



# Biotech Daily

Wednesday October 21, 2009

*Daily news on ASX-listed biotechnology companies*

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## MARKET REPORT

The Australian stock market fell 0.16 percent on Wednesday October 21, 2009 with the S&P ASX 200 down 7.6 points to 4838.6 points.

Seventeen of the Biotech Daily Top 40 stocks were up, 13 fell, eight traded unchanged and two were untraded. All three Big Caps were up.

Living Cell was best, up 4.5 cents or 15 percent to 34.5 cents with 917,719 shares traded, followed by Genera and Tyrian up 5.88 percent to 90 cents and 1.8 cents, respectively.

Nanosonics climbed 4.3 percent; Impedimed, Novogen and Viralytics were up more than three percent; Genetic Technologies, Mesoblast and Sunshine Heart rose two percent or more; with Bionomics, Peplin, Pharmaxis and Resmed up more than one percent.

Cathrx led the falls, down six cents or 8.1 percent to 68 cents with 29,037 shares traded, followed by Phylogica down eight percent to 11.5 cents.

Tissue Therapies lost five percent; Phosphagenics fell 4.9 percent; Clinuvel and Universal Biosensors were down more than three percent; Avexa, Biota, Cellestis and Compumedics shed more than two percent; with Circadian, Starpharma and Uscom down more than one percent.

## COMMERCIALISATION AUSTRALIA

The Federal Minister for Innovation Senator Kim Carr describes Commercialisation Australia as “a radical new program for commercializing research”.

Senator Carr said the funding body (formerly known as the Commonwealth Commercialisation Institute) would provide up to \$250,000 for proof of concept activities and repayable funding of up to \$2 million for early stage commercialization activities”.

A Departmental fact sheet said the \$250,000 proof of concept grants would “assist with testing the technical and/or commercial viability of the business model or idea for a product, process or service”.

The fact sheet said the \$250,000 to \$2 million early stage commercialization grants would provide funding “to undertake activities focusing on enabling a new product, process or service to be developed to the stage where it can be taken to market”.

These grants would be repayable on the success of the project and all funding applications will be assessed “through a competitive, merit based selection process”.

Senator Carr said in a media release that the unit, within the Department of Innovation Industry Science and Research, would “take a completely new approach to innovation assistance”.

“It will tailor assistance to applicants’ needs, not fit the applicant to the program,” the media release said.

The Departmental fact sheet said Commercialisation Australia would receive \$196.1 million over the next four years, with ongoing funding of \$82 million a year thereafter, as announced by Treasurer Wayne Swan in the Federal Budget (BD: May 13, 2009).

Senator Carr said Commercialisation Australia would open early in 2010 and “will help researchers, entrepreneurs and innovative firms turn the best ideas into internationally competitive commercial realities, and create high-skill, high-wage jobs”.

He said the unit was “specifically designed to boost early stage commercialization by leveraging private sector capital and expertise”.

The media release said successful applicants would have access to a case manager to “guide them through the commercialization process and facilitate access to volunteer business mentors, including CEOs, and other support [and] specialist advice and services to build the skills, knowledge and linkages necessary to successfully commercialize their ideas”.

Senator Carr said Commercialisation Australia “was developed in consultation with over 250 stakeholders from the research community, enterprises, capital providers, service providers, government and members of the public”.

In establishing Commercialisation Australia, Senator Carr called for expressions of interest for board membership and registrations of interest for the roles of case managers and volunteer business mentors. Go to [www.innovation.gov.au/CommercialisationAustralia](http://www.innovation.gov.au/CommercialisationAustralia).

The media release said an interim board would develop Commercialisation Australia over the next two months, prior to the establishment of the permanent Commercialisation Australia Board, whose members were expected to have “hands-on experience in commercialization and be familiar with the challenges of getting new ideas to market”.

All board appointments will be made by the Minister and the deadline for expressions of interest is November 3, 2009.

The media release said potential case managers or volunteer mentors were encouraged to register their interest with the Commercialisation Australia Team.

For further information on Commercialisation Australia contact the Commercialisation Australia Team by email at [ca@innovation.gov.au](mailto:ca@innovation.gov.au) or call +61 2 6213 7611.

## EDITORIAL: COMMERCIALISATION AUSTRALIA

The first response to this morning's Special Edition came from a chief executive officer who said "I'm sure the new logo for Commercialisation Australia will be just fabulous". It is hard not to be disappointed with Innovation Minister Senator Kim Carr's announcement, as it fits precisely the starting orders given by the Department in June this year, prior to the first meeting of the Biotechnology and Related Industries Leadership Group (BRIL), a month before the formal consultation process began.

The BRIL Group - composing Ausbiotech chief executive officer Dr Anna Lavelle, Bio-Melbourne Network chief executive officer Michelle Gallaher, Research Australia chief executive officer Rebecca James, Monash University Chancellor Dr Alan Finkel, GBS Venture Partners' Dr Joshua Funder and this writer - signed-off on a template that would provide self-perpetuating increased funding through royalty payments on grants as well as a return from a proposed Intellectual Property Clearing House (see Biotech Daily Special Edition; Jul 6, 2009, or at <http://www.biotechdaily.com.au/pages/editorials.php>).

There was unanimous agreement that the Commercialization Institute should be arms length from Government. Ministerial approval of board appointments does not bode well. There was acknowledgment that the level of funding of \$82 million a year was far from world's best practice, given that Israel's Office of Chief Scientist provides \$US350 million a year and Australia's population is three times larger than Israel's.

None of these proposals have been incorporated, despite the claim of consultation. Indeed, there appears to be nothing in this proposal that was not there before consultation began. The only thing "radical" about Commercialisation Australia is that Senator Carr has called it "radical".

That said, the size of grants was foreshadowed to be "very small" and having it in writing that the grants could be as much as \$2 million means that some companies may be able to win sufficient funds to be backed further by venture capital firms to run a proper phase I or possibly even a phase IIa clinical trial.

The early stage grants wording needs to be read carefully. Their purpose is "to undertake activities focusing on enabling a new product, process or service to be developed to the stage where it can be taken to market".

They are for "activities focusing on" and not to take a product all the way to market.

There are many things that would improve the commercialization of new technologies.

The hand-holding mentoring exercises incorporated in the new unit of the Department of Innovation Industry Science and Research are not necessarily a bad thing, but they won't improve the ability of companies to conduct comprehensive pre-clinical research nor will they teach companies how to create the most cost-effective and watertight intellectual property around their technologies.

The Intellectual Property Clearing House was a very strong proposal and the Federal Government has ignored it entirely.

There are also questions over repaying the grants. Will it simply be a return of the funds, even if those funds led to a multi-billion dollar cure for cancer, the common cold or HIV? Unlike the Victorian Labor Government and its Premier John Brumby, as well as the Queensland Labor Government under Peter Beattie and Anna Bligh, the Federal Labor Government does not "get it" when it comes to biotechnology and other new technologies. The death of Commercial Ready was a mistake.

The predetermination of the shape of the Commonwealth Commercialisation Institute or its new 1980s advertising name Commercialisation Australia is also a mistake.

Perhaps the logo will be fabulous, after all.

**David Langsam**  
Editor

## [SENATOR ERIC ABETZ](#)

Opposition innovation spokesman Senator Eric Abetz says Commercialisation Australia exposes the Government's "incapacity to understand the vital innovation sector".

"Labor's abolition of the Howard Government's highly successful Commercial Ready program has left the innovation sector in limbo ever since the initial Rudd Budget in May 2008," Senator Abetz said.

Senator Abetz said that Finance Minister Lindsay Tanner "foolishly described the abolition of Commercial Ready as Labor's 'best' decision in its inaugural budget".

"Confronted with justified outrage and a flight of capital and confidence from our excellent innovation sector, Labor blundered further in announcing the ill-considered [Commonwealth Commercialisation Institute]," Senator Abetz said. "The innovation sector looks for real and practical support measures from Minister Kim Carr, not name changes."

## [AUSBIOTECH](#)

Ausbiotech says despite industry optimism and being labeled as "radical" by Innovation Minister Senator Kim Carr the outcome is anything but radical.

Ausbiotech said Commercialisation Australia was "a low-key, modest initiative". Chief executive officer Dr Anna Lavelle said that "any assistance to our industry's future is welcome and the grants at first blush are helpful – albeit lower than hoped".

"However details are yet to be provided and it's difficult to tell if these will go any distance toward filling the gaping hole left by the axing of Commercial Ready," Dr Lavelle said.

"The proof-of-concept grants are the most promising plank of the package and it's too early to be confident if the remainder will be of value," Dr Lavelle said.

"There are no nuts-and-bolts details, such as repayment details on ... loans up to \$2 million or how it intends to entice quality mentors to provide their time for free," she said.

Dr Lavelle said Ausbiotech appreciated the work of volunteers, but described as "curious" that the Government conceived a program important to industry reliant on volunteers.

"The Government appears to have placed little value on the consultation process, and it was clear from the manner in which the consultation questions were framed that the outcome was pre-conceived," Dr Lavelle said.

## [BIO-MELBOURNE NETWORK](#)

Bio-Melbourne Network chief executive officer Michelle Gallaher said the Australian biotechnology industry and its service providers were "well positioned to offer mentoring assistance and specialist services to early stage companies".

"I think they would be delighted to contribute to the growth in the innovation sector," Ms Gallaher said. "The biotech sector has a wealth of experience to contribute."

Ms Gallaher said she gave wholehearted support to the principal of "tailoring assistance to meet the applicants' needs".

"This recognizes that real innovation is serendipitous. New ideas are typically formed at the edges of the boundaries," Ms Gallaher said.

Ms Gallaher said the grants would be "relatively small" but would be "very well suited to the very early stage start ups".

"Commercialisation Australia is a great invitation to 'have a go'."

Ms Gallaher said the Commercialisation Australia board should include an individual with biotechnology experience and the Bio-Melbourne Network would put forward experienced individuals for consideration for both board positions and advisory roles.

## RESEARCH AUSTRALIA

Research Australia's chief executive officer Rebecca James said that her organization welcomed the statement and was "pleased to see things are moving quickly".

"However, we will need further details to assess the relevance and potential impact," Ms James said.

"We don't know if the grants require co-contributions, are available to companies only, [or] what the review process will be.

Ms James said she expected those issues to be resolved once the governance and management arrangements were in place.

## QRX PHARMA

QRX says it has completed the deal with Liaoning Nuokang Medicines to develop and commercialize its snake venom assets for the China market (BD: Sep 24, 2009).

QRX said Liaoning Nuokang had invested \$US5 million (\$A5.4 million) for a controlling interest in a Hong Kong company that holds a licence for the China market over two of QRX's lead haemostasis product candidates the anti-fibrinolytic agent Textilinin and the pro-coagulant Haempatch, both derived from Australian Brown Snake venom

QRX said an affiliated company of Nuokang had subscribed for a 10 percent interest in Venomics Pty Ltd, the QRX subsidiary holding the venomics assets.

QRX fell 12.5 cents or 9.9 percent to \$1.135.

## COCHLEAR

All votes at the Cochlear annual general meeting were passed by more than 30 million proxy votes to half a million, except the reelection of director Rick Holliday-Smith.

Mr Holliday-Smith was reelected with 27,346,549 million proxy votes (87.4%) in favor to 3,943,077 million proxy votes against (12.6%).

The next closest vote was on the issue of securities to chief executive officer Dr Chris Roberts which was passed with 30.8 million proxy votes in favor and 416,014 votes against.

All other resolutions were passed with wider margins.

Cochlear chief financial officer Neville Mitchell told Biotech Daily that Mr Holliday-Smith was "a terrific director" and chairman of the audit committee who gave a lot of time and effort to the company.

Mr Mitchell said the company was unaware of any reason for the dissent.

Cochlear was up 14 cents or 0.2 percent to \$64.24.

## TISSUE THERAPIES

Tissue Therapies is offering eligible shareholders parcels of shares from \$1,200 to \$15,000 each at no more than 15 cents a share.

Tissue Therapies foreshadowed the plan when it announced its \$5 million placement earlier this week (BD: Oct 19, 2009).

Tissue Therapies said the offer price for each share would be the lesser of 15 cents a share or 80 percent of the average closing price on the last five trading days prior to the date of issue of shares under the plan

Tissue Therapies said the record date was October 29, 2009, the share plan would open on November 3 and close on December 4, 2009.

Tissue Therapies fell one cent or five percent to 19 cents.

## IMPEDIMED

Impedimed has appointed Alden Kay as the vice president of quality and regulation at the company's San Diego facility.

The company said the appointment "reaffirmed Impedimed's strategic choice to establish the San Diego facility as the global operations hub, to support a focus on the group's key growth market in the US".

Impedimed said Mr Kay had a wealth of operational, regulatory and quality management experience at a senior executive level, with a focus on the US medical device sector.

Impedimed was up two cents or 3.3 percent to 62 cents.