



Biotech Daily

Wednesday March 21, 2012

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH EVEN: ELLEX UP 5%, PATRYS DOWN 8%**
- * **LIVING CELL DATA TAKES NTCCELL TO HUMAN PARKINSON'S TRIAL**
- * **CSL, QIAGEN'S CELLESTIS SETTLE ROYALTY DISPUTE OUT OF COURT**
- * **BONE PLANS BN006 FOR RHEUMATOID ARTHRITIS STUDY**
- * **BIOTA SAYS HEP C PATENT, JAPANESE 'FLU PUSHED PRICE 18.5%**
- * **ANTISENSE REQUESTS CAPITAL RAISING TRADING HALT**
- * **ISONEA APPOINTS DR DAVID DANTZKER DIRECTOR**

MARKET REPORT

The Australian stock market fell 0.48 percent on Wednesday March 21, 2012, with the S&P ASX 200 down 20.7 points to 4254.3 points.

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

Ellex was the best, up one cent or five percent to 21 cents, with 12,000 shares traded.

Antisense, Living Cell and Neuren climbed four percent or more; Allied Health, Clinuvel and Optiscan were up more than three percent; Pharmaxis and Tissue Therapies rose more than two percent; Cochlear, Starpharma and Viralytics were up more than one percent; with Mesoblast, QRX, Resmed and Sirtex up by less than percent.

PatrYS led the falls, down 0.3 cents or 8.1 percent to 3.4 cents with 932,857 shares traded.

Phylogica lost 6.25 percent; Sunshine Heart fell 5.4 percent; Genetic Technologies was down three percent; Acrux, Anteo, Avita, Biota, Phosphagenics and Prima shed more than two percent; Nanosonics was down 1.9 percent; with CSL, Heartware, Impedimed, Reva and Universal Biosensors down by less than one percent.

LIVING CELL TECHNOLOGIES

Living Cell medical director Prof Robert Elliott has presented pre-clinical trial results of NTCell therapy in non-human primate models of Parkinson's disease.

Living Cell said that NTCell was its lead product for treatment of neurodegenerative disorders, developed using its animal-cell-based transplantation and encapsulation platform.

The company said that Prof Elliott presented the data at Biopharma Asia 2012 in Singapore and said the pre-clinical studies were performed in animals in which a Parkinson's-like condition had been induced.

Living Cell said that in all studies, transplantation of NTCell into the affected brain regions reduced movement disorders and neurological defects associated with the disease compared to controls, which received only empty capsules.

The company said that improvements in symptoms were seen within two weeks and persisted for at least six months, the end-point of the trial.

Living Cell said that microscopic analysis of both treated and untreated brain regions clearly showed an increase in the number of dopamine-producing neurons in the NTCell treated subjects compared to controls, with no cellular or pathological evidence of inflammation or other adverse events.

"Today we have presented a comprehensive suite of pre-clinical data in small animal and non-human primate studies which show an astonishing recovery of the part of the brain affected in Parkinson's disease, as well as a more than 50 percent improvement in the devastating movement and neurological symptoms of the disease," Prof Elliott said.

"We are now compiling an application to New Zealand's medicines safety authority, Medsafe, to start phase I clinical trials in Parkinson's patients," Prof Elliott said.

Prof Elliott said that pending regulatory approval the trials would begin by April 2013.

Living Cell was up 0.4 cents or 4.65 percent to nine cents with 131,000 traded.

CSL, QIAGEN'S CELLESTIS

A trial brought by CSL against Cellestis, scheduled to be heard before Justice Tony Pagone in the Supreme Court of Victoria today, has been 'vacated' meaning the parties have chosen to settle out of court.

CSL spokeswoman Sharon McHale told Biotech Daily the matter related to a test for tuberculosis and had been settled out of court.

Supreme Court documents said the matter was due to be heard at 10am today with the plaintiff, CSL, alleging "the defendant failed to pay certain royalties owing under the terms of a licence agreement".

The Court documents said "the defendant asserts that on the proper construction of the agreement, it has no obligation to pay the royalties claimed".

An officer of the Court told Biotech Daily the trial had been vacated and April 13, 2012 had been set to confirm the settlement.

The March 2001 prospectus for the Cellestis initial public offer said that the company held the exclusive licence for Quantiferon technology from CSL and the licence included Quantiferon manufacturing and testing technology, all development data from clinical trials, and all associated information and intellectual property.

The prospectus said that the Quantiferon patents were registered in the name of the Commonwealth Scientific and Industrial Research Organisation and had been exclusively sub-licensed to Cellestis by agreement with CSL and CSIRO.

Qiagen acquired Cellestis last year for \$365 million (BD: Jul 11, Aug 10, 2011).

CSL fell 14 cents or 0.4 percent to \$33.66 with two million shares traded.

BONE MEDICAL

Bone Medical says it plans to conduct additional experiments to advance BN006 for rheumatoid arthritis.

Bone chief executive officer Peter Young said that BN006 was “a potentially revolutionary advance in the treatment of auto-immune diseases like rheumatoid arthritis”.

Mr Young said that additional experiments would help confirm BN006’s profile, potentially yielding proof-of-concept data that could lead to partnerships and licencing opportunities.

Bone said that the standard of treatment used injectable monoclonal antibodies that blocked the tumor necrosis factor alpha (TNF-alpha) released by immune cells.

The company said the products clinical benefit was counterbalanced by suppression of the immune system and that they must be injected.

Bone said that BN006 had a novel mechanism of action that appeared to inhibit TNF-alpha more selectively, which could result in less immune suppression and fewer side effects and BN006 had the potential to be an oral medication.

“These experiments can be completed in less than six months and funded within the company’s current limited funding, so this is an important step,” Mr Young said.

Bone said that BN006 had been generated using its Lexicon and Mozaic drug discovery platforms, licenced from related company Proxima Concepts, along with the Axxess oral peptide formulation technology.

Bone’s most recent announcement on drug development was a 2009 investigational new drug application to the US Food and Drug Administration for a phase II study of Capsitonin for osteoarthritic pain (BD: Oct 15, 2009)

Bone was unchanged at 1.6 cents.

BIOTA

Biota has told the ASX that a hepatitis C patent and a late severe influenza season in Japan may have pushed its share price 18.5 percent.

The ASX said Biota’s share price rose from 78.5 cents on March 16, 2012 to 93 cents, an 18.5 percent increase, on March 20, 2012 and noted an increase in trading volumes.

Biota chief financial officer Damian Lismore told Biotech Daily that it had been working on a hepatitis C program with Boehringer Ingelheim which ended in 2010 and on February 21 2012, the company was granted a US patent for hepatitis C antivirals (BD: Apr 20, 2010).

Mr Lismore said the North Carolina-based Biocryst Pharmaceuticals had been working on a separate hepatitis C program and coincidentally applied for a patent on the same molecule.

In its statement to the ASX, Biota said that on March 13, 2012, Biocryst said in a public US Securities and Exchange Commission filing that it would seek to correct an apparent error by the US Patent and Trademark Office in its granting of a patent to Biota covering certain hepatitis C antivirals to which Biocryst claimed priority.

Biota said the matter was an issue between Biocryst and the USPTO.

Biota also told the ASX today that “recent publicity suggests that Japan has had a late severe influenza season” and the company earned royalties from sales of influenza drugs, Relenza and Inavir and outbreaks had previously triggered speculative interest in shares.

Biota told the ASX that work was continuing on “a corporate transaction involving a potential listing in North America” but there was no certainty over a timetable or outcome.

The company said it had previously informed the market that the phase IIb clinical study of human rhinovirus antiviral BTA798 in asthmatic subjects had completed recruitment and results were due in early April 2012 (BD: Feb 15, 2012).

Biota fell 2.5 cents or 2.8 percent to 87 cents.

ANTISENSE THERAPEUTICS

Antisense has requested a trading halt pending the release of “an announcement to the market in relation to a proposed capital raising”.

Trading will resume on March 23, 2012 or on an earlier announcement.

Antisense last traded up 0.1 cents or 4.55 percent to 2.3 cents with 1.2 million shares traded.

ISONEA

Isona says it has appointed pulmonologist and venture capitalist Dr David Dantzker as a director.

Isona said that Dr Dantzker was a general partner at Wheatley Partners LP and a former chairman of the American Board of Internal Medicine’s pulmonary disease section, with more than 10 years of medical technology portfolio management and corporate board experience.

The company said that at Wheatley Partners, Dr Dantzker managed the medical technology portfolio of investments for the US-based \$250 million venture capital fund. Isona said that before joining Wheatley, Dr Dantzker held executive positions at North Shore-Long Island Jewish Health System and the University of Texas Health Science Center.

The company said that Dr Dantzker had authored 68 peer-reviewed articles and edited five books.

Isona was up 0.1 cents or 25 percent to 0.5 cents with 4.2 million shares traded.