



# Biotech Daily

Thursday February 2, 2012

*Daily news on ASX-listed biotechnology companies*

## **VALE DR MALCOLM SIMONS (1939–2012)**

- \* **ASX, BIOTECH UP: LIVING CELL UP 20%, ANTISENSE DOWN 10%**
- \* **GENETIC TECHNOLOGIES SALUTES DR MALCOLM SIMONS**
- \* **CATHRX DIRECTION CHANGE; LOSES CEO, CFO**
- \* **US PATENT FOR LIVING CELL'S AUCKLAND ISLAND PIGS**
- \* **ELLEX H1 REVENUE UP 15%**
- \* **ATCOR WINS \$1.1m COMMERCIALIZATION AUSTRALIA GRANT**
- \* **NAOS HOLDS 11.5% OF PHYLOGICA**
- \* **BIO-MELBOURNE WORKSHOPS TGA BIOLOGICAL REGULATIONS**
- \* **PAIGE EXLEY REPLACES NICKI FARLEY AS NARHEX CO SEC**

## **MARKET REPORT**

The Australian stock market climbed 1.0 percent on Thursday February 2, 2012 with the S&P ASX 200 up 42.1 points to 4267.8 points.

Fifteen of the Biotech Daily Top 40 stocks were up, eight fell, 11 traded unchanged and six were untraded.

Living Cell was the best, up 0.9 cents or 19.6 percent to 5.5 cents with 2.8 million shares traded. Genetic Technologies climbed eight percent; Heartware was up seven percent; both Benitec and Nanosonics were up 5.3 percent; Acrux and Optiscan were up more than four percent; Clinuvel was up 3.8 percent; Anteo, Sirtex and Starpharma rose more than two percent; Impedimed and QRX were up more than one percent; with Mesoblast, Pharmaxis and Resmed up by less than one percent.

Antisense led the falls for the second day in a row, down 0.2 cents or 10 percent to 1.8 cents, with 9.0 million shares traded. Cathrx lost 7.5 percent; Avita fell 4.2 percent; Prima was down three percent; Bionomics, Biota, Patrys and Viralytics shed more than two percent; CSL was down 1.3 percent; with Cochlear down 0.8 percent.

## GENETIC TECHNOLOGIES

Genetic Technologies has paid tribute to co-founder Dr Malcolm Simons who recognized the value of non-coding DNA.

Genetic Technologies chief executive officer Dr Paul MacLeman said: "On behalf of the entire company, the management and board of directors of Genetic Technologies wish to formally express our sincere condolences to friends, family and colleagues of Dr Malcolm Simons, who passed away late last week aged 73".

"I was saddened to hear the news of Malcolm's passing," Dr MacLeman said.

"We owe a great deal of gratitude to Malcolm for the enormous contribution he made to the life sciences community and, of course, for the opportunity to harness his cogent research into the formation of Genetic Technologies," Dr MacLeman said.

Genetic Technologies said that Dr Simons held various roles in the company from 1989 to 2003 and was an internationally recognized pioneer in the early work on non-coding DNA, when non-coding DNA was largely overlooked by the rest of the world.

The company said that "such was the insight of his work, Genetic Technologies' non-coding patent estate continues to be one of the company's main value drivers to this day".

According to Dr Simons' website [www.simonsjunkdna.com](http://www.simonsjunkdna.com) he was the founder of Haplomics and had worked as an immunologist, pathologist and immunogeneticist as well as roles in South East Asia including as a consultant to the World Health Organisation. Dr Simons was a member of more than 20 learned societies and published 140 articles in peer-reviewed journals.

## CATHRX

Cathrx says it will no longer attempt to sell catheters but become a technology design house focused on improving its catheter product platform and adding innovative designs.

Cathrx said that as part of cost cutting chief executive officer Jeff Goodman and chief financial officer Amanda Wong would resign, with Mr Goodman continuing as a director, chairman Denis Hanley appointed interim chief executive officer and Ms Wong would continue until the release of the half yearly financial report.

Cathrx said the changes followed negotiations with its prospective German partner that had not concluded with a suitable licence and co-operation agreement for Europe.

The company said the cost reductions were expected to reduce the cash burn by more than 60 percent.

Cathrx said that it had begun discussions with three prospective licencees in Asia and the US for their respective markets, in addition to the European opportunity.

The company said that Cathrx president Ged Wallace would manage licencing.

Cathrx said that, while negotiating with the prospective German partner, it had completed the development of the first three catheter products in its range, two of which were at the point of initial production and the third was at the point of pilot production.

The company said that it had developed the required tools and methods to manufacture the products which were "the most complex in the range to be produced".

Cathrx said it was able to contract its manufacturing requirements to an outside organization with the required skills and approvals.

The company said that it had Conformité Européenne (CE) mark approval for the sale of its first new generation product, the Variable Loop diagnostic catheter and had discussed with European notified bodies how to obtain approval for its novel reprocessing system.

"In the present financial environment we believe that the strategic restructure is both necessary and prudent," Mr Hanley said.

Cathrx fell 0.6 cents or 7.5 percent to 7.4 cents.

## ATCOR MEDICAL

Atcor says has been awarded a \$1.1 million Commercialisation Australia grant over two years to assist development of its Sphymocor central blood pressure diagnostic.

Atcor chief executive officer Duncan Ross said the funding would “help us accelerate the release of an exciting new product range”.

“Our new technology will strengthen Atcor’s ability to penetrate the \$US2.2 billion global market,” Mr Ross said.

“While our new platform technology is driven largely by emerging requirements in clinical practice, it is also complementary to customer feedback from our academic research and pharmaceutical clinical trials market,” Mr Ross said.

Commercialisation Australia chief executive officer Doron Ben Meir told Biotech Daily that further grant announcements would be made in due course.

Atcor was up 0.1 cents or 1.1 percent to nine cents.

## LIVING CELL TECHNOLOGIES

Living Cell says it has been granted a US patent entitled ‘Swine population having low levels of porcine endogenous retrovirus and uses thereof’.

Living Cell said the US Patent and Trademark Office issued the patent on January 3, 2012 and it provides exclusive rights to the use of cells and tissue derived from Auckland Island pigs for xenotransplantation therapies until November 10, 2028.

The USPTO website names Living Cell founder and medical director Prof Robert Elliott, Olga Garkavenko and Alexander Ferguson as the inventors.

The company said that the patent protected the holder’s ability to commercialize therapies based on its core cell encapsulation and xeno-transplantation capabilities.

Living Cell said the original Auckland Island pig herd had been developed “over the last decade to produce a unique stock of pigs which are free from disease and, in particular, do not transmit pig viruses to human cells”.

The company said the pigs were housed in bio-isolation facilities in New Zealand and cells were harvested for the treatment of human diseases.

Living Cell said that regulatory authorities in New Zealand, Argentina and Russia had judged the cells free of infectious organisms and safe for human recipients.

Prof Elliott said that a disease-free source herd “is an absolute requirement for transplantation of animal cells into humans”.

“The discovery of the Auckland Island herd, its subsequent development and the characterization of its disease-free properties is the foundation of [Living Cell’s] human xeno-transplantation trials for diabetes and degenerative neurological conditions,” Prof Elliott said.

The company said that the patent would be assigned to Diatrantz Otsuka, a joint venture company established with Otsuka Pharmaceutical Factory to commercialize xeno-transplantation for the treatment of type 1 diabetes (BD: Oct 19, Nov 2, 2011).

Living Cell’s newly-appointed chief executive officer Dr Andrea Grant said the patent was “a key milestone in the commercialization of Diabecell, as it grants exclusive rights to use the Auckland Island pigs for xeno-transplantation in the US”.

Dr Grant said that under the supply agreement with Diatrantz Otsuka, the patent also protected any future exclusively-owned products Living Cell might develop including NTCell, being developing for the treatment of neurodegenerative disorders, such as Parkinson’s disease.

Living Cell climbed 0.9 cents or 19.6 percent to 5.5 cents with 2.8 million shares traded.

### ELLEX MEDICAL LASERS

Ellex says that profit before tax for the six months to December 31, 2011 is expected to be about 50 percent higher than the previous corresponding period.

Ellex said that revenues were expected to be about 15 percent higher and the company had implemented operating cost reductions and that sales volumes and average selling prices were higher than the prior comparative period.

Ellex chief executive officer Tom Spurling said that he was "pleased that initiatives introduced at the start of this financial year seem to be gaining traction".

Ellex said it expected to release the results in the week ending February 24, 2012.

Ellex was up one cent or 7.1 percent to 15 cents.

### PHYLOGICA

Phylogica says that NAOS Asset Management has increased its shareholding to 51,492,121 shares or 11.5 percent of the company.

Phylogica said NAOS had acquired 10,155,739 shares since the previous reported holding in June 2011.

Phylogica said that the NAOS shares were held by Citicorp Nominees Pty Ltd.

Yesterday, Citigroup said it had ceased its substantial holding in Phylogica and on January 13, Citigroup said it held 49,676,929 Phylogica shares or 11.141 percent of the company (BD: Jan 22, Feb 1, 2012).

Yesterday, Citigroup said that it "ceased to hold a relevant interest [in Phylogica] as a result of applying [Australian Securities and Investments Commission] Class order CO 11/272 to holdings for which its nominee is the registered holder".

Phylogica was unchanged at 3.9 cents.

### BIO-MELBOURNE NETWORK

The Bio-Melbourne Network will conduct a workshop on new human cell and tissue therapies' regulations on February 8, 2012.

The Network said that human cell and tissue therapies had been considered 'medical practice' and often fell outside the Australian regulations as specified by the Therapeutic Goods Administration until this year.

The Network said that on May 31, 2011 human cell and tissue therapies were brought under the Biological Regulatory Framework with a three-year transition period.

The Network said that new products would need to comply with the regulations prior to marketing and that for products already available, there was an incentive to lodge a registration application prior to November 30, 2012.

The Bio-Melbourne Network said that Bioregulatory Consulting principal Penny Field and ERA Consulting Australia director Prof Dianne Jackson-Matthews would provide an overview of the new Biological Regulatory Framework and discuss which therapies were included under the regulations.

The Network said the workshop would discuss the type of data that would need to be included in the dossier for submission to the TGA and describe cell and tissue therapy case studies as well as industry case studies for compliance with the Biologicals Regulatory Framework.

Registration for the February 8 Bio-Workshop is at 8.45am for a 9am start and the workshop will conclude at 12.30pm, followed by a light lunch at the Bio-Melbourne Network, 25 Flinders Lane, Melbourne.

For more information go to: <http://biomelbourne.org/events/view/216>.

### NARHEX LIFE SCIENCES

Narhex says Paige Exley has replaced Nicki Farley as company secretary effective from January 30, 2012.

Narhex was untraded at 1.2 cents.