Biotech Daily

Friday October 11, 2013

Daily news on ASX-listed biotechnology companies

*** ASX, BIOTECH UP: BIONOMICS UP 8%, OPTISCAN DOWN 6%**

*** MESOBLAST BUYS 'COMPETITOR' OSIRIS FOR UP TO $106m**

*** MELBOURNE UNI, PROCYPRA COLLABORATE ON PARKINSON'S**

MARKET REPORT

The Australian stock market climbed 1.63 percent on Friday October 11, 2013 with the S&P ASX 200 up 83.8 points to 5,230.9 points.

Twenty-two of the Biotech Daily Top 40 stocks were up, six fell, eight traded unchanged and four were untraded. All three Big Caps were up.

Bionomics was the best, up six cents or 7.9 percent to 82 cents, with 616,333 shares traded.

Cellmid climbed 6.9 percent; Atcor was up 5.9 percent; Avita, Mesoblast and QRX were up more than four percent; Benitec, Nanosonics, Tissue Therapies and Universal Biosensors were up more than three percent; Clinuvel, Phosphagenics and Reva rose more than two percent; Allied Health, Anteo, Cochlear, CSL, Genetic Technologies, Living Cell, Resmed and Viralytics were up more than one percent; with Acrux, GI Dynamics, Psivida and Sirtex up by less than one percent.

Optiscan led the falls, down 0.4 cents or 6.45 percent to 5.8 cents with 73,001 shares traded.

Prima lost 5.9 percent; Osprey and Pharmaxis fell more than four percent; Starpharma shed 1.1 percent; with Alchemia down 0.8 percent.

MESOBLAST

Mesoblast says it will acquire the stem cell assets of the US-based Osiris for up to $US100 million ($A105.7 million) in cash and scrip.

Mesoblast chief executive officer Prof Silviu Itescu told Biotech Daily that the acquisition of Osiris cost his company $US50 million in cash and scrip and the payment of up to a further $US50 million in cash or scrip was dependent on meeting specified milestones.

In a media release, Mesoblast said that Osiris could earn a royalty on sales from a low single digit percentage up to 10 percent on annual sales above $US750 million.

Osiris has been described as Mesoblast's main stem cell competitor and has attempted to commercialize stem cells, with some of its clinical trials results disappointing.

Prof Itescu told a teleconference that there were no US anti-trust issues.

Last year, the Columbia Maryland-based Osiris claimed positive results for its Prochymal 220-patient acute myocardial infarction trial but did not directly address the listed endpoints, instead citing other measures and said that “serious adverse events occurred with equal frequency in both [control and active] treatment groups” (BD: Jul 3, 4, 2012).

Today, Prof Itescu told Biotech Daily that in conducting due diligence on Osiris he was convinced that the Prochymal technology and other Osiris stem cell assets had utility and potential in a number of indications.

Prof Itescu told the teleconference that the Osiris relationship with Japan’s JCR Pharmaceuticals was “a major driver of the value of the transaction for us”.

Prof Itescu said that he “anticipated changes in the regulatory framework in Japan for stem cells with perhaps phase II data [required] rather than large randomized phase III trials, at present”.

Mesoblast said it would acquire 35 additional patent families with 110 granted patents covering the technology to 2025 with applications for coverage to 2031.

Prof Itescu said that the acquisition included extensive patient data and added two late stage technologies to its pipeline.

Prof Itescu said that Prochymal was available in the US under an extended access program for graft versus host disease, a complication arising primarily from bone marrow transplants from leukemia.

Prof Itescu said that about 50 percent of bone marrow transplant patients developed graft versus host disease of which 30 percent had gastro-intestinal complications and up to 85 percent of those patients died, but Prochymal had shown significant benefit for graft versus host disease patients.

He said that Prochymal was also in a phase III trial for refractory Crohn’s disease.

Prof Itescu said that Mesoblast’s mesenchymal precursor cells and Osiris’s mesenchymal stem cells were complimentary.

Prof Itescu said that the recenty announced cost-cutting by the Israel-based Teva Pharmaceuticals would have no impact on Mesoblast’s planned phase III trials for congestive heart failure and spinal fusion and he expected both to begin in 2013, pending regulatory approval.

He said Teva’s cuts were primarily in manufacturing.

Mesoblast had $315.3 million in cash and cash equivalents at June 30, 2103 and a market capitalization of $1,809 million on September 30, 2013.

In the conference call, Lodge Partners analyst Marc Sinatra noted that Osiris had a market capitalization of $US565 million and $US1.5 million cash in the bank.

Prof Itescu declined to comment on the question of whether the Osiris cash position assisted the negotiations.

Mesoblast climbed as much as 59 cents or 10.7 percent to $6.07 before closing up 26 cents or 4.7 percent at $5.74 with 710,291 shares traded.

THE UNIVERSITY OF MELBOURNE

The University of Melbourne will collaborate with Procypra Therapeutics to develop a class of drugs for treating neurological diseases such as Parkinson's disease.

The University of Melbourne said that cross-disciplinary research at the University and the Florey Institute of Neuroscience and Mental Health found that a class of synthetic compounds called copper thiosemicarbazones could potentially treat Parkinson's disease and other neurodegenerative diseases such as motor neuron disease.

The University said that Parkinson's disease is a progressively degenerative neurological disorder that affected about 6.3 million worldwide, causing changes to key proteins in the brain making them toxic.

The University said that copper bis (thiosemicarbazones) had the potential to treat the disease by preventing these modifications to the proteins.

The University said that the research was led by the School of Chemistry's Dr Paul Donnelly, the Department of Pathology's Prof Anthony White and the Florey's Prof Kevin Barnham.

The head of the School of Chemistry Prof Frances Separovic said the agreement with the Sausalito, California-based Procypra reflected "the desire for innovative research at The University of Melbourne to be translated into impact and recognizes the importance of working with academic collaborators, like the Florey Institute of Neuroscience and Mental Health and industry partners to achieve this goal".

The University said it expected Procypra to begin first-in-human clinical trials within three years and the University would receive royalty payments from the sale of products.

The University said the licence agreement was facilitated by its commercial engagement services company UOM Commercial.