



Biotech Daily

Wednesday January 20, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH EVEN: TISSUE THERAPIES UP 19%; VIRALYTICS DOWN 42%**
- * **LIVING CELL: EURO PATENT, JOURNAL BACK NTCELL PIG BRAIN CELLS**
- * **EUROGENTEC TO MANUFACTURE TISSUE THERAPIES' VITROGRO**
- * **OPTISCAN CHAIRMAN ANGUS HOLT REPLACES CEO VICKI TUTUNGI**
- * **CATHRX SALES UP, BUT DOWNGRADES FORECAST**
- * **GENERA REQUESTS 'REGULATORY STATUS' TRADING HALT**
- * **UNAVAL TAKES 6.0% OF VIRAX**
- * **BONE APPOINTS DR LEE SIMON 'KEY ADVISER'**
- * **BYE-BYE ROCKEBY**

MARKET REPORT

The Australian stock market edged up 0.14 percent on Wednesday January 20, 2010 with the S&P ASX 200 up seven points to 4868.2 points.

Fourteen of the Biotech Daily Top 40 stocks were up, 15 fell, eight traded unchanged and three were untraded.

Tissue Therapies was best, up 3.5 cents or 18.9 percent to 22 cents with 13.7 million shares traded, followed by Cellmid up 11.8 percent to 3.8 cents with 16.9 million shares traded.

Genetic Technologies and Heartware climbed more than six percent; Universal Biosensors was up 5.1 percent; Avexa and Phosphagenics were up more than three percent; Acrux, Compumedics, Resmed and Sunshine Heart rose more than two percent; with Biota, Cochlear and Psivida up more than one percent.

Viralytics led the falls, retreating five cents or 41.7 percent to seven cents with 161.3 million shares traded, following yesterday's eight cents or 200 percent jump to 12 cents.

Phylogica lost 4.35 percent; Alchemia, Impedimed, Patrys, Pharmaxis and Prana were down more than three percent; Bionomics and Prima shed more than two percent; with Cathrx, Chemgenex, Clinuvel and Nanosonics down more than one percent.

LIVING CELL TECHNOLOGIES

Living Cell has been granted a European patent for the use of its NTCell for a range of degenerative neurological conditions.

Living Cell said NTCell had potential uses for Parkinson's disease, Alzheimer's disease, multiple sclerosis, Huntington's disease and stroke.

The company said the European patent was based on the technology of preparing NTCell, encapsulated porcine cells of the choroid plexus of the brain encapsulated in a seaweed-derived gel.

Living Cell is involved in clinical trials in Russia and New Zealand studying encapsulated porcine islets of Langerhans for type I diabetes (BD: Jul 8, Oct 7, Dec 4, 2009).

Living Cell said the choroid plexus cells released growth factors and neurotrophins, which were a range of agents that protect and maintain the health of brain cells.

The company said NTCell was designed to protect brain cells from disease and injury and to enhance the natural repair mechanisms in the brain.

Living Cell said NTCell had the potential to restore neural cells and tissue.

The encapsulation protects the cells from rejection by the immune system allowing implantation without the need for toxic anti-rejection drugs.

Living Cell chief executive officer Dr Paul Tan said that with regulatory approvals in Europe and the US for clinical trials with cell-based therapeutics in neurologic disorders, he expected NTCell to add significant value to his company.

"The granting of this key patent for NTCell coincides with the publication of LCT's most recent data on cell therapy for neurological diseases in a leading peer review journal," Dr Tan said.

Living Cell said that the December 2009 issue of the Journal of Neural Engineering published its paper entitled 'Encapsulated living choroid plexus cells: potential long-term treatments for central nervous system disease and trauma', which shows that long-lasting therapeutic implants of NTCell may be used to treat brain disease.

The abstract is at: <http://www.iop.org/EJ/abstract/1741-2552/6/6/065001>.

The company said that the data showed the choroid plexus cells released neuroprotective agents including antioxidants and growth supporting factors and the implanted cells were still alive when retrieved six months after implantation into the brain in animals.

Living Cell said the publication added to previously published data on the beneficial effects of NTCell implants in animal models of Parkinson's disease, Huntington's disease, stroke and hearing loss caused by degeneration of the auditory nerve.

Living Cell was unchanged at 24 cents.

TISSUE THERAPIES

Tissue Therapies says Belgium's Eurogentec SA will manufacture its Vitrogro wound treatment for commercial scale.

Tissue Therapies said the Vitrogro produced by Eurogentec would be used in the human wound-healing trial to be conducted by Cardiff University's Prof Keith Harding (BD: Jan 17, 2010) and for the world-wide sale of Vitrogro wound-healing and cell culture products.

Tissue Therapies chief executive officer Dr Steven Mercer said Eurogentec staff had over more than 10 years experience with more than 400 good manufacturing practice batches to produce more than 80 biopharmaceutical products.

"Another important milestone in the commercialization plan of Vitrogro is in place, on schedule," Dr Mercer said.

Tissue Therapies climbed 3.5 cents or 18.9 percent to 22 cents with 13.7 million shares traded.

OPTISCAN

Optiscan says chairman Angus Holt has been appointed executive chairman following the departure of chief executive officer Vicki Tutungi, today.

Optiscan said Ms Tutungi was appointed CEO in February 2008 and “steered the company through the challenges of the global financial crisis and the consequent rationalization of Optiscan’s operations”.

Ms Tutungi has also resigned as a director, with the casual vacancy being filled by chief financial officer Bruce Andrew.

Optiscan said its “major emphasis will be an acute articulation of the role to be played by the company’s technology in the medical device market”.

“At the crux of such an articulation is a clear and first hand understanding of the desires of the major players in the relevant device markets, being both flexible and rigid endoscopes,” the company said. “With a world leading and mature technology, Optiscan is ready to do business and to do it with intensity and speed.”

Mr Holt told Biotech Daily he would be traveling to the US in early February and Germany later that month “for discussions with potential partners and customers”.

Mr Holt said he expected to be in Japan shortly after the US and Europe trips. Optiscan was unchanged at nine cents.

CATHRX

Cathrx says sales of \$151,308 for the three months to December 31, 2009 were below forecast due to delays in entering the French and German cardiac catheter market.

Cathrx said the strengthening Australian dollar was also a factor.

The company said that despite these issues it was encouraged by backorders worth \$227,882 it had received in that period “to supply its entire suite of products including both its therapeutic irrigated and standard ablation devices which are not yet available for sale”.

The three month sales figure of \$151,308 is slightly higher than the previous three months sales figure of \$143,100 and is the company’s largest quarterly sales since inception.

Cathrx chief executive officer Neil Anderson said the company was “disappointed by the shortfall, [but] we are pleased that sales are growing”.

“The key is that Cathrx is demonstrating that we can sell our devices and so the risk of sales execution is reducing,” Mr Anderson said.

“At present, we believe our distribution networks cover approximately 80 percent of the European market,” Mr Anderson said. “The addition of the French market will complete our coverage, which we anticipate will be in place by the end of the current quarter.”

Mr Anderson said the company was reviewing the sales forecasts provided in June 2009 to reflect the Australian dollar exchange rate conditions and the delay in sales plan execution and will update the market in February 2010.

He said the reforecast of sales “will be lower than the original sales forecast”.

Cathrx fell one cent or 1.6 percent to 62 cents.

GENERA BIOSYSTEMS

Genera has requested a trading halt pending “a regulatory announcement on the status of the Paptyp [human papilloma virus test]”.

Trading will resume on January 22, 2010 or on an earlier announcement.

Genera last traded at 77 cents.

VIRAX

Unaval Nominees has become a substantial shareholder in Virax with a holding of 8,697,242 shares or 5.993 percent.

The Sydney-based Unaval described itself as a retirement superannuation fund with former Customers director Tim Cooper a director of the fund.

The notice to the ASX said that 3,375,000 shares were acquired through the conversion of a VHLG convertible note.

Virax was up 1.5 cents or 26.8 percent to 7.1 cents with 1.7 million shares traded.

BONE MEDICAL

Bone Medical has appointed Dr Lee Simon as its key advisor on regulatory affairs, clinical trials and attracting investments.

Bone chairman Leif Helth Jensen said he was “delighted that we have been able to attract Lee Simon as our key advisor as he is an eminent expert within regulatory affairs and clinical trials”.

Bone said Dr Simon was a rheumatologist and was previously the director of analgesic, anti-inflammatory and ophthalmologic drug products, within the US Food and Drug Administration’s Center for Drug Evaluation and Research.

Dr Simon has been the recipient of several FDA quality performance awards and a faculty recognition award.

The company said Dr Simon was a principal in SDG LLC, a consulting firm helping companies create successful drug development programs through novel design and insightful regulatory strategies.

Bone said Dr Simon was a fellow of the American College of Physicians and the American College of Rheumatology and had “extensive experience in drug development in the US”. Bone was untraded at 20 cents.

ROCKEY BIOMED

Rockeby has been suspended from the close of trade last night and will be removed from the official list of the ASX at the close of trade on January 27, 2010.

Rockeby last traded at one cent.