

## **Prolor Biotech Targeting Market For Long-Lasting Biopharmas**

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**By Jennifer Cummings**

NEW YORK (Dow Jones)--Shares of Israel-based Prolor Biotech Inc. (PBTH) have been gaining momentum in recent months as the small company makes progress in its work to unlock a longer life span for widely used biopharmaceutical drugs.

Prolor's platform product, carboxyl terminal peptide, or CTP, is a peptide that occurs naturally in the body and is added to therapeutic proteins, such as human-growth hormone, to increase their circulation time in the body.

The market for therapeutic proteins is a fast growing area in the pharmaceutical industry, and Prolor says that, if all goes well, its current pipeline could be in a leading position in a global market that today totals \$25 billion annually. The company currently has a market capitalization of about \$215.8 million.

While the Prolor's product showed strong potential in an early-stage trial, there are still plenty of reasons for caution. The development-stage company has yet to generate any revenue and analysts expect Prolor will need to raise additional capital in order to meet its objectives.

The growth of the therapeutic-proteins market has been stymied by the difficulty of delivering these drugs to the body and stretching out their effectiveness once they're there. These drugs often have to be delivered intravenously on a daily basis.

Prolor's platform has the potential to extend the duration of time these hormones circulate in the body and to reduce their side effects, Chief Executive Abraham Havron and President Shai Novik said in an interview at the New York Stock Exchange Thursday morning, where they had just rung the opening bell.

The executives were in New York to celebrate Prolor's listing in March on the exchange. The stock, which was formerly traded over the counter, has moved up more than 50% since that listing. It closed down 0.3%, or 2 cents, at \$6.07 Thursday.

Prolor's lead candidate is a long-acting version of human-growth hormone, which is a protein that treats problems such as growth deficiency in children and non-voluntary weight loss in adults. In early-stage data released earlier this year, Prolor's product showed the potential to replace daily injections of human-growth hormone with just two per month.

Prolor plans to start a Phase II trial on this candidate this summer and Novik said the company hopes to release preliminary data from this study, which is expected to have about 56 patients, in the first quarter of next year. He said the company is aiming to have the product on the market in the next three to four years.

Currently, Prolor has about \$26.2 million in cash, which Novik said should be enough to get the company through a Phase III trial. He said Prolor will likely seek funding through a capital raise or partnership to fund the company's earlier-stage candidates.

Roth Capital Partner analyst Andrew Vaino, who has a buy rating on the stock, said it is theoretically possible that the company could get through a Phase III trial at current cash levels, but it would be tight in his view.

Novik said Prolor is in discussions with a variety of potential partners, but he declined to say if the company is in talks for a partner on the lead candidate.

Ladenburg Thalmann analyst Nancy Hull, who expects the company to sign a licensing deal in the next 12 months, said that from an investor's perspective, a partnership will lend credibility to the value of the company's platform.

Prolor, which licensed CTP from Washington University, is encouraged that the pharmaceutical giant Merck & Co. (MRK) in January brought a CTP protein to the market in Europe to treat fertility problems in women.

Excluding four CTP proteins owned by Merck, Prolor has the rights to all other CTP proteins that are developed, Novik said.

Among the products earlier in the pipeline, Prolor is targeting a longer-acting version of the multiple sclerosis drug interferon beta.

Prolor could be the first company to bring a long-lasting version of human-growth hormone to the market, but there are competitors working on other versions, Novik said. Meanwhile, Biogen Idec Inc. (BIIB) is working on a long-acting version interferon beta.

Novik says his company has a key advantage over its competitors because its technology is based on something that occurs naturally in the body. It was created by evolution, he said, adding that Prolor's competitors haven't had a million years to try their products out.