



Biotech Daily

Friday December 3, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: BENITEC UP 12%; CATHRX DOWN 12%**
- * **BIOGUIDE BRIEF: DR GEORGE JESSUP STARTS-UP BIONOMICS**
- * **IMPEDIMED PLACEMENT RAISES \$10m; SHARE PLAN FOR \$5m MORE**
- * **SUNSHINE HEART RIGHTS ISSUE RAISES \$9.5m**
- * **S&P DEMOTES BIOTA FROM ASX200; EDITORIAL COMMENT**
- * **PLATYPUS TAKES 8% OF SIRTEX**
- * **BPH SUSPENDED TO BECOME BPH ENERGY**
- * **ACUVAX INVESTORS DILUTED; CO SEC ANDREW BURSILL RESIGNS**
- * **PHARMAUST'S EPICHEM WINS FEDERAL EXPORT GONG**
- * **NORWOOD ABBEY APPOINTS WONG CHIN HONG DIRECTOR**

MARKET REPORT

The Australian stock market was up 0.38 percent on Friday December 3, 2010 with the S&P ASX 200 up 18.0 points to 4694.2 points.

Eleven of the Biotech Daily Top 40 stocks were up, 16 fell, seven traded unchanged and six were untraded.

Benitec was best, up 0.3 cents or 12.0 percent to 2.8 cents with 101,000 shares traded, followed by Genetic Technologies up 8.3 percent to 3.9 cents with 283,000 shares traded.

LBT climbed 4.7 percent; Pharmaxis and Tissue Therapies rose more than three percent; with Heartware, Psivida, Resmed and Universal Biosensors up more than one percent.

Cathrx led the falls, down three cents or 11.5 percent to 23 cents with 62,500 shares traded, followed by Antisense down 11.1 percent to 0.8 cents with 232,567 shares traded.

Impedimed and Sunshine Heart lost more than eight percent; Prana fell 7.1 percent; Genera was down five percent; Bionomics and Biota shed more than two percent; with Cellectis, CSL, Mesoblast and Nanosonics down more than one percent.

MARC SINATRA'S BIOGUIDE BRIEF: BIONOMICS

Dr George Jessup surprised everybody when he put Start-up Australia's 27.76 percent of Bionomics up for tender.

Offers will be accepted until March 31, 2011 and the size of Start-up's holding will require any buyer to make a takeover bid for Bionomics. Importantly, Start-up retains the right to amend the tender at pretty much anytime. So, what was George's motivation?

There are two main possibilities, although they are not necessarily mutually exclusive. One is that Start-up needs cash. The other is that Start-up is trying to force the hand of interested parties.

On the 'needs cash' side of the ledger, two things may also be connected. The first is that Start-up was granted \$20 million dollars from the Federal Government's Innovation Investment Fund (IIF) back in 2001 and IIFs have a lifespan of 10 years, after which time the assets of the fund must be liquidated and the proceeds returned to investors.

Start-up's initial IIF was due to be wound up soon, which could certainly drive the impetus for off-loading the Bionomics stake, but it has been granted a two-year extension, relieving most of the immediate pressure of this obligation.

Last month, Start-up was granted another \$20 million dollars in funding from the IIF. Part of the requirement for those who receive money from the IIF is that they find equivalent funding from the private sector. Start-up's holding in Bionomics would yield about \$29 million at current prices. Depending on where that money would go, expecting pleased investors to reinvest, it could put Start-up well on the way to the matching funds it needs.

I haven't heard of parties super-interested in Bionomics out there. If there were, Start-up would have done a deal already and saved itself the headache. I think Start-up will use the tender process to identify buyers for parts of the stake, eventually pulling the tender offer, followed by a simultaneous sale of the stake or, at least, a significant part of it.

By doing it this way, I think they are hoping to avoid the extreme downward pressure on the share price (and the price Start-up receives for its shares) that would occur if Start-up were to hawk around its stake, selling off chunks over an extended period. It is still possible that Start-up may find a party who truly wants Bionomics and is willing to pay a control premium for it and if Start-up does find that party, the price may put a small smile on shareholders' faces, but probably not the big cheesy grin they were hoping for.

More likely than not, I think Start-up will find enough buyers to relieve it of the majority of its stake, so that any residual holding could be disposed of easily on-market. If this happens, I think most of this action will happen around the current share price, maybe at small discount, leaving other Bionomics shareholders pretty much where they started off.

Bionomics fell one cent or three percent to 32 cents.

Marc Sinatra
Analyst

* Biotech Daily editor David Langsam owns Bionomics shares.

[IMPEDIMED](#)

Impedimed says it has raised \$10 million through the placement of 14.3 million shares at 70 cents a share and hopes to raise \$5 million through a share plan.

Impedimed said the funds would be used “to facilitate adoption of the L-Dex [lymphoedema diagnostic] by surgeons and oncologists in the US and to target reimbursement coverage from US healthcare insurers”.

Impedimed said the record date for the 70 cent share plan was December 2, 2010.

The company said the plan would open on December 14 and close on January 17, 2011.

Impedimed fell seven cents or 8.5 percent to 75 cents.

[SUNSHINE HEART](#)

Sunshine Heart says its rights issue has raised \$9.5 million of a hoped for \$11 million in its five-for-seven share rights issue at 2.8 cents a share.

Sunshine Heart said 88 percent of entitlements were taken up, leaving 44,761,364 shares unsubscribed.

The company said it raised \$3.7 million through a placement (BD: Sep 16, 2010), bringing the total proceeds to \$13.2 million.

Sunshine Heart said the capital would fund US trials, completing the 20-patient feasibility trial and six-month patient follow up, then preparing the application for the larger US Food and Drug Administration pivotal trial, the precursor for US market approval.

The company said the funds would also be used for Conformité Européenne (CE) mark approval in 2011 to allow the C-Pulse heart assist device to be sold in Europe and Asia.

Sunshine Heart fell 0.2 cents or eight percent to 2.3 cents.

[BIOTA](#)

Standard & Poors has removed Biota from the S&P ASX200 index. There were no other biotechnology changes.

[Biotech Daily comments:](#)

Biota remains a Biotech Daily Top 20 Index (BDI-20) company.

Both the BDI-20 and the broader BDI-40 have out-performed the S&P ASX200 significantly for the month, the year and the 53 months to November 30, 2010.

In November 2010, the BDI-40 was up 8.9 percent compared to the S&P ASX200 falling 1.65 percent.

For the year to November 30, the BDI-40 was up 12.4 percent with the S&P ASX200 falling 2.5 percent.

For the 53 months since the June 30, 2006 inception of the Biotech Daily Top 20 and Top 40 Indices, the BDI-40 was up 59.2 percent, while the S&P ASX200 ‘benchmark’ index fell 9.6 percent.

The S&P ASX200 index is a fully-adjusted measure of the 200 largest companies by market capitalization. When one or more companies leave and others with different market capitalizations enter, the index number remains the same.

When Biotech Daily companies are acquired they leave the index, which falls with them.

The Biotech Daily Index is based on interesting science and benefit to human health - the technologies – as well as potential for a capital return – board and management.

Size is the last, rather than the first, consideration.

Biotech Daily editor David Langsam owns shares in Biota.

Biota fell three cents or three percent to 97 cents.

SIRTEX MEDICAL

Platypus Asset Management has increased its substantial shareholding in Sirtex from 4,071,392 shares (7.30%) to 4,685,543 shares (8.40%).

The substantial shareholder notice said the 614,151 shares were acquired for \$3,675,124 or an average price of \$5.98 a share.

Sirtex was up two cents or 0.3 percent to \$5.99.

BPH CORPORATE

BPH Corporate (formerly Biopharmica) has been suspended following annual general meeting approval of resolutions on change of activities and a name change.

The ASX said that should shareholder approval be obtained BPH would be suspended until it was in compliance with Chapters 1 and 2 of the Listing Rules.

Shareholders approved the name change to BPH Energy, a one-for-two share consolidation as well as the issue of shares to raise up to \$20 million.

BPH has interests in private biotechnology companies Molecular Dynamics, Cortical Dynamics and the HLS5 cancer gene project.

BPH last traded at 12.5 cents.

ACUVAX

Syracuse Capital, Murdoch Capital and Jersey Investments have had their substantial shareholdings in Acuvax diluted.

Jersey Investments as the Fraser Family said its substantial shareholding of 99,000,000 shares had been diluted from 10.6 percent of the company to 7.64 percent.

Murdoch Capital as the Glovac Super Fund said its substantial shareholding of 93,000,000 shares had been diluted from 9.9 percent of the company to 7.2 percent.

Syracuse Capital as the Tenacity Trust said its substantial shareholding of 93,000,000 shares had been diluted from 9.9 percent of the company to 7.2 percent.

Separately, Acuvax said joint company secretary Andrew Bursill resigned with effect from December 1, 2010.

Acuvax was untraded at 0.2 cents.

PHARMAUST

Pharmaust says its wholly-owned subsidiary Epichem won the small business award at the 48th Australian Exports Awards Ceremony in Sydney.

Pharmaust said Epichem won the award, sponsored by the Federal Department of Innovation, Industry, Science and Research.

A Pharmaust media release said Epichem was honored for its "achievements in international business" and was one of 12 winners that generated more than \$3.5 billion in export earnings in the past year and employed more than 13,000 people.

Epichem managing director Dr Wayne Best said he was honored by the "high level of recognition of our work from our small but highly effective team".

Dr Best said Epichem also won the Western Australia exporter of the year award.

Pharmaust said Epichem exported to 18 countries, delivering a range of contract and tailor-made products and services in synthetic and medicinal chemistry to pharmaceutical and biotechnology companies that discover or manufacture prescription and over-the-counter medicines.

Pharmaust fell 0.1 cents or 5.6 percent to 1.7 cents.

NORWOOD ABBEY

Norwood Abbey says it has appointed Wong Chin Hong as a director following the “recent unexpected resignation of Ron Lewis for medical reasons”.

The company said Mr Wong had 16 years experience in finance, accounting and auditing positions in Singapore and had worked for Elders Finance NM Rothschild and Deutsche Morgan Grenfell in Singapore.

Norwood Abbey was untraded at 0.6 cents.