Biotech Daily

Friday June 5, 2009

Daily news on ASX-listed biotechnology companies

*** ASX UP, BIOTECH DOWN; MESOBLAST UP 9%, BONE DOWN 10%**

*** CYTOPIA LOSES NOVARTIS JAK3 FUNDING, CUTS 18 STAFF**

*** FERMISCAN LOSES PROF VERONICA JAMES CASE, $1.4m COSTS**

*** $83m FEDERAL INNOVATION INVESTMENT FUND OPENS**

*** DR KYLIE MASON WINS $16k PREMIER'S PRIZE; $30k SMORGON AWARD**

*** BIOTECH TAKES $14m OF $71.3m FEDERAL LINKAGE GRANTS**

MARKET REPORT

The Australian stock market climbed 0.93 percent on Friday June 5, 2009 with the S&P ASX 200 up 36.6 points to 3,971.2 points.

Thirteen of the Biotech Daily Top 40 stocks were up, 16 fell, six traded unchanged and five were untraded.

Mesoblast was best, up seven cents or 9.2 percent to 83 cents with 651 shares traded, followed by Labtech up eight percent to 13.5 cents.

Cytopia climbed five percent; Polartechnics was up 4.2 percent; Heartware, Impedimed, Starpharma and Tyrian were up more than three percent, the last with 1,400,000 shares traded; Nanosonics, Tissue Therapies and Viralytics rose more than two percent; Chemgenex and Genera were up more than one percent; with Cochlear up 0.6 percent.

Bone led the falls, down two cents or 10 percent to 18 cents with 7,583 shares traded, followed by Progen down 9.5 percent to 81 cents.

Living Cell lost 7.7 percent; Biota and Clinuvel fell more than four percent; Avexa and CSL were down more than three percent; Alchemia and Peplin shed more than two percent; Acrux, Cellestis, Circadian, Novogen, Pharmaxis, Resmed and Sirtex fell more than one percent; with Arana and Psivida down by less than one percent.

CYTOPIA

Cytopia will lose 18 of 30 researchers following Novartis ending the collaboration on JAK3 inhibitors for transplant rejection and other auto-immune diseases.

Cytopia's chief executive officer Andrew Macdonald told Biotech Daily that the Novartis agreement ended on June 1, 2009 and the Swiss-based company did not take up its option to continue for a further year.

Mr Macdonald said Novartis would continue to develop the JAK 3 (Janus kinase 3) compounds but had decided not to fund Cytopia's research.

Mr Macdonald attributed the decision to general cost-cutting due to the global financial crisis.

He said many of the 18 staff working on the JAK 3 project had been working full-time for Novartis.

Mr Macdonald said Cytopia would still receive milestone payments as Novartis developed the compounds.

He said that Cytopia had sufficient cash to last until the beginning of 2010 and that he was pursuing fund-raising activities.

Mr Macdonald said the anti-cancer vascular disrupting agent CYT997 project continued and the investigational new drug application to the US Food and Drug Administration for CYT387 for myeloproliferative disorders and cancer was expected to be filed "in a matter of weeks" with the trial beginning in August and dosing in September 2009.

In a media release Cytopia said its staff contributed "JAK3-specific expertise and intellectual property leading to the development of molecules with clinical potential".

Cytopia said Novartis would be responsible for the formal preclinical and clinical development of those JAK3 compounds meeting development criteria.

Cytopia said it would "continue to participate with ongoing representation on the joint steering committee established by the two parties".

The company said it had received $13 million in upfront and research payments from the Novartis agreement.

Development, regulatory and sales milestones as well as royalty payments on any product sales, would be paid to Cytopia over the life of the agreement.

Cytopia said it had "taken certain strategic decisions that will best position the company for the future".

The company said it had completed two phase I clinical studies in CYT997 and had phase II studies open in relapsed glioma and multiple myeloma.

A further clinical study treating myelofibrosis patients with CYT387 was scheduled to commence in the second half of this year, Cytopia said.

Cytopia said it had "a considerable pool of early and late stage research assets that have been driven by the research capability".

These assets would continue to be partnered through out-licencing and development collaborations such as the FAK inhibitor project with CRC Cancer Therapeutics.

Cytopia said the project gave it an option over commercialization rights where it can leverage its preclinical and clinical capability.

The company said it was seeking development partners for the FMS inhibitors project for treating cancer and inflammation, one of the more advanced research programs.

Cytopia was up half a cent or five percent to 10.5 cents.

FERMISCAN

The New South Wales Supreme Court has found against Fermiscan's most recent legal action against the inventor of its technology Prof Veronica James.

The office of Justice Robert McDougall told Biotech Daily that the "proceedings must be dismissed" and the plaintiffs (Fermiscan) had been ordered to pay the defendant's costs, except for certain specified the costs.

Those costs are expected to be about $1.4 million.

The full judgment is expected next week.

The judgment was dictated to the court on May 29, 2009 and requires transcription and editing before it will be formally released.

The solicitor for Prof James, Middleton's intellectual property partner Jane Owen, told Biotech Daily that her costs were likely to be around $500,000 with about $400,000 recoverable from Fermiscan, whose costs were likely to be in the order of $1 million.

Fermiscan brought the action against Prof James claiming a new test using finger nails and skin was an improvement on their 1998 hair x-ray diffraction patent to detect breast cancer (BD Apr 28, 2009).

Fermiscan has previously taken legal action against Prof James including an Anton Piller order allowing the company to search and seize her private property.

Following the initial court action, the company and Prof James reached a settlement which included an agreement that Prof James would not disparage the company, which has been interpreted as a silencing order against the scientist.

Ms Owen said Fermiscan alleged that Prof James has breached the settlement clause preventing her from disparaging the company and that Fermiscan alleged that work Prof James had undertaken on x-ray diffraction of finger nails and skin was "an improvement" to the original patent they acquired from Prof James in 2004.

Fermiscan and Polartechnics are involved in a friendly merger to create a women's health diagnostics company, Novus Diagnostics.

The bidder and target statements were expected to be dispatched in mid-May have been delayed but the companies told the ASX on May 22 that the had been delayed until June17, 2009.

Despite several attempts Biotech Daily was unable to contact Fermiscan for comment.

Fermiscan was unchanged at 15 cents.

Polartechnics climbed 0.4 cents or 4.17 percent to 10 cents.

FEDERAL INNOVATION INVESTMENT FOLLOW-ON FUND

The Minister for Innovation Senator Kim Carr says the $83 million Innovation Investment Follow-On Fund has opened for applications.

In a media release Senator Carr said eligible fund managers should apply for funding.

"The fund is a temporary, targeted response to address a lack of capital available to the most promising young innovative companies during the global recession," Senator Carr said.

"It will enable these companies to continue to develop and to commercialise their products and services during this difficult period," he said.

"The commercialization of innovation is vital to Australia's prosperity and will continue to be strongly supported by this Government," Senator Carr said.

The $83 million fund is to be divided among biotechnology, information and communications technology and clean energy technologies (BD: Mar 18, 2009).

VICTORIA PREMIER'S PRIZE

Victorian scientist Dr Kylie Mason has won the 2009 Victorian Premier's Award for Public Health and Medical Research.

Premier John Brumby presented the Walter and Eliza Hall Institute of Medical Research's Dr Kylie Mason with the award and $16,000 prize at Government House today.

Mr Brumby also presented the Walter and Eliza Hall Institute with the $30,000 Jack & Robert Smorgon Families Award.

A Victorian Government media release said Dr Mason made a "breakthrough in the treatment of cancer and an unexpected finding about the life span of blood clotting cells".

"Dr Mason's brilliant work highlights why Victoria is a global leader in cancer research and fast becoming one of the top biotechnology centres in the world," Mr Brumby said.

"Dr Mason's work is vindication of our efforts," he said

The media release said Dr Mason was a researcher at the Walter and Eliza Hall Institute and a consultant haematologist at the Royal Melbourne and Western Hospitals.

The media release said she had "received worldwide acclaim" for discovering that adding a new class of anti-cancer drugs, the BH3 mimetics, to standard chemotherapy, it was possible to eradicate a highly resistant blood cancer in mice.

During her research, she also unexpectedly helped solve the mystery of how the life span of blood clotting cells, platelets, was controlled. The finding has been licenced and patented and has the potential to improve the availability of platelets for transfusion.

Three other scientists received $8000 commendation awards from Mr Brumby.

Baker IDI Heart and Diabetes Institute epidemiologist Adrian Cameron was commended for helping to answer questions on the role of abdominal obesity and how metabolic syndrome can be used to predict the development of diabetes.

University of Melbourne's Department of Microbiology and Immunology researcher Liyen Loh was commended for work on how HIV evades the immune system causing a progression to AIDS.

Walter and Eliza Hall Institute researcher Dr Anna Projetto was commended for insights into the possible causes of autoimmune diseases and improvement of vaccine efficacy.

LINKAGE PROJECT GRANTS

Biological sciences and biotechnology will receive $14,001,185 over four years, of the total allocation of $71,281,782 in Linkage Project grants.

On May 28, 2009 the Minister for Innovation Senator Kim Carr said 238 projects shared $71.3 million funding in the Australian Research Council Linkage Projects scheme.

Senator Carr said the Linkage Projects supported national and international collaboration and encouraging further investment in research of national importance.

"The 238 projects … have forged partnerships with 554 national and international government, private and non-profit organizations," Senator Carr said.

"Partner organizations are contributing a total of $126.8 million in cash and in-kind support," Senator Carr said.

The Linkage Projects scheme is part of the Australian Research Council's National Competitive Grants Program.

While the "biological sciences and biotechnology" sector won the greatest amount of Linkage funds, most of the projects were for agriculture and bio-fuels rather than human health applications.

A selection of grants follows below.

Monash University
Targeting virulence of Pseudomonas aeruginosa by inhibiting oxidative protein folding
Total $600,000; collaborating with Biota Holdings
The research will lead to the development of compounds with a novel anti-virulence and antibacterial mode of action for further drug development.

The University of Melbourne
Evaluation of the potential of colostrum-derived anti-influenza antibody for the treatment and prevention of influenza
Total $327,000; collaborating with Anadis
The project addresses influenza, with a novel cost effective application of antibody technology.

The University of Melbourne
Inhibition of pro-inflammatory cytokine secretion- A new route to therapeutics of chronic inflammatory disease
Total $336,000; collaborating with CSL

The University of New South Wales
Gene therapy to enhance auditory prosthesis performance for cochlear implants
Total $354,000; collaborating with Cochlear

Monash University
Multipurpose separation platforms for protein purification
Total $750,000; collaborating with Novo Nordisk Pharmaceuticals

Griffith University
Identification of new inflammation targets for the development of more efficacious and safe treatments.
Total $320,000; collaborating with C-Bio Ltd.

The University of Adelaide
Proteomic analysis of central nervous system inflammation in multiple sclerosis
Total $375,000; collaborating with Multiple Sclerosis Research Australia

University of Canberra
Ross River virus - identification of virulence determinants in clinical isolates from across Australia
Total $235,773; collaborating with Western Australia Department of Health; Centre for Infectious Diseases and Microbiology - Public Health ; Pathcentre; Queensland Health Scientific Services

The University of Melbourne
Development of purified antibodies that kill virus infected cells
Total $156,000; collaborating with Karpathia Pty Ltd

University of Technology, Sydney
Investigating the Ability of Honey to Inhibit Bacterial Biofilms Found in Chronic Wounds
Total $315,000; collaborating with Comvita New Zealand

Victoria University
The effect of dietary fish peptides on biomarkers of human health - the influence of processing conditions and the environment
Total $156,840; collaborating with Geelong Food Co-products Cluster

Swinburne University of Technology
Network dynamics and field evolution: hubs, clusters and interorganisational ties in biotechnology
Total $115,664; Collaborating with Ausbiotech

Queensland University of Technology
Optimization of Transgene Expression in Sugarcane
Total $224,000
Collaborating with Syngenta Biotechnology

The University of Queensland
Clean fuels for the future: Scale up and optimisation of microalgal oil production and biodiesel synthesis
Total $345,000
Collaborating with North Queensland & Pacific Biodiesel

The University of Melbourne
Ultrasonics as a New Platform Technology in Dairy Processing
Total $365,000 Collaborating with Dairy Innovation Australia

The University of Queensland
Next-generation technology for determining fitness-for-use of starches in cereal grains
Total $227,731;cllaborating with PSS Polymer Standards Service GmbH; Postnova Analytics

The University of Sydney
Developing New Multifunctional Layered Particles with Novel Modular Food Processing
Total $96,000; Collaborating with Vic Cherikoff Food Services Pty Ltd

Victoria University
The effect of dietary fish peptides on biomarkers of human health - the influence of processing conditions and the environment
Total $156,840; Collaborating with Geelong Food Co-products Cluster

The University of Queensland
Production of polyhydroxyalkanoate (PHA) bioplastics from organic waste
Total $525,000; Collaborating with Anoxkaldnes AB Veolia Water Solutions & Technologies

James Cook University
Optimising barramundi production through early prediction of thermal tolerance and growth
Total $360,000; Collaborating with Mainstream Aquaculture

The University of Adelaide
Early warning of cyanobacteria blooms in drinking water reservoirs by means of evolutionary algorithms
Total $198,000; collaborating with SA Water; South East Queensland Water

The University of Melbourne
Influence of an innovative shoe design on lower limb joint loading during walking
Total $142,000; collaborating with ASICS Oceania Pty Ltd

Queensland University of Technology
Development of an anti-Chlamydia vaccine for the koala
Total $290,000; collaborating with Lone Pine Koala Sanctuary, Australia Zoo Wildlife Warriors, Gold Coast City Council and Friends of the Koala Inc.