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Cavatak results boost Viralytics

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BIOTECHNOLOGY

Viralytics managing director Malcolm McColl says the company is on the radar of big pharmaceutical companies following positive results for its cancer treatment.

The company presented at the American Society of Clinical Oncology's annual meeting in Chicago at the weekend, which is attended by 40,000 people, outlining the results of its phase two trial of Cavatak, an immunotherapy used to treat melanoma. The results showed that the treatment has strong anti-cancer activity in late-stage patients, while also being well tolerated.

"By any standard they are impressive results in a global scale and really set us up well ... as we look to take the company forward towards hopefully some sort of significant transaction," Mr McColl said.

"With these sorts of results there is no question that we are on the radar of big pharma companies and these assets are very much sought after. Immunology, building up the body's immune systems that tackle cancer, is the hottest space in the pharmaceuticals industry right now. There are lots of deals in the hundreds of millions and eventually billion-dollar market. We are one of very few companies showing outstanding phase two results in this field."

Cavatak is described as an investigational novel cancer immunotherapy based on a common cold virus that has been shown to preferentially infect and attack cancer cells.

"We have been really pleased with the phase two study because these are patients that are seriously ill, so to see the response rates and durable responses in such a high percentage of these patients is really quite an achievement," Mr McColl said.

"Other companies that have achieved this sort of outcome in this sort of setting are valued up to a billion dollars."

Viralytics has a market value of around \$114m and is trading at around 61c a share. The company has raised \$27m out of the US and Britain and is well funded to advance further studies.

Mr McColl said Cavatak could be used in other cancer types, including the common ones like prostate and bladder cancer. "We are going to broaden out the program, generate more data and go forward in melanoma by looking at combinations with some of these blockbuster new drugs that are hitting the market now," he said. "The whole goal is to keep building this data, which hopefully continues to be this impressive, and that is what big pharma companies want to see before they make decisions on partnering transactions or even buying companies for what can be very substantial dollar amounts."