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BioPharmica plans IPO for subsidiary

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Perth-based biotechnology outfit BioPharmica plans to seek an initial public offer for its wholly owned subsidiary, Molecular Discovery Systems, which will focus on cancer treatments.

The spin out plan comes days after BioPharmica revealed plans to raise \$20 million to fund an investment opportunity in oil and gas explorer Advent Energy.

Part of the announcement is below:

BioPharmica Limited (BioPharmica) is an Australian Securities Exchange (ASX) listed Company working with Universities, Medical Institutes and Hospitals. Molecular Discovery Systems (MDSystems) is a 100% owned subsidiary of BioPharmica. The main focus of the company since its launch in 2006 is drug discovery and the validation of biomarkers for disease, therapy and diagnostics.

BioPharmica Intends to seek an IPO for Molecular Discovery Systems on the Australian Securities Exchange.

Under a planned 'spin off' process, BioPharmica (ASX Code: BPH) shareholders would receive a share at no cost in Molecular Discovery Systems for every listed BioPharmica share that they hold five days after the date of shareholder approval of the spin off which is anticipated to be on 12th November 2009.

This means that an eligible BioPharmica shareholder could retain the shares they hold in BioPharmica whilst receiving the same number of shares (at no cost) in the new IPO of MDSystems. The spin off and listing is subject to approval from shareholders and regulatory bodies.

MDSystems has core expertise in high content and high throughput imaging and analysis, providing services for researchers worldwide using their InCell Analyser 1000 which is located at the Western Australian Institute for Medical Research (WAIMR) at Sir Charles Gardiner Hospital in Perth.

The spin off will focus on a possible new anti-cancer therapeutic and a new anti-cancer strategy. The most recent development in the novel anti-mitotic cancer therapeutic area addresses a market which is one of the primary objectives of current oncology drug discovery today. Clinically approved antimitotic drugs (e.g. Taxol® and Velban®) currently attract in excess of one billion US dollars in revenue each year. Since new and improved anti-mitotic drugs can be expected to have a similar revenue potential, they are actively being sought by most pharmaceutical companies.