



Biotech Daily

Monday September 16, 2013

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: LIVING CELL UP 14%; STARPHARMA DOWN 7%**
- * **IAN MACFARLANE FOR INDUSTRY, PETER DUTTON HEALTH**
- * **BIODIEM BDM-I ACTIVE AGAINST CRYPTOCOCCUS, FUNGI**
- * **LIVING CELL NTCELL IMPROVES PARKINSON'S IN MONKEYS**
- * **SUDA \$1.9m SECURED CONVERTIBLE NOTES**
- * **STARPHARMA PRIOSTAR EVALUATION WITH GOWAN**
- * **BLUECHIIP OFFERS BLUE-DILIGENCE ADVICE**
- * **PHARMAUST SHARE PLAN RAISES \$185k**
- * **BIOTA LOSES DIRECTOR, EX-CEO PETER COOK**
- * **CYCLOPHARM REGAINS DIRECTOR HENRY TOWNSING**

MARKET REPORT

The Australian stock market climbed 0.54 percent on Monday September 16, 2013 with the S&P ASX 200 up 28.4 points to 5,248.0 points. Thirteen of the Biotech Daily Top 40 stocks were up, 16 fell, six traded unchanged and five were untraded.

Living Cell was the best, up 0.7 cents or 14.3 percent to 5.6 cents with 488,777 shares traded, followed by Phylogica up 12.5 percent to 1.8 cents with one million shares traded.

Alchemia climbed 4.4 percent; Atcor, Neuren and Optiscan were up more than three percent; Bionomics, Patrys and Universal Biosensors rose more than two percent; GI Dynamics, Osprey, Resmed and Tissue Therapies were up more than one percent; with Cochlear and Sirtex up by less than one percent.

Starpharma led the falls, down seven cents or 7.3 percent to 89 cents with 628,559 shares traded, followed by Cellmid down 7.1 percent to 2.6 cents with 1.2 million shares traded.

Phosphagenics and Prana lost more than six percent; Genetic Technologies, Impedimed, Nanosonics and Prima fell more than two percent; Acrux, Allied Health, Benitec, Clinuvel, Medical Developments and Reva shed more than one percent; with CSL, Mesoblast and QRX down by less than one percent.

FEDERAL GOVERNMENT

Prime Minister-elect Tony Abbott has published his proposed Cabinet with Ian Macfarlane appointed Minister for Industry and Peter Dutton as Minister for Health and Sport.

The titles of Innovation, Science, Research and Development were missing from the list. Mr Abbott said the outer ministry included Assistant Minister for Health and Deputy Leader of the Nationals in the Senate, Senator Fiona Nash, with Bob Baldwin to be appointed Parliamentary Secretary to the Minister for Industry.

The Member for Kooyong Josh Frydenberg, who has been said to have an interest in biotechnology, will be appointed Parliamentary Secretary to the Prime Minister.

The proposed appointments are pending swearing-in by the Governor-General, expected on Wednesday September 18, 2013.

"The Hon Ian Macfarlane MP returns as Minister for Industry having held this role during the last two terms of the Howard Government," Mr Abbott said.

A biography provided by Mr Macfarlane's office said he was elected to Federal Parliament in 1998 and held the portfolio of Small Business in the Howard Coalition Government in 2001 before being promoted to the Cabinet role of Industry, Tourism and Resources.

In Opposition, Mr Macfarlane was the spokesman on energy and resources, trade, infrastructure and water.

Before entering politics Mr Macfarlane farmed peanuts, sorghum and wheat and ran cattle and was Queensland Graingrowers Association president, Grains Council of Australia president and an executive with the Queensland and National Farmers Federations.

Medicines Australia chief executive Dr Brendan Shaw welcomed the appointments.

BIODIEM

Biodiem says that BDM-I has demonstrated activity against several of the *Cryptococcus* species as well as endemic fungi.

Biodiem said that BDM-I antifungal study results were presented in a poster entitled 'Antifungal and anti-pneumocystis activity of the investigational antimicrobial BDM-I' at the Interscience Conference on Antimicrobial Agents and Chemotherapy run by the American Society of Microbiology, in Denver, Colorado.

The company said the data was generated via the US National Institute of Allergy and Infectious Diseases (NIAID) In Vitro Assessment for Antimicrobial Activity Service.

Biodiem said that under NIAID's preclinical services program, Prof Melanie Cushion and Prof Thomas Patterson tested BDM-I's activity against a range of fungi which could cause serious human infection.

The company said that about 70 different strains of opportunistic or hospital-acquired fungi which could cause difficult to treat illnesses, including life-threatening bloodstream infections and pneumonia, were assessed for sensitivity to BDM-I.

Biodiem said that BDM-I demonstrated activity against several of the *Cryptococcus* species as well as endemic fungi such as *Blastomyces dermatitidis*, *Coccidioides immitis/posadasii* and *Histoplasma capsulatum*, along with marked activity demonstrated against *Pneumocystis carinii* and *murina*.

The company said that Prof Cushion and Prof Patterson recommended that "further studies are warranted to determine the potential of this broad-spectrum antifungal agent".

Biodiem said it had previously announced studies to assess optimal dose and overall effectiveness of BDM-I as a novel treatment in a mouse model of the fungal disease *Pneumocystis*, supported by NIAID's preclinical services program (BD: May 10, 2013).

Biodiem was unchanged at 4.5 cents.

LIVING CELL TECHNOLOGIES

Living Cell says a study of its NTCell in a rhesus monkey model of Parkinson's disease shows significantly improved neurological functions over six months compared to controls. Living Cell said the study, co-written by clinical research director Prof Robert Elliott and chief science and medical officer Dr Paul Tan, entitled 'Recovery of Neurological Functions in Non-Human Primate Model of Parkinson's Disease by Transplantation of Encapsulated Neonatal Porcine Choroid Plexus Cells' was published in the Journal of Parkinson's Disease.

The study is at: <http://iospress.metapress.com/content/e0003031197w8148/fulltext.pdf>.

Living Cell said that compared with monkeys implanted with empty capsules or subjected to sham surgery, monkeys treated with an implant of NTCell into the affected brain area demonstrated significant recovery from movement abnormalities; improvements in neurological defects; and an increase in neural connections and number of dopamine-producing neurons in the affected area of the brain.

Dr Tan said the results showed that NTCell was well tolerated with no evidence of inflammation or other adverse reaction.

"The improvements were seen within two weeks and lasted for at least six months, the trial endpoint," Dr Tan said.

Living Cell said that the pre-clinical studies formed the scientific basis of the phase I first-in-man clinical trial underway in New Zealand.

Living Cell managing director Dr Andrea Grant said the results "indicate that NTCell can protect and regenerate brain tissue which would otherwise be lost, potentially delaying or even preventing the effects of Parkinson's disease".

"If the product is shown to be safe and effective in humans in our current phase I and subsequent clinical trials, registration via a fast-tracked development program could be possible," Dr Grant said.

Dr Grant said that in the human clinical trial, NTCell would be transplanted into the affected area of the brain where substantial death of neurons and other cells had occurred.

The company said that NTCell was comprised of choroid plexus cells and when transplanted appeared to help protect the brain and repair damaged nerve tissue.

Living Cell said that its Immupel capsule technology covered the transplanted cells with a protective coating preventing attack by the patient's immune system.

The company said the phase I trial was an open label investigation of the safety and clinical effect of NTCell in four people diagnosed with Parkinson's for at least four years and the first patient had been recruited and was expected to be implanted during 2013.

Living Cell said the patient would be monitored for two months to confirm no serious adverse safety events and the independent data safety monitoring board would advise if the transplants for the remaining three patients could proceed.

The company said that with its Japanese partner, the Otsuka Pharmaceutical Factory, it was co-developing NTCell as a treatment for Parkinson's disease and the company had received a \$3 million cash payment.

Living Cell said that Otsuka was funding all of the research and development costs of the phase I trial, estimated at \$2.1 million.

The company said that it would receive a second cash payment of \$2 million provided the independent data safety monitoring board authorized the remaining three implants later in the year.

Living Cell was up 0.7 cents or 14.3 percent to 5.6 cents.

SUDA

Suda says it has raised \$1.9 million through the issue of 1.9 million secured convertible notes to institutional and sophisticated investors.

Suda said the proceeds would be used to continue funding the Artimist sublingual malaria treatment, commercialize recently acquired assets and provide working capital.

The company said it also had a \$7.5 million equity drawdown facility with \$4.5 million in undrawn funds at August 31, 2013.

Suda said that directors Michael Stewart, Stephen Carter and Joseph Ohayon had lodged applications for \$420,000 in convertible notes, subject to shareholder approval.

Suda said the raising was organized and managed by Ord Minnett.

Suda was up 0.3 cents or 11.1 percent to three cents with one million shares traded.

STARPHARMA HOLDINGS

Starpharma says it has an evaluation agreement with the Yuma, Arizona-based Gowan Co using its Priostar dendrimer technology in crop protection formulations.

Starpharma said that its Priostar dendrimers would be evaluated as potential enhancements for certain Gowan products intended for high value markets.

The company said the Gowan partnership aimed "to broaden crop protection offerings and open new markets".

Starpharma chief executive officer Dr Jackie Fairley said that Gowan's "focus on providing tailored solutions to farmers' problems fits well with our technology's capabilities".

Gowan disruptive technologies manager Sandra Alcaraz said that her company had "a strong product portfolio and international distribution network [and] we are able to effectively apply innovative technologies in crop protection products for our key markets".

Starpharma said that its Priostar dendrimers provided improved product efficacy; more concentrated formulations to reduce supply chain costs and for greater ease of handling; reduced solvent loading; and had improved bioavailability through increased adhesion, to reduce losses due to rain run-off and the need for multiple applications.

Starpharma fell seven cents or 7.3 percent to 89 cents.

BLUECHIIP

Bluechiip says its Blue-Diligence program will assist companies in chain-of-custody evaluation.

Bluechiip said that Blue-Diligence would allow bio-banks and bio-repositories to assess the effectiveness of their current chain-of-custody procedures for samples, particularly with regard to temperature and identification.

Bluechiip commercial director Brett Roberts said that many bio-banks and bio-repositories know they have temperature and identification chain-of-custody issues with their samples, but don't know how to address them.

Bluechiip said that the Blue-Diligence three-step process allowed bio-banks and repositories to assess the effectiveness of their current temperature and identification-tracking procedures and develop programs to improve them.

The company said Blue-Diligence involved a questionnaire, temperature workshop and a "comprehensive in-house audit and report using College of American Pathologists and International Society for Biological and Environmental Repositories guidelines".

Bluechiip chief executive officer Brett Schwarz said that Blue-Diligence would "fill the temperature and identification gaps for bio-banks and bio-repositories around the world".

Bluechiip was unchanged at 16 cents.

PHARMAUST

Pharmaust says its share purchase plan at one cent a share to raise up to \$1 million has raised \$185,000 (BD: Aug 21, 2013).

Earlier in August, Pharmaust raised \$2.5 million in a placement to acquire Pitney Pharmaceuticals (BD: Aug 12, 2013).

Pharmaust was unchanged at one cent with 11 million shares traded.

BIOTA PHARMACEUTICALS

Biota says that former chief executive officer Peter Cook resigned as a director on September 10, 2013.

In a filing to the US Securities and Exchange Commission Biota said that "there was no disagreement between Mr Cook and the company on any matter relating to the company's operations, policies or practices relative to his resignation".

The company said that Mr Cook also resigned as an officer of all Biota subsidiaries and affiliates.

On Friday on the Nasdaq, Biota closed up five US cents or 1.19 percent to \$US4.24 (\$A4.54 equivalent to 56.75 cents per pre-merger share) with 7,173 shares traded.

CYCLOPHARM

Cyclopharm says that Henry Townsing has re-been appointed as a non-executive director, effective from today.

Cyclopharm said that Mr Townsing had more than 20 years experience in corporate finance and private equity and was currently a non-executive director of Vita Life Sciences.

The company said that Mr Townsing was formerly a Cyclopharm director from November 22, 2005 to February 27, 2009.

Cyclopharm was untraded at 21 cents.