



Biotech Daily

Wednesday September 10, 2008

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECHS DOWN: ANTISENSE UP 11.5%, SUNSHINE DOWN 12.5%**
- * **BIOLAYER, PRINCE OF WALES COLLABORATE ON NEURO-DIAGNOSTICS**
- * **BIO-GUIDE BRIEF: STARPHARMA**
- * **ELLEX ESTABLISHES DIRECT SALES IN GERMANY**
- * **AUSBIOTECH WELCOMES PARTS OF CUTLER INNOVATION REVIEW**
- * **INTERIM BOARD REVIEWS AUSTRALIAN STEM CELL CENTRE**
- * **MEDICAL THERAPIES APPOINTS KOICHIRO KOIKE DIRECTOR**

MARKET REPORT

The Australian stock market fell 1.6 percent on Wednesday September 10, 2008 with the All Ordinaries down 80.5 points to 4,961.4 points.

Seven of the Biotech Daily Top 40 stocks were up, 16 fell, 10 traded unchanged and seven were untraded.

Antisense was best, climbing 0.7 cents or 11.48 percent to 6.8 cents on modest volumes, followed by Stem Cell Sciences up two cents or 8.0 percent to 27 cents.

Starpharma climbed 3.13 percent; CSL, Mesoblast, Prana and Universal Biosensors were up two percent or more; with Sirtex up 1.7 percent.

Sunshine Heart led the falls, down one cent or 12.5 percent to seven cents on very small volumes, followed by Benitec down 0.4 cents or 6.67 percent to 5.6 cents.

Clinuvel, Labtech and Living Cell lost five percent or more; Ventracor fell 4.88 percent; Pharmaxis and Polartechinics fell three percent or more; Bionomics, Biota and Progen shed more than two percent; with Avexa, Chemgenex, Neuren and Peplin down more than one percent.

[BIOLAYER](#)

Biolayer and Sydney's Prince of Wales Medical Research Institute will develop diagnostic tools for Parkinson's disease and other neurodegenerative diseases.

Biolayer said the commercial agreement was related to the previously announced collaboration with the Prince of Wales Medical Research Institute (see Biotech Daily; June 30, 2008).

Biolayer said the collaboration was facilitated by Bio-Link, a commercialization company with experience in biomedical and diagnostic areas, supported by the New South Wales Office for Science and Medical Research.

In a media release Biolayer said the agreement granted Biolayer an option for an exclusive licence to develop existing Prince of Wales Medical Research Institute intellectual property.

Biolayer said it expected to exercise the option by February 2009, in conjunction with the achievement of the first development milestone.

The company said it had filed a provisional patent that "provides a completely different approach to protecting assay processes for the early detection of neurodegenerative diseases".

"Together with the Prince of Wales Medical Research Institute's existing intellectual property, this patent will strengthen the collaboration's intellectual property position to enable commercial exploitation to proceed," Biolayer said.

The company said the patent application would have commercial use beyond the collaboration.

Biolayer's chief executive officer Joe Maeji said the company was "seeking early opportunities to generate revenues across research, diagnostic and therapeutic fields".

"In the first instance, these opportunities are likely to relate to data generation for research purposes," Mr Maeji said.

Prof Peter Schofield said that Bio-Link played a "key role in the negotiations".

Biolayer fell 0.4 cents or 13.79 percent to 2.5 cents.

[MARC SINATRA'S BIO-GUIDE BRIEF: STARPHARMA](#)

Starpharma produced the news of the day yesterday, announcing it had successfully negotiated a licence with SSL International, the makers of the market-leading Durex condoms, for their anti-microbial Vivagel as a condom coating.

This licence was foreshadowed by a co-development agreement signed by Starpharma and SSL in October last year (see Biotech Daily; October 16, 2007).

Starpharma put what could be interpreted as the headline value of the deal at more than \$100 million.

Investors should note, however, that this value includes expected royalty receipts, which are often lucrative but not often included in headline values.

Investors also need to note that headline values are not adjusted for risk or the 'time value' of money - that is, the alternative uses of investment funds - such that the true value of the deal is generally well below that of the headline value.

Nonetheless, it appears at first blush to be a solid deal.

It is also the first unmistakable sign that Dr Jackie Fairley's regime at Starpharma is not only capable of doing deals, but following them through to the satisfaction of its partners. This deal will certainly increase my valuation of Starpharma (currently 54 cents a share), but I will require more time to break down the deal and determine exactly how much.

Starpharma climbed one cent or 3.13 percent to 33 cents.

[ELLEX MEDICAL LASERS](#)

Ellex Medical Lasers says it has established a direct sales channel in Germany with Ellex Deutschland.

Ellex said its German operation would be formally launched at the European Society of Cataract and Refractive Surgeons meeting on September 13-16 in Berlin and would focus initially on sales of Ellex laser products.

Ellex said its distribution partner for its Eye Cubed ultrasound product in Germany, M+C GmbH, would provide administration and logistical support for the new operations allowing Ellex to establish a "strong market position with minimal investment and reduced risk".

Ellex said M+C had been active in the ophthalmic market for 20 years and had distributed the Eye Cubed since 1990.

Ellex said the partnership with M+C would enable both companies to leverage common marketing channels and contacts.

"With over 8,000 ophthalmologists, Germany is one of the largest ophthalmic markets in the world," Ellex said.

Ellex said the first sales from the German operation were expected in September 2008. Ellex was down one cent or 3.85 percent to 25 cents.

[AUSBIOTECH](#)

Ausbiotech says it welcomes sections of Dr Terry Cutler's Review of the National Innovation System, published yesterday.

Ausbiotech said the review "provided a comprehensive snapshot of Australia's innovation system and contains a range of worthy recommendations for Government action".

Ausbiotech chief executive officer Dr Anna Lavelle welcomed recommendations in Chapters 8 and 9 in relation to tax reform and the retention of effective programs such as Comet as a positive step forward for the industry.

"First impressions are that the report offers the Government significant opportunities to build a strong innovation base for Australia," Dr Lavelle said.

In a media release Dr Lavelle said she was "disappointed to not see more emphasis on export support for small Australian companies, such as medical device companies."

"Ausbiotech will be consulting our 3,000 strong membership and providing feedback to government regarding the likely impact of the recommendations," Dr Lavelle said.

Dr Lavelle said the biotechnology industry was now anticipating the Government's response to the Cutler Review, due before the end of the year.

"It is vital that the entire value chain is recognized from discovery to market," she said.

"For example, the commercialization process undertaken by smaller innovative Australian companies with limited resources requires support as well as research in universities," Dr Lavelle said.

Dr Lavelle said the majority of Ausbiotech's 3000 members wanted a program similar to the Commercial Ready program, axed in the Rudd Government's May Budget.

"Since this decision, many small innovative biotech companies have been left in limbo, without the policy certainty they need to plan for growth and attract investment," she said.

She said the Government needed to address what she called "the policy gap" between research and development and commercialization.

Ausbiotech said it was "pleased" with the recommendation for a competitive grants scheme for industry but was "keenly interested in the detail of such a program".

Dr Lavelle asked Ausbiotech members and other interested parties to provide comments and feedback on the Cutler Review of the National Innovation System to the organization.

AUSTRALIAN STEM CELL CENTRE

The Australian Stem Cell Centre says its interim board “reaffirms its commitment to supporting and promoting high quality stem cell research in Australia”.

The previous seven member board resigned last week citing differences with member interests.

A three-member interim board comprising Prof Edwina Cornish, Prof David Siddle and Dr Henry De Aizpurua was appointed by the Australian Stem Cell Centre (ASCC) late on Friday (see Biotech Daily September 5 and 8, 2008).

The interim board says it has “full confidence in the quality of ASCC scientists and is committed to the completion of current research projects”.

“The ASCC has sufficient funds to meet all of its commitments, including the payment of staff and external projects,” a media release from the Centre said.

The interim board said it was reviewing its governance model and would make a transition to a more inclusive model where members and stakeholders – universities and research institutes - have a greater role in setting strategic direction.

The board said an independent chair would be appointed “in the near future”.

The board said the new model and independent chair would “improve the Centre’s capacity to undertake research of the highest quality in the stem cell field”.

The interim board and acting chief executive officer David Collins are maintaining an open dialogue with the Federal Department of Innovation, Industry Science and Research and the Australian Research Council as it develops this model.

MEDICAL THERAPIES

Medical Therapies has appointed the Tokyo-based corporate adviser Koichiro Koike as a non-executive director.

Medical Therapies said Mr Koike was co-principal of V2V, a corporate advisory firm specializing in cross border life sciences transactions between Australian and Japanese companies.

The company said Mr Koike had been closely involved with the Midkine technology for more than a year and was an adviser to Cell Signals Inc, the vendors of the Midkine technology to Medical Therapies.

Medical Therapies said Mr Koike was a senior executive with “extensive global life science and technology business development experience”.

The company said Mr Koike was based in Tokyo after living in Melbourne for 15 years and before joining V2V, Mr Koike worked as a corporate finance and mergers and acquisitions specialist in Tokyo for a European investment bank.

Medical Therapies said Mr Koike had been involved in out-licencing technology, capital raisings and initial public offerings and had a “strong appreciation of the day-to-day requirements of early-stage high growth companies”.

“He brings extensive contacts in some of the most prominent diagnostic and pharmaceutical companies in Japan which are candidates for [Medical Therapies’] out-licensing activities, particularly for its diagnostic portfolio,” the company said.

Medical Therapies was untraded at 5.3 cents.