



# Biotech Daily

Tuesday October 4, 2011

*Daily news on ASX-listed biotechnology companies*

- \* **ASX, BIOTECH DOWN: HEARTWARE UP 6%; LIVING CELL DOWN 16%**
- \* **VICTORIA INVESTS \$15m IN EARLY STAGE BIOTECHNOLOGY**
- \* **MELBOURNE UNIVERSITY CENTRE FOR NEURAL ENGINEERING OPENS**
- \* **LIVING CELL, CENTOCOR PART COMPANY AFTER 3 YEARS**
- \* **ACTINOGEN READY FOR CANCER SCREENING WITH CELGENICS**
- \* **LANDON CLAY, EAST HILL TAKE 9% OF BIOTA**
- \* **PHARMAUST SHARE PLAN TO RAISE UP TO \$2.5m**
- \* **DR CALUM MCKINLEY REPLACES IMMUNE SYSTEM CEO ALAN LIDDLE**

## MARKET REPORT

The Australian stock market fell 0.64 percent on Tuesday October 4, 2011 with the S&P ASX 200 down 24.9 points to 3872.1 points.

Three of the Biotech Daily Top 40 stocks were up, 21 fell, seven traded unchanged and nine were untraded. All three Big Caps fell.

Heartware was the best of three, up 11 cents or 5.8 percent to \$2.00 with 67,779 shares traded. Phylogica was up 3.5 percent; with Mesoblast up 1.3 percent.

Living Cell led the falls, down 0.9 cents or 16.4 percent to 4.6 cents, with 122,547 shares traded, followed by Optiscan down 10 percent to 8.1 cents with 95,000 shares traded.

Allied Health lost 9.7 percent; Tissue Therapies fell 7.4 percent; Prana was down 6.45 percent; Cellmid was down 5.9 percent; Clinuvel fell 4.7 percent; Genetic Technologies, Nanosonics, Pharmaxis, Phosphagenics and Prima were down more than three percent; Alchemia, CSL, LBT, Sirtex and Starpharma shed more than two percent; with Acrux, Bionomics, Cochlear, QRX, Resmed and Viralytics down one percent or more.

## VICTORIA GOVERNMENT

Victoria's Minister for Technology, Gordon Rich-Phillips says a \$15 million health market validation program will make the public sector a first customer for small companies. In what is believed to be the first commitment to biotechnology from Victoria's Baillieu Liberal Government, elected in November 2010, Mr Rich-Phillips told a Bio-Melbourne Network breakfast that the State Government saw information and communication technologies, biotechnology and small technologies as "important drivers of productivity". Mr Rich-Phillips said the Victorian biotechnology sector "has been very successful" the Government had a role in supporting innovation and was committed to biotechnology. Mr Rich-Phillips said the health market validation program (HMVP) would begin with public sector entities identifying problems and then turning to small and medium sized enterprises to develop solutions.

Mr Rich-Phillips said that there would be up to \$100,000 available for feasibility studies and a further maximum of \$1.5 million for development.

Participants at the Bio-Breakfast said that the funds would sufficient to conduct pre-clinical studies, run a phase I trial or could be used to leverage further funding from other sources. The deputy secretary of the Department of Business and Innovation Randall Straw said the program would allow the Government to be the first client for the selected company. Mr Straw said that demands from the health sector created opportunities and the program would target specific point issues.

Mr Straw gave as an example a radio break-in device that would alert drivers to trains approaching level crossings and the grant from a separate program to Liquitabs for its ultrasonic device to liquidize tablets (BD: Sep 19, 2011).

The Department's director of biotechnology Amanda Caples said the health market validation program was a key program to show how biotechnology could support productivity and the funds were intended to assist pre-commercial or pre-market products. Ms Caples said the Government would call for the identification of needs in November 2011 with company proposals expected early in 2012, with the first round of feasibility grants provided during 2012 and the grants of up to \$1.5 million provided in "late 2012". Ms Caples identified several other Victorian Government programs that supported small and medium enterprises and innovation including the Small Technology Industry Uptake Program, the Medicines Development biotechnology-focused mentoring program as well as the Global Acceleration Program and Fast Track mentoring program.

Ms Caples said more information was at: [www.business.vic.gov.au/hmvp](http://www.business.vic.gov.au/hmvp).

## UNIVERSITY OF MELBOURNE CENTRE FOR NEURAL ENGINEERING

The Federal Government says the \$34.15 million Centre for Neural Engineering has been opened at the University of Melbourne.

A media release from Innovation Minister Senator Kim Carr said the Centre was established through a \$17.5 million research infrastructure grant from the Education Investment Fund in 2009.

The media release said the Centre would bring together scientists and researchers to provide a better understanding of the human brain and diseases of the central nervous system, with Prof Stan Skafidas appointed the director.

Senator Carr said the Centre was a valuable addition to the University's collaborative research.

"Through this Centre, Australia will be in the box seat for developing new brain-machine interfaces that can do anything from helping quadriplegics use computer systems to enhancing computer games and entertainment," Senator Carr said.

## LIVING CELL TECHNOLOGIES

Living Cell says the research collaboration and option to licence encapsulation technology agreement with Centocor Research and Development has terminated.

Living Cell said the termination “leaves the parties free to explore opportunities with other companies in the field”.

In 2008 Living Cell announced the research agreement with the Pennsylvania-based Centocor but provided no details of the agreement other than Centocor would have access to Living Cell’s encapsulation technology. (BD: Dec 18, 2008).

Living Cell said at that time the alginate capsules consisted of three layers with nano-scale pores, to prevent the host’s immune system from detecting foreign cells, while allowing nutrients to reach the cells and cell secretions to exit, ensuring long term survival.

Living Cell’s then chief operating officer Dr Paul Tan said the encapsulation technology was “a critical factor for the effectiveness of Diabecell” with wider applications and value.

Living Cell fell 0.9 cents or 16.4 percent to 4.6 cents.

## ACTINOGEN

Actinogen says that shareholder approval to acquire Celgenics will strengthen its cancer screening research and development programs (BD: Sep 26, 2011).

Actinogen said that scientific director Dr David Keast completed a certified human embryonic stem cell training course at the Australian Stem Cell Centre at Melbourne’s Monash University and that expertise was available for the cancer screening programs.

The company said the Celgenics acquisition would allow for an immediate upgrade of the equipment for the tissue culture programs along with a new actinomycete library and two new human cancer cell lines expressing cancer stem cell antigens.

Actinomycetes are soil-based gram positive bacteria that produce known antibiotics.

Actinogen said it was resourcing a further hormone dependent human breast cancer cell line to add to its screening panel.

The company said it had the capacity for in-vitro screening for anti-cancer bioactive molecules against cervical cancer, lung carcinoma, two human cancer stem cell lines and murine or mouse melanoma with controls of human and murine cells.

Actinogen said the basic culture conditions for the cancer stem cell lines were delineated with respect to factors within the culture media which could vary the course of reaction to bioactive products from the actinomycetes.

The company said that cancer stem cell culture lines have been shown to respond to the culture conditions similarly to the current screening panel.

Actinogen said that work resulting directly from the new resources would begin almost immediately with more than 6,000 actinomycetes being available for testing against the cancer stem cells for cytotoxic or cytostatic bioactive molecules that might be produced by the actinomycetes in liquid culture.

Actinogen was up 0.3 cents or 13.6 percent to 2.5 cents.

## BIOTA HOLDINGS

Landon Clay, East Hill Holding Co and associates have increased their substantial shareholding in Biota from 14,867,794 shares (8.19%) to 16,782,735 shares (9.23%).

East Hill said the shares were bought at prices between 80 US cents and \$US1.04 between July 15 and September 30, 2011.

Biota fell half a cent or 0.6 percent to 80.5 cents.

## PHARMAUST

Pharmaust hopes to raise up to \$2,521,341 through the issue of up to 140,074,481 shares at 1.8 cents a share.

Pharmaust said shareholders eligible at the record date of October 3, 2011 would be able to apply for parcels of shares up to \$15,000.

The company said the non-renounceable share plan was not underwritten and would open on October 4 and close on November 1, 2011.

Pharmaust said the funds would go to its Epicchem subsidiary as well as its exploration activities and general working capital.

Pharmaust was unchanged at two cents.

## IMMUNE SYSTEM THERAPEUTICS

Immune System founder Alan Liddle has retired as chief executive officer, with Dr Calum McKinlay taking on that role from September 30, 2011.

The company said that Mr Liddle co-founded the company in 2001 and would continue as a non-executive director.

Immune System said Dr McKinley trained as a hospital clinician and immunologist in London before embarking on a 20 year career in finance.

The company said that Dr McKinley held senior executive positions at HSBC Investment Bank (Asia), Macquarie Bank (International) and ABN AMRO Investment Bank as head of healthcare in Sydney.

Immune System said Dr McKinley was previously a director of the company.

The company said Dr McKinley held a Bachelor of Science in immunology as well as Bachelors of Medicine and Surgery from London's University College Hospital.

Immune Systems said it was a private company commercializing antibody drugs for blood cancers and autoimmune diseases.