY GRAIL' MERGER**
- * **BIONICHE CEO GRAEME MCRAE TO BE NON-EXECUTIVE**
- * **HEARTWARE TO DELIST IN SEPTEMBER; THANKS ASX INVESTORS**
- * **BENITEC EARNS \$434k FEDERAL R&D TAX REFUND**
- * **ANALYST STUART ROBERTS DEPARTS BELL POTTER**

MARKET REPORT

The Australian stock market fell a further 0.61 percent on Thursday June 13, 2013 with the S&P ASX 200 down 28.7 points to 4,695.8 points.

Nine of the Biotech Daily Top 40 stocks were up, 21 fell, eight traded unchanged and two were untraded.

Phylogica was the best, up 0.2 cents or 10 percent to 2.2 cents, with 1.1 million shares traded.

Benitec and Living Cell climbed seven percent or more, Allied Health was up 4.2 percent; Phosphagenics, Reva and Tissue Therapies were up more than three percent; Nanosonics rose 2.7 percent; with Optiscan up 1.3 percent.

Antisense led the falls, down 0.1 cents or 8.3 percent to 1.1 cents, with 7.5 million shares traded, followed by Genetic Technologies down eight percent to 9.2 cents with 130,000 shares traded.

Alchemia and Universal Biosensors lost more than seven percent; Heartware and Patrys were down more than six percent; Atcor, Avita and Prana fell more than four percent; Cellmid, Circadian, Impedimed, Neuren, Pharmaxis and Viralytics were down three percent or more; Anteo, Bionomics, Mesoblast and Resmed shed more than two percent; Acrux, Sirtex and Starpharma were down more than one percent; with Cochlear and CSL down less than one percent.

USCOM

Uscom executive chairman Robert Phillips says the proposed acquisition of Pulsecor for its central blood pressure diagnostics has already increased the value of both companies. In Melbourne to meet investors and media, Mr Phillips told Biotech Daily that the combined entity would be “the holy grail” of central blood pressure and cardiac output. Mr Phillips said the Pulsecor system, developed at New York’s Weill Cornell Medical College measured central blood pressure through ‘super-systolic oscillometry’ through an arm cuff that inflated to 20mmhg above systolic pressure occluding blood flow entirely “and then over 10 seconds measures 10 to 15 heart beats and averages the cardiac pressure waves to accurately measure central cardiac blood pressure”.

Mr Phillips said that Pulsecor had four trade marks registered and 34 patents with a lifespan ranging from 2023 to 2033.

He said the device had regulatory approval from the US Food and Drug Administration and Australian Therapeutic Goods Administration, as well as Conformité Européenne (CE) mark approval and had early sales at \$3,500 per unit.

Mr Phillips said the central blood pressure was complementary to Uscom’s ultra-sonic cardiac output monitor that non-invasively measured central blood flow and sold for about \$30,000 a unit, with application in paediatric care, emergency departments, intensive care units and other specialist hospital departments.

He said the Uscom 1A monitor was also approved in Europe the US and Australia.

Mr Phillips said that Uscom would acquire Pulsecor for five million shares deemed at 50 cents each, but last trading at 21 cents each.

He said that Pulsecor inventor, Weill Cornell professor of anaesthesiology Prof Nigel Sharrock would join the Uscom medical advisory board.

Mr Phillips said the \$2.4 million valuation of Pulsecor was in 2011 for a capital raising, before the company achieved regulatory approval and early sales.

“We’ve worked with Pulsecor for four years and they like what we’re doing and the value-add of central pressure with central flow is one plus one equals three,” Mr Phillips said.

“We can do non-invasive central blood pressure and central blood flow and it takes just 30 seconds,” Mr Phillips said. “It’s the holy grail.”

Uscom was untraded at 21 cents.

BIONICHE

Bioniche founder and chief executive officer Graeme McRae says that he will become a non-executive chairman following a restructure of the company.

Mr McRae said in an ‘address to shareholders’ that once the company had appointed a new chief executive officer for its human health assets, primarily Urocidin for bladder cancer and the divestment of the animal health business he would “step back from my active management role and offer my services as non-executive chairman”.

Much of Mr McRae’s statement addressed the ongoing conflict between the Bioniche board and the leaders of a shareholder group William Wells and Greg Gubitz who have filed two meeting requisitions which Bioniche has refused (BD: May 6, 14, 15, 23, 2013).

“The capital markets clearly felt that our strategy of sacrificing profitability for asset growth was unsustainable,” Mr McRae said.

“So now is the time to realize on the value that 34 years of investment has created,” Mr McRae said. “We cannot allow these very important initiatives to be jeopardized.”

Mr McRae said that Mr Wells and Mr Gubitz wanted “to change the board to keep animal health and get rid of the rest of the company’s valuable assets”.

Bioniche fell five cents or 14.3 percent to 30 cents.

HEARTWARE INTERNATIONAL

Heartware says it will delist from the ASX in September and acknowledged the role Australian investors had played in building the company.

Heartware said it had requested and received approval from the ASX for its removal from the official list and trading in its Chess depositary interests (CDIs) would be suspended at the close of the market on September 10, 2013.

The company said that its US common stock was listed for trading on the Nasdaq with one US share equivalent to 35 CDIs.

Heartware said the ASX would remove the company from the official list from the close of trading on September 17, 2013, subject to the company providing a voluntary sale facility through which holders of CDIs could sell their shares of common stock on Nasdaq and notifying CDI holders of the availability of the sale facility.

Heartware said its common stock would continue to be listed on the Nasdaq.

Heartware chief executive officer Doug Godshall told the Goldman Sachs Healthcare Conference in Los Angeles, California that the Australian listing had been "really enabling for us as a company".

"Were it not for the ASX, we would not be here today," Mr Godshall said.

"It gave us the vehicle to fund the company, went public there in 2005, and were able to raise money both from Australia and US investors over time, although at this juncture five percent or less of our shares are held there, less than one percent of our volume is traded there," Mr Godshall said.

Mr Godshall said that incoming chief financial officer Peter McAree analyzed "the administrative burden of managing all the work we have to do to comply with both Nasdaq and ASX, it became evident that it was really the right thing to do to migrate, although we were migrating very methodically over the next six months from the ASX in deference to the great support we received from those shareholders".

"Thankfully, they've had a fairly good return since our listing there," Mr Godshall said.

"So as much as we hate to leave them, we are thankful that they have done well by us and hopefully we've done well by them," Mr Godshall said.

Heartware listed at 50 cents, fell as low as 31 cents in April 2008 and climbed as high as \$2.90 in May 2013.

At June 30, 2006, Heartware had a market capitalization of \$90 million, compared to \$1,571 million at May 31, 2013.

Heartware said that the initial listing on the ASX enabled it to invest in the development of a portfolio of medical devices designed to provide advanced heart failure patients with mechanical circulatory support.

The company said that its first device, the Heartware Ventricular Assist System, received CE Marking for commercialization in 2009 following clinical trials in Australia and Europe.

Heartware said that following US Food and Drug Administration approval in November 2012, more than 3,000 advanced heart failure patients in 30 countries around the globe received the Heartware system.

Heartware said it would send CDI holders a letter with an overview of the delisting process as well as details of the options be available to holders including the right to sell CDIs on ASX until trading was suspended, take advantage of a sale facility or convert CDIs into US shares.

Heartware fell 18 cents or 6.4 percent to \$2.62.

[BENITEC BIOPHARMA](#)

Benitec says it has received \$434,000 from the Australian Tax Office under the Federal Government Research and Development Tax Incentive program.

Benitec said that the rebate related to research and development expenditure and the cash rebate would be used for the company's "product development programs, in particular its hepatic C therapeutic, TT-034".

Benitec was up 0.1 cents or 7.7 percent to 1.4 cents with one million shares traded.

[BELL POTTER SECURITIES](#)

Bell Potter biotechnology analyst Stuart Roberts says he has left the company after 12 years Bell Potter and its predecessor firm Southern Cross Equities.

"I am a bull on the sector's prospects and there's too much money to be made for me to stay away," Mr Roberts said.