



Biotech Daily

Wednesday April 21, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH EVEN: QRX UP 8%; PRANA DOWN 16%**
- * **ALCHEMIA'S HYACT KILLS BREAST, COLORECTAL CANCER STEM CELLS**
- * **BIOGUIDE BRIEF: BIOTA LOSES ANOTHER COLLABORATOR**
- * **CATHRX RIGHTS ISSUE RAISES \$6.3m**
- * **CELLMID, KUMAMOTO UNIVERSITY MIDKINE RESEARCH AGREEMENT**
- * **MELBOURNE UNI WINS \$160k IMMURON COLLABORATION GRANT**
- * **PHOSPHAGENICS LAUNCHES ELIXIA COSMETIC RANGE**
- * **ATCOR SUPPLY, SERVICE CONTRACT EXTENDED \$284k**
- * **FLUOROTECHNICS SELLS SYTEMS TO MAX PLANCK INSTITUTE**
- * **EASTLAND LEGAL BATTLE WITH BERLIN PHARMA**
- * **SOLAGRAN'S 19 ROPREN COURSES IN MARCH EARNS \$23k**

MARKET REPORT

The Australian stock market was up 0.58 percent on Wednesday April 21, 2010 with the S&P ASX 200 up 28.5 points to 4954.3 points. Sixteen of the Biotech Daily Top 40 stocks were up, 17 fell, five were unchanged and two were untraded.

QRX was best, up 10 cents or 8.3 percent to \$1.30 with 369,247 shares traded, followed by Avexa and Patrys both up 7.7 percent to 14 cents. Antisense climbed five percent; Viralytics was up 4.35 percent; Sunshine Heart was up 3.2 percent; Benitec, Biota, Impedimed, Pharmaxis and Resmed rose more than two percent; with Alchemia, Living Cell and Novogen up more than one percent.

Prana retreated 3.5 cents or 15.9 percent to 18.5 cents with 1.4 million shares traded, following yesterday's 57 percent jump. Cathrx lost 8.6 percent; Genera was down 7.1 percent; Cellmid was down 6.7 percent; Chemgenex was down 5.9 percent; Bionomics, Clinuvel and Heartware fell more than four percent; Bone and Phosphagenics were down more than three percent; Acrux, Genetic Technologies, Starpharma and Universal Biosensors shed more than two percent; with Circadian, Cochlear and Mesoblast down more than one percent.

ALCHEMIA

Alchemia says its hyaluronic acid technology has been shown to enhance the killing of breast and colorectal cancer stem cells by up to 50-fold.

Alchemia says the hyaluronic acid technology (Hyact) worked through a receptor-based targeting mechanism in which the hyaluronic acid (HA) was attracted to tumor cells expressing hyaluronic acid receptors on their surface.

Alchemia said its subsidiary Alchemia Oncology presented two posters at the American Association of Cancer Research meeting in Washington DC overnight, and the data showed the ability of the Hyact tumor targeting technology “to dramatically enhance the killing of cancer stem cells”.

These cells were highly resistant to treatment with chemotherapeutic drugs and were believed to be responsible for treatment failure and disease recurrence, Alchemia said. Two posters were presented, the first entitled ‘HA-Irinotecan targeting of activated CD44 is an effective therapy for the eradication of putative colon cancer stem cells’ and the second poster entitled ‘Evaluation of activated CD44 as a biological target in the eradication of breast cancer stem cells’.

Alchemia said that in new data presented in Washington by the company’s vice president of preclinical research Prof Tracey Brown, the Hyact formulation of doxorubicin (HA-Doxorubicin) had been shown to be up to 40 times more potent than doxorubicin alone in killing putative breast cancer stem cells.

In human colorectal cancer cells, Hyact formulations of irinotecan (HA-Irinotecan) showed up to a 50-fold increase in potency against stem cell like populations, the company said.

Alchemia said that despite advances in cancer treatment with new chemotherapeutic agents and targeted therapies, many patients developed tumors that were resistant to treatment, resulting in treatment failure.

The company said that attention was focused on cancer stem cells, which were highly resistant to treatment.

One of the markers used to define the difficult-to-eradicate cell population was CD44, which was specifically targeted by Alchemia’s Hyact technology, Alchemia said.

“In previous research we have clearly established that reformulation of cancer drugs with Hyact enhances the ability of that drug to kill cells expressing the receptor CD44,” Prof Brown said.

“It is increasingly accepted that cancer stem cells from a majority of solid tumors express high levels of activated CD44,” Prof Brown said.

“Our research presented today confirms that targeting of drugs to that receptor with Hyact may help to eradicate this otherwise difficult to treat population of cells,” Prof Brown said.

“Indeed, it may explain the significant increases in efficacy that we have seen in previously reported phase II clinical studies of HA-Irinotecan in colorectal cancer and preclinical data from models of several different cancer types,” she said.

Alchemia’s chief executive officer Dr Pete Smith said that the role of cancer stem cells in the genesis and progression of the disease was receiving intense scrutiny in the research and clinical communities.

“These data provide additional excitement around the technology as we prepare to start the pivotal phase III study of HA-Irinotecan in colorectal cancer,” Dr Smith said.

Alchemia said the posters presented at the American Association of Cancer Research meeting were available at: www.alchemia.com.au/irm/content/investor_presentations.html. Alchemia was up one cent or 1.7 percent to 60 cents.

[MARC SINATRA'S BIOGUIDE BRIEF: BIOTA](#)

Biota lost its second significant partner in less than a year yesterday with the conclusion of its licence and collaboration agreement with Boehringer Ingelheim on of hepatitis C.

Astra Zeneca and Biota parted ways last August when early clinical studies of a Biota compound for respiratory syncytial virus failed to impress (BD: Aug 10, 2009).

The Boehringer Ingelheim collaboration concluded because a suitable pre-clinical compound could not be found. The word from Biota, however, was that the amount of intellectual property covering hepatitis C and compounds in development to treat it, made it very difficult to find a compound that didn't infringe existing patents.

So, is this a case of intellectual property inhibiting innovation? My opinion is a firm "no".

The current standard of care for hepatitis C sufferers is Pegylated interferon and ribavirin and it has been for some time. This treatment, however, has very significant shortcomings, including a low response rate, long treatment durations and considerable side effects.

The market for hepatitis C drugs is large and likely to grow rapidly, with the market put at \$US2 billion in 2007 and expected to be \$16 billion in 2017, making it a large, poorly serviced market which makes it attractive to new drug developers.

Numerous players have entered the hepatitis C space and, as is to be expected in biotechnology, they have protected their intellectual property with patents.

In fact, according to industry newsletter Fierce Biotech, there are six different approaches to treating hepatitis C being developed and 30 compounds currently being studied.

Innovation tends to happen in individual areas in spurts, rather than on a continuum. A threshold of knowledge is reached and innovation takes off and then peters out. Only when that threshold of knowledge is reached again, does innovation commence in earnest, again.

It seems to me that Biota and Boehringer Ingelheim simply arrived at the party too late, rather than truly being stymied by a web of intellectual property.

Biota was up five cents or 2.4 percent to \$2.11.

**Marc Sinatra
Analyst**

[CATHRX](#)

Cathrx has raised \$6,327,000 of the \$11.2 million it wanted in its one-for-one rights issue and hopes to place the 30,685,774 shortfall shares within three months.

Cathrx said it received applications for a total of 39,543,752 shares, raising \$5,754,996 from rights issue shares and \$572,004 from further applications for additional shares.

Cathrx chairman Denis Hanley said the company would "immediately initiate steps to place the \$4.9 million shortfall".

Cathrx fell 1.5 cents or 8.6 percent to 16 cents.

CELLMID

Cellmid says it has signed a research agreement with Kumamoto University for the testing of midkine levels in sera samples from 3,000 healthy individuals.

Cellmid said the University would provide access to its serum bank, facilities for the project and would carry out the testing, with Cellmid paying for facilities and testing.

The company said the testing would be conducted on 3,000 tissue samples banked by Kumamoto University including a large number of sera from various age groups and both genders to provide solid information on healthy base midkine levels.

Cellmid said the data was expected to form the basis for further studies to validate midkine for early cancer screening.

Cellmid (then Medical Therapies) and Kumamoto University previously collaborated in a study of the role of midkine in salivary gland tumors (BD: Oct 6, 2009) and results of the study are expected later this year.

Cellmid fell 0.2 cents or 6.7 percent to 2.8 cents.

IMMURON

Immuron says the University of Melbourne's Department of Microbiology and Immunology has been granted \$160,000 to continue collaborative work on HIV.

Immuron said the funding from the Australian Centre for HIV and Hepatitis Virology would assist the work on an antibody-based microbicide control measure for HIV and followed a peer review of initial joint University of Melbourne and Immuron research.

The company said the research, using glycoprotein-based vaccines developed at the University of Melbourne by Dr Damian Purcell and his team, successfully created sets of dairy-derived polyclonal antibodies that neutralized many strains or clades of HIV.

Immuron said the HIV-neutralizing antibodies produced using its technologies were suitable for large-scale production and future studies will develop a mucosally-applied product to protect uninfected patients from HIV infection in high-risk settings.

The company said the next step would be to investigate the use of improved glycoprotein vaccine formulations to produce antibodies and assess the ability of these antibodies to block HIV virus in biological fluids and if the work was successful the project would advance into safety and efficacy testing in animal models.

Immuron's chief executive officer Dr Grant Rawlin said the project demonstrated "the flexibility of Immuron's technology platform, which can be used to address numerous and varied medical problems".

Immuron was untraded at 6.8 cents.

PHOSPHAGENICS

Phosphagenics launched its range of Elixia cosmetic products last night in Melbourne.

Phosphagenics chief executive officer Harry Rosen told Biotech Daily that the expected sales of the cosmetics range would help fund the company's transdermal research.

Both the biotechnology research and the cosmetic range use the company's tocopheryl phosphate mixture or TPM technology to penetrate the skin.

Phosphagenics is hoping to develop TPM to carry insulin and the opioid oxycodone through the skin.

The Elixia range includes moisturizers, cream skin cleanser, body lotion and several products described as "anti-ageing" and will be available through Pulse pharmacies including Vitamin Me and Roy Young.

Phosphagenics fell half a cent or 3.1 percent to 15.5 cents with 1.8 million shares traded.

ATCOR MEDICAL

Atcor says an unnamed pharmaceutical company has extended a contract with an order for \$US265,000 (\$A284,000) of Sphgmocor systems and trial support services.

Atcor's Sphgmocor system measures central blood pressures and arterial stiffness non-invasively.

The company said "a large portion" of the contract would be recognized in the current financial year and, it had signed \$US1.53 million in new contracts in the past 120 days.

The company's chief executive officer Duncan Ross said the contract extension was awarded "well in advance of contract expiration".

Atcor was unchanged at 14.5 cents.

FLUOROTECHNICS

Fluorotechnics says the Germany-based Max Planck Institute of Biochemistry has adopted its HPE Flat Top Tower System for protein analysis work.

Fluorotechnics said that the head of the protein analysis group Dr Friedrich Lottspeich has selected the system for the development of protein analytics and proteomics methods.

Fluorotechnics chief executive officer James Walker said Dr Lottspeich's decision to convert to the HPE system was "confirmation that we have developed the best electrophoresis system available today".

Fluorotechnics was untraded at 30 cents.

EASTLAND MEDICAL SYSTEMS

Eastland says it is involved in a legal battle with Berlin Pharma over a range of issues.

Eastland said it was a major investor in Berlin Pharma which has failed to provide a proper set of audited financial accounts for the years ended December 31, 2008 and 2009 and failed to call a meeting of shareholders.

Eastland said it had requested a special audit into the related party transactions.

Separately, Eastland said that during the past six months a number of documents and emails have been sent to selected shareholders and other parties containing accusations, threats and statements against the present board members and RM Capital which it said were unsubstantiated and urged shareholders to ignore the documents.

Eastland was up 0.2 cents or 2.7 percent to 7.5 cents.

SOLAGRAN

Solagran says that it had sold a total of 50 courses of its over-the-counter cure-all Ropren to the end of March, earning \$23,408 for the month.

Last month Solagran said it had sold 31 Ropren courses were between February 18 and February 28 (BD: Mar 12, 2010) and a course of Ropren cost \$US1,150 (\$A1,232).

Solagran said a standard course of Ropren was up to 90 days or six bottles of Ropren drops and more than 100 patients were using the product, however some patients were buying individual bottles, rather than entire courses.

Solagran fell 2.5 cents or 12.8 percent to 17 cents with 1.7 million shares traded.