Biotech Daily

Thursday March 10, 2011

Daily news on ASX-listed biotechnology companies

*** ASX, BIOTECH DOWN: PATRYS UP 6%; ANTISENSE DOWN 12.5%**

*** SIRTEX ON THE MOVE; REFUTES AFR FUNDING CLAIM**

*** RESONANCE EXPANDS NOVARTIS IRON OVERLOAD DEAL**

*** NEUREN PLEADS SCHULTZ, PRESENTATION TO ASX 29% PRICE QUERY**

*** ELLEX DISTRIBUTES STAAR'S LENSES**

*** M&G GROUP INCREASES TO 6.1% OF MESOBLAST**

*** PHOSPHAGENICS REQUESTS 'FUNDING EVENT' TRADING HALT**

*** BIOTRON HALF-WAY IN HEPATITIS C TRIAL DOSING**

*** IM MEDICAL MEETING TO ROLL THE BOARD**

*** SAFETY MEDICAL EXPLORES THREE RIVERS COPPER**

MARKET REPORT

The Australian stock market fell 1.4 percent on Thursday March 10, 2011 with the S&P ASX 200 down 68.1 points to 4699.7 points.

Eight of the Biotech Daily Top 40 stocks were up, 18 fell, seven traded unchanged and seven were untraded.

Patrys was best, up half a cent or 5.6 percent to 9.5 cents, with 466,416 shares traded.

Psivida climbed 5.2 percent; Prana was up 3.45 percent; Prima rose 2.2 percent; with Bioniche, Cellestis and LBT up more than one percent.

Antisense led the falls, down 0.1 cents or 12.5 percent to 0.7 cents, with 1.1 million shares traded, followed by Cellmid down 10 percent to 2.7 cents with 4.5 million shares traded.

Viralytics lost 8.2 percent; Benitec fell 6.7 percent; Biota, Genera, Starpharma and Virax were down more than three percent; Clinuvel, Tissue Therapies and Universal Biosensors shed more than two percent; with Bionomics, Chemgenex, Cochlear, Living Cell, Mesoblast and Nanosonics down one percent or more.

SIRTEX MEDICAL

Sirtex chief executive officer Gilman Wong and chief financial officer Darren Smith are on an investor tour to promote the usually taciturn but high-achieving company.

While the presentation includes a sentence about potential acquisitions, Mr Wong made it very clear at the Melbourne investors' briefing today that the Australian Financial Review was incorrect in claiming that there could be an associated capital raising.

"We are not looking at a capital raising," Mr Wong said.

Mr Wong told the meeting that with $41.4 million in cash, any acquisition would be done for either cash or scrip or a combination of both.

He said if there was an acquisition he was considering a company with a good technology that was "withering on the vine" for the lack of strategic marketing, but he said he would not want anything that distracted his Sir-Spheres sales staff from their jobs.

Mr Wong said the company wanted to increase its profile to investors so that they do not lose sight of the fact that it is profitable, growing and paying dividends.

"We're a little bit on an enigma of a biotech company," Mr Wong said.

He said Sir-Spheres were approved for liver cancer in 2002 by the US Food and Drug Administration, Australian Therapeutic Goods Administration and European Union, without level 1 clinical evidence of a large scale study and the previous management's failure to conduct a level 1 trial meant Sirtex had been confined to salvage patients.

Mr Wong said four major studies in first line colorectal and primary liver cancer treatment were underway and there had been 73 peer reviewed papers on Sir-Spheres, most of which were independent from the company.

He said Sirtex had committed $60 million over five years for its level 1 clinical program and the trials would raise its profile among the clinical oncologists and key opinion leaders.

Mr Wong said a phase III 450 patient study of metastatic colorectal cancer comparing chemotherapy with and without Sir-Spheres was half-way through recruitment and was expected to be fully recruited by June 2012 with a further 18 months to results.

He said a 360-patient liver cancer trial comparing Sir-Spheres to chemotherapy began recruitment in January.

Mr Wong said Sirtex was investing heavily in its business and in its research and development and the company had increased total staff numbers from 60 to 99 people.

He said the $4 million Singapore facility was well underway and that a European manufacturing facility was being considered.

Mr Wong said that one of the restrictions on Sir-Spheres was that the Yttrium had a half life of 64 hours, giving the doses a shelf-life of three days and meaning that shipping doses to patients had to be effective.

Mr Wong said there was the potential to increase the shelf-life to four days with increased Yttrium in the Sir-Spheres, but that could increase costs and there could be other issues.

Mr Wong said the Supreme Court appeal against a damages payment by founder and former chief executive officer Prof Bruce Gray had been heard and the result was expected in the next few months. Whatever its result, the only further legal avenue was the High Court of Australia.

Mr Wong said he expected Sirtex to make "a step change in growth" and expand into Canada and Latin America, along with the Middle East, Africa and Asia.

Mr Wong said the company had also developed radioprotector technology, as well as therapeutic and diagnostic nanotechnologies.

"We do have a lot of interesting technology that could go the distance and any that do go the distance have the potential to equal Sir-Spheres," Mr Wong said.

Sirtex was unchanged at $5.46.

RESONANCE HEALTH

Resonance says it has signed an addendum to its master service agreement with Novartis to provide Ferriscan R2-MRI services for non-clinical trial purposes.

Resonance managing director Liza Dunne told Biotech Daily she could not disclose the value of the expanded partnership but said it was “a strategic and growth opportunity for the company”.

Resonance said the Ferriscan R2-MRI was an accurate, non-invasive magentic resonance imaging-based test for diagnosing and monitoring iron overload and was extremely important for individuals with, or suspected of having, systemic iron overload where a definitive diagnosis of iron overload was required.

The company said it was also a valuable tool for monitoring liver iron burden as part of ongoing clinical management of patients.

Ms Dunne said the Ferriscan test would be used to measure iron levels in the blood of patients taking Novartis’ iron chelation or iron reduction drug.

Ms Dunne said the iron build up was associated with repeat blood transfusions.

“This is really opening up a much broader collaboration for the management of patients with iron overload,” Ms Dunne said.

Ms Dunne said that separate to the Novartis use, there was potential for the Ferrsican diagnostic to be used for dialysis patients.

The company said the Ferriscan R2-MRI had been used by Novartis since 2004 as part of a clinical development program for their iron chelation product, which was approved in more than 100 countries for transfusional iron overload.

Resonance signed a new master service agreement with Novartis in October 2010 for the provision of Ferriscan R2-MRI services for their clinical trial programs.

Resonance was up 0.1 cents or 3.2 percent to 3.2 cents.

NEUREN

Neuren has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company’s share price rose from 1.7 cents on March 8, 2011 to 2.2 cents on March 9, 2011, a 29.4 percent increase and noted an increase in trading volume.

Neuren said it had previously told the market that it was in discussions with a number of parties concerning equity placements and partnering arrangements.

The company said no agreement has been reached as to terms, including price, in any of the discussions and there was no guarantee that the discussions would culminate in binding agreements.

Neuren said that it posted a presentation regarding its traumatic brain injury program on its website on March 8, 2011, given by a senior US Army scientist at a conference on March 7, 2011.

The company said the presentation “did not include information that had not been previously disclosed in presentations, company reports or scientific publications”.

“Consequently, due to this and its extremely technical nature, the company did not feel that it was necessary to lodge it with the ASX,” Neuren said.

Neuren fell 0.2 cents or 10.5 percent to 1.7 cents with 1.6 million shares traded.

ELLEX MEDICAL LASERS

Ellex says it will expand its presence into the ophthalmic lens market through a strategic partnership with US-based lens manufacturer Staar Surgical.
Ellex said it had an exclusive distribution agreement with Staar to market and distribute Staar's portfolio of cataract and refractive lens implants in Australia.
Ellex chief executive officer Simon Luscombe said that since the introduction of its first lens for cataract surgery in 1982, Staar had established "a leading reputation in the global lens market"
Mr Luscombe said ageing demographics and innovative new technologies combined to make the cataract and refractive lens markets significant growth markets.
"This is an important opportunity to grow our business, and to address the growing needs of Australia's ageing population," Mr Luscombe said.
"As we age, the natural lens of our eye becomes less flexible and unable to change shape easily, affecting our vision," Mr Luscombe said.
"This is known as refractive error and affects nearly one in three Australians over the age of 40," Mr Luscombe said.
Mr Luscombe said cataract surgery was the most commonly performed eye procedure in Australia, affecting about 70 percent of the population over the age of 75 and the partnership with Staar would provide an opportunity to diversify his company's earnings to support future cash flow growth.
Mr Luscombe said the move into the ophthalmic lens market supported its diversification strategy.
Ellex said that under the agreement Ellex would have exclusive distribution rights for the Toric intraocular lens, which was implanted during cataract surgery.
The company said the Toric lens was one of the first for the treatment of both cataract and astigmatism, a condition where the cornea was not curved properly, resulting in blurred vision, affecting up to 20 percent of patients who undergo cataract surgery.
Ellex said it would also have exclusive distribution rights for the Visian implantable collamer lens and Toric implantable collamer lens.
The company said the Visian lens was a custom lens designed for the treatment of refractive error, including myopia or near-sightedness and hyperopia or far-sightedness.
Ellex said the refractive disorders affected a large proportion of the population and had traditionally been treated with surgery.
Ellex was up half a cent or 2.6 percent to 19.5 cents.

MESOBLAST

M&G Investment Funds have increased their substantial holding in Mesoblast from 15,833,409 shares (5.69%) to 17,083,675 shares (6.14%).
The London-based M&G companies acquired the 1,250,266 shares for $8,294,352 or an average price of $6.63 a share.
Mesoblast fell nine cents or 1.4 percent to $6.41.

PHOSPHAGENICS

Phosphagenics has requested a trading halt pending an announcement "regarding a significant event relating to funding".
Trading will resume on March 14, 2011 or on an earlier announcement.
Phosphagenics last traded at 11.5 cents.

BIOTRON

Biotron says it has dosed 12 of 24 patients in phase II trial of its lead hepatitis C drug candidate, BIT225.

Biotron said 12 patients have been dosed in the trial being undertaken by Aclires, an international contract research organization that specializes in running antiviral drug clinical trials.

The company said all the patients were infected with the most common strain of the Hepatitis C virus, genotype 1 and were being randomized in equal numbers to placebo, 200mg BIT225 and 400mg BIT225.

Biotron said all the patients were also being treated with the standard treatment of Interferon and Ribavirin.

The company said its phase II trial was examining how BIT225 worked in combination with Interferon and Ribavarin.

Biotron said existing drugs had limited effectiveness and could be toxic and doctors report that 50 percent of sufferers do not respond to current therapies, signalling a need for new treatments that directly target and halt replication and reproduction of the virus.

The company said the second half of the trial was expected to be completed in May, with results expected in June 2011.

Biotron chief executive officer Dr Michelle Miller said the trial was proceeding as expected and the results would be “of international interest”.

Dr Miller said BIT225 was a first-in-class drug candidate which specifically targeted the p7 protein, a viral protein essential to virus production and replication.

Biotron was up 0.4 cents or 4.35 percent to 9.6 cents.

IM MEDICAL

IM Medical says it has received a notice from its major shareholder to convene a meeting to remove all directors from the board.

The company said a notice of the meeting would be sent out shortly.

IM Medical has been through a back-door listing for the Mark Scott Group radiology and imaging business and has subsequently seen several directors come and go (BD: Jun 16, 30, Nov 22, 2010; Feb 7, 2011).

A substantial shareholder notice from August 20, 2010 said Thirty-seventh Killenaule Nominees held 57.66 percent of the company and Mark Scott as a director.

IM Medical was untraded at 0.1 cents.

SAFETY MEDICAL PRODUCTS

Safety Medical says that if it exercises its option to acquire copper exploration tenements it will need to recomply with nature of the business provisions of the ASX listing Rules.

Safety Medical has an option over tenements in the Three Rivers Area of northern Western Australia and if it exercised the option, it would be required to recomply with Chapter 1 and Chapter 2 of the ASX Listing Rules.

Company secretary Stephen Hewitt-Dutton told Biotech Daily that the company was continuing its review of its Securetouch safety syringe intellectual property.

Safety Medical was unchanged at two cents.