



Biotech Daily

Tuesday February 28, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH SLIP: PHYLOGICA UP 15%, SIRTEX DOWN 6%**
- * **ALLIED'S CORIDON STARTS WORK ON THERAPEUTIC HPV VACCINE**
- * **ACUVAX EX-CEO DR WILLIAM ARDREY FACES 22 FRAUD CHARGES**
- * **LIVING CELL NTCELL PARKINSON'S TRIAL; EU TISSUE PATENT**
- * **IP SALE GIVES LIVING CELL MAIDEN H1 \$8m PROFIT**
- * **CRYOSITE H1 REVENUE UP 17% TO \$4m, PROFIT UP 114% TO \$349k**
- * **ELLEX ACQUIRES DISTRIBUTOR SUBSIDIARY**
- * **LA JOLLA COVE REDUCES TO 6% OF BONE**

MARKET REPORT

The Australian stock market slipped 0.11 percent on Tuesday February 28, 2012 with the S&P ASX 200 down 4.7 points to 4262.7 points.

Thirteen of the Biotech Daily Top 40 stocks were up, 14 fell, seven traded unchanged and six were untraded.

Phylogica was the best, up half a cent or 15.15 percent to 3.8 cents, with 734,723 shares traded, followed by Avita up 9.4 percent to 17.5 cents with 441,984 shares traded.

Cellmid climbed 8.3 percent; Alchemia was up 7.2 percent; Allied Health was up 6.9 percent; QRX was up 5.6 percent; Pharmaxis and Sunshine Heart were up more than four percent; Anteo and CSL rose more than two percent; Universal Biosensors was up 1.35 percent; with Acrux, Biota and Cochlear up by less than one percent.

Sirtex led the falls, down 32 cents or six percent to \$4.98, with 20,740 shares traded, followed by Prima down 5.7 percent to 25 cents with 25.5 million shares traded.

Genetic Technologies lost 4.2 percent; Circadian, Impedimed and Patrys shed two percent or more; Bionomics, Living Cell, Mesoblast, Nanosonics, Tissue Therapies and Viralytics were down more than one percent; with Heartware, Resmed and Reva down by less than one percent.

ALLIED HEALTHCARE GROUP

Allied Health says that its 37.3 percent subsidiary Coridon Pty Ltd has begun development of a next generation therapeutic human papillomavirus (HPV) vaccine.

Allied said that the program would be based on preliminary work by the research team of Coridon founder Prof Ian Frazer and followed his work that resulted in the cervical cancer vaccines, Gardasil marketed by Merck, and Cervarix, marketed by Glaxosmithkline.

Allied said that Coridon's HPV vaccine had been designed to combat existing infection with the HPV virus, to prevent and treat cervical and other HPV-associated cancers, improving on existing HPV vaccines by having a therapeutic advantage.

The company said that Coridon would collaborate with the University of Queensland's Diamantina Institute for pre-clinical studies of the vaccine.

Allied said that Coridon's DNA vaccine technologies were different from conventional vaccines in that they offered both preventative and therapeutic value and had the potential to be delivered with a range of adjuvants.

Allied managing director Lee Rodne said the work by Prof Frazer's team at Coridon had the potential to treat patients already infected with the virus, "something the current vaccines cannot do".

The company said that HPV was associated with several human cancers, most notably cervical cancer and current HPV vaccines such as Gardasil had proven to be safe and highly effective, but were not suitable for all people.

The company said that HPV was "one of the most common sexually transmitted diseases in the world" and, as well as cervical cancer, was associated with a variety of ano-genital cancers and head and neck cancer.

Allied said that cervical cancer was the second largest cause of cancer deaths in women worldwide, with about \$US1.7 billion spent in the US each year to treat it.

The company said that the two currently used HPV vaccines generated more than \$US1.5 billion in sales each year.

Allied was up 0.2 cents or 6.9 percent to 3.1 cents with two million shares traded.

ACUVAX

Former Acuvax chief executive officer Dr William Ardrey has been charged with 22 counts of gaining benefit through fraudulent means.

Western Australia Police media officer Sgt Naomi Smith told Biotech Daily that Dr Ardrey was due to appear at the Perth Magistrates Court for a committal hearing on April 20, 2012.

Sgt Smith said the complainant in the matter was Phoenix Eagle a company described as a small biotechnology company involved in therapeutic cosmetics.

In 2006, Dr Ardrey was appointed chief executive officer of Avantogen, which later became Acuvax, and prior to that was the chief executive officer of Regenera, which later became Advanced Ocular (BD: Aug 29, 2006).

In February 2011, and following the Merck Sharp and Dohme acquisition of the biotechnology assets of the Acuvax 26 percent subsidiary Hawaii Biotech (BD: Jul 23, 2010) and failure of the cancer drug RP101 (BD: Oct 6, 2009), the company saw the departure of majority shareholder Dr Richard Opara (BD: Nov 16, 2010) and the introduction of new shareholders and Dr Ardrey resigned as chief executive officer (BD: Feb 9, 2011).

With new investors and new management, the company most recently said it would acquire an Israeli diagnostic company (BD: Jan 25, 2012).

Acuvax was untraded at 0.1 cents.

LIVING CELL TECHNOLOGIES

Living Cell says it has completed its pre-clinical studies on its NTCell for Parkinson's disease and is preparing an application for a New Zealand phase I trial.

Living Cell said that pending approval from New Zealand's medicines safety authority, Medsafe it expected the trial to begin by April 2013.

The company said that in a controlled trial, a Parkinson's-like condition was produced in non-human primates using drugs which selectively depleted dopamine producing neurons in the brain.

Living Cell said that a reduction of dopamine levels in the brain was a hallmark of Parkinson's disease in humans and the non-human primates developed movement disorders and neurological deficits similar to Parkinson's patients.

The company said that NTCell was implanted into the affected brain areas and within two weeks, improvements in both motor abnormalities and neurological function were observed in the NTCell treated subjects compared to controls.

Living Cell said that the improvements increased and persisted for more than six months beyond the NTCell implant, the end-point of the study.

The company said that microscopic analysis of both treated and untreated brain regions clearly showed an increase in the number of dopamine producing neurons in the NTCell-treated subjects compared to controls.

Living Cell said that there was no cellular or pathological evidence of inflammation or other adverse event.

Living Cell chief executive officer Dr Andrea Grant said that concluding the pre-clinical studies was "an important step in developing our next therapeutic product beyond Diabecell".

"These results show an astonishing recovery of the affected part of the brain, demonstrating NTCell's promising efficacy in the treatment of late stage Parkinson's disease," Dr Grant said. "If these results translate into human studies, then a major new treatment would result."

The company said that its approach differed from others which attempted cell transplant treatments for Parkinson's and that rather than transplanting adult neurons or embryonic stem cells, it was using a naturally occurring support cell to induce appropriate regeneration from the neurons already present in the subjects' brains.

Living Cell medical director Prof Bob Elliott said "it seems we are prompting the brain's own biology to heal itself".

"By also enclosing these cells in our proprietary encapsulation technology Immupel, we protect against adverse immune reaction and ensure the cells continue to survive in the treated area and continue to deliver their beneficial effect," Prof Elliott said.

Separately, Living Cell said the European Patent Office had granted a patent protecting the culture of two different types of cells from its pigs, expiring on September 27, 2022.

Living Cell said the patent protected the ability to culture the Auckland Island pig cells, enabling the assembly and maintenance of a mix of cells or artificial tissue in culture for xeno-transplantation therapies.

Living Cell medical director Prof Bob Elliott said that while the company had "successfully taken single cell animal transplant treatments into the clinic, a number of chronic disease states could benefit from transplantation of a mix of cells or artificial tissue that work together to ensure survival and appropriate function".

The company said the patent would be assigned to Diatranz Otsuka a joint venture company established with Otsuka Pharmaceutical Factory to commercialize xeno-transplantation for the treatment of type 1 diabetes.

Living Cell fell 0.1 cents or 1.45 percent to 6.8 cents.

LIVING CELL TECHNOLOGIES

Living Cell says the sale of Diabecell to a 50 percent-owned joint venture for \$11,182,527 has resulted in a \$8,133,128 net profit after tax for the six months to December 31, 2011. Living Cell said other total revenue for the six months to December 31, 2011 was up 298.1 percent to \$945,201 compared to the previous corresponding period.

Last year, Living Cell sold the Diabecell assets to Diatranz Otsuka a joint venture with Japan's Otsuka Pharmaceutical Factory, for \$25 million (BD: Oct 19, Nov 2, 2011).

The company said that diluted earnings per share was 2.4 cents compared to the diluted loss per share of 1.51 cents for the previous period.

Living Cell said that cash and cash equivalents was \$2,502,484 at December 31, 2011 compared to \$1,822,653 at December 31, 2010.

CRYOSITE

Cryosite says revenue for the six months to December 31, 2011, was up 17.1 percent to \$3,896,381 with the net profit after tax up 113.5 percent to \$348,602.

Cryosite said an unfranked maiden dividend of 0.5 cents a share would be paid to shareholders at the record date of March 22, on April 5, 2012.

Cryosite said the funds were primarily revenue from its cord blood banking business and clinical trial logistics services.

The company said that net tangible asset backing per share was up 11.3 percent to 10.8 cents and diluted earnings per share was up 114.3 percent to 0.75 cents.

Cryosite said that cash and cash equivalents at December 31, 2011 was \$3,759,308 compared to \$2,402,894 at December 31, 2010.

Cryosite was untraded at 13 cents.

ELLEX MEDICAL LASERS

Ellex says it has acquired the remaining 20 percent of 80 percent subsidiary Ellex Australia which markets, sells and distributes its products in Australia.

Ellex said the minority interest was "held by a former manager who has retired from the business".

The company said that Ellex Australia was now a wholly-owned subsidiary.

Ellex was unchanged at 19 cents.

BONE MEDICAL

La Jolla Cove Investors has reduced its substantial holding in Bone from 13,300,000 shares (8%) to 9,785,000 shares (5.9%).

La Jolla Cove said it sold 1,265,000 shares on February 20, 2012 at 1.5 cents each for a total of \$18,975 and 2,250,000 shares on February 23, 2012 at 1.34 cents each for a total of \$30,150.

Bone fell 0.1 cents or 6.7 percent to 1.4 cents.