Biotech Daily

Wednesday August 4, 2010

Daily news on ASX-listed biotechnology companies

*** ASX, BIOTECH DOWN: HEARTWARE UP 5%; BONE DOWN 19%**

*** PHYLOGICA'S $100m+ DEAL**

*** BIOPROSPECT SAYS SOLAGRAN NOT RESPONDING**

*** NZ APPROVES LIVING CELL DIABETES TRIAL EXPANSION, DOUBLE DOSE**

MARKET REPORT

The Australian stock market fell 0.65 percent on Wednesday August 4, 2010 with the S&P ASX 200 down 29.5 points to 4542.1 points.

Eleven of the Biotech Daily Top 40 stocks were up, 15 fell, seven traded unchanged and seven were untraded.

Heartware was best, up 11 cents or 5.4 percent to $2.16 with 50,000 shares traded.

Circadian and Prima climbed more than four percent; Prana was up 3.6 percent; Genera and Living Cell rose more than two percent; with Cellestis, QRX and Sirtex up one percent or more.

Bone led the falls, down 1.5 cents or 18.75 percent to 6.5 cents with 416 shares traded, followed by Cellmid down 13.6 percent to 1.9 cents with 517,810 shares traded.

Antisense lost 5.9 percent; Patrys fell 4.2 percent; Genetic Technologies, Nanosonics and Universal Biosensors were down more than three percent; Cathrx, Chemgenex, Clinuvel, Phosphagenics and Viralytics shed more than two percent; with Biota and Impedimed down more than one percent.

PHYLOGICA

Several sources have confirmed to Biotech Daily that Phylogica is closing a deal worth more than $100 million.

With information already in the public realm, Biotech Daily was not prepared to agree to a request for an embargo for a media briefing today, so details of the deal will not be available until the announcement has been made, which is expected tomorrow.

The announcement and a Marc Sinatra Bioguide Brief will be published tomorrow.

Phylogica is expected to receive an upfront fee of several million dollars from the research partnership with an unnamed “large pharmaceutical and biotechnology group”, the description used in yesterday’s trading halt request.

No one at Phylogica was available to comment.

Earlier this year Phylogica chairman Dr Doug Wilson and chief executive officer Prof Paul Watt said their company was looking for early stage deals (BD Mar 23, 2010).

Dr Wilson said that third party validation came from contracts including its early stage discovery deal with Roche at the end of 2009, a first for Australian biotechnology.

On December 18, 2009, Phylogica signed an agreement with Roche to evaluate its Phylomer technology in transporting large molecules to attack disease targets within cells.

Then Phylogica’s chief scientific officer and the technology’s inventor Prof Watt said the challenge of targeting macromolecules to the intracellular matrix was “an exciting new frontier in drug development” and Roche would evaluate the Phylomer technology for transporting large molecules to attack disease targets within cells (BD: Jan 17, 2010).

Dr Wilson said at that time that Phylogica was “in advanced negotiations with two of the top 10 companies other than Roche”.

Prof Watt said Phylogica would be a pure discovery company and with Phylomers one fiftieth the size of antibodies that meant they “can bind to targets like antibodies, but they are smaller and don't necessarily need to be injected”.

Prof Watt said Phylomers could be more easily manufactured synthetically, with relatively low cost production.

Phylogica last traded at 8.4 cents.

BIOPROSPECT, SOLAGRAN

Bioprospect says Solagran has not responded to a request for a dispute resolution meeting following concerns first raised by Solagran in June (BD: Jun 28, 1010).

The following day Bioprospect told the ASX it had not been told by Solagran of any dispute and had sought clarification from Solagran. On July 8, Bioprospect told the ASX it still had not heard from Solagran and on July 29, Bioprospect told the ASX of a dispute resolution timetable, including a meeting proposed for August 2, 2010.

Today, Bioprospect reported that Solagran’s chief financial officer said on July 30, 2010 that he was not aware of a meeting being held with Bioprospect on August 2 and subsequently no meeting was held.

Bioprospect said a request had been made to the chief financial officer to arrange a time to inspect Solagran’s records to verify Solagran’s compliance with the agreement.

Bioprospect said that “as of today there has been no response” and several attempts had been made to communicate with Solagran, “but these have proven unsuccessful”.

Bioprospect said it was committed to commercializing Solagran’s conifer green needle complex for initial use within the equine industry.

Despite several requests Solagran did not respond to calls from Biotech Daily.

Bioprospect fell 0.1 cents or 6.25 percent to 1.5 cents.

Solagran fell half a cent or 2.8 percent to 17.5 cents.

LIVING CELL TECHNOLOGIES

Living Cell says the New Zealand Minister of Health Tony Ryall has approved the addition of four more patients to its phase II clinical trial of Diabecell for type 1 diabetes.

The company said the approval included increasing the dose to double the original dose of 10,000 islet equivalents per kilogram body weight (IEQ/kg).

Living Cell said that so far, eight insulin dependent diabetes patients had received the encapsulated porcine islets of Langerhans implants in its dose-ranging trial.

The company said the first four patients received one implant of Diabecell at the dose of 10,000 islet equivalents per kilogram body weight (IEQ/kg) without any reported adverse events attributable to the treatment.

Living Cell said a second group of four patients received a higher dose of 15,000 IEQ/kg, also with no significant adverse events attributed to the treatment, but the follow-up period was too short to assess efficacy with this second group.

The company said the extension approval would allow it to administer up to 20,000 IEQ/kg in four patients.

The company quoted Mr Ryall saying he was satisfied that amending the original approval to include more patients would add further rigor to the study and might provide valuable additional information.

Living Cell said that all eight New Zealand patients with unstable diabetes treated so far, had “shown the benefit of reduction or elimination of episodes of low blood glucose levels that are often life-threatening”.

The company said the “dramatic results to date showing Diabecell’s ability to ameliorate this serious complication of diabetes, known as hypoglycaemic unawareness, are one key indicator of potential benefit to patients”.

Living Cell said Diabecell’s safety profile continued to be confirmed and therapeutic benefit was promising as it progressed its dose ranging trials, aimed at identifying the most efficient dose to achieve optimal efficacy.

Living Cell medical director Prof Bob Elliott said the approval for up to 20,000 IEQ/kg in four patients was “likely to be the maximum consideration for a single dosing”.

“It will enable a future assessment of a possible commonly seen plateau effect in dosing which will allow us to understand dosing efficiencies for various patient indications,” Prof Elliott said.

Living Cell chief executive officer Dr Paul Tan said the additional patient information “will be important when analyzing the data to assess the necessary doses to meet various endpoints relevant to patients with unstable type 1 diabetes”.

Living Cell was up half a cent or 2.3 percent to 22.5 cents.