



Biotech Daily

Thursday February 18, 2010

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP: UNIVERSAL BIO UP 5%; CIRCADIAN DOWN 8%**
- * **MHRI CONNECTS ZINC TRANSPORTER, ALZHEIMER'S, PRANA'S PBT2**
- * **JEFFREY GOODMAN REPLACES CATHRX CEO NEIL ANDERSON**
- * **NUSEP ACQUIRES US BIOINQUIRE; PROFIT FORECAST DOUBLED**
- * **AGENIX'S NEIL LEGGETT GAOLED FOR 9 YEARS**
- * **INCITIVE MINES UKRAINIAN OIL, GAS; BIOTECH ASSETS IN 80% SPIN-OUT**
- * **PROBIOTEC H1 PROFIT UP 46% TO \$6.2m, ON REVENUE DOWN 14%**
- * **BONE APPOINTS CHRISTOPHER CLEMENT US COO**
- * **GSK FURTHER TRIALS OBJ TRANSDERMAL**
- * **KARMELSONIX APPOINTS INDIA DISTRIBUTOR**

MARKET REPORT

The Australian stock market slipped 0.28 percent on Thursday February 18, 2010 with the S&P ASX 200 down 13 points to 4654.9 points.

Twelve of the Biotech Daily Top 40 stocks were up, 10 fell, 10 traded unchanged and eight were untraded. All three Big Caps were up.

Universal Biosensors was best, up eight cents or 4.79 percent to \$1.75 with 16,734 shares traded, followed by Mesoblast up 7.5 cents or 4.3 percent to \$1.825.

Impedimed and QRX climbed more than three percent; Living Cell and Resmed rose more than two percent; with Cochlear, Phosphagenics, Starpharma and Viralytics up more than one percent.

Circadian led the falls, down five cents or 8.1 percent to 57 cents with 764,459 shares traded, followed by Cathrx down 6.9 percent to 27 cents with 30,000 shares traded.

Prima lost 5.9 percent; Tissue Therapies fell 4.1 percent; Cellmid was down 3.1 percent; Phylogica shed 2.1 percent; with Acrux, Antisense, Genera and Nanosonics down more than one percent.

MENTAL HEALTH RESEARCH INSTITUTE, PRANA BIOTECHNOLOGY

Melbourne's Mental Health Research Institute says the zinc transport protein ZnT3 is involved in Alzheimer's disease, with implications for Prana's PBT2 compound.

A paper by Dr Paul Adlard, Prof Ashley Bush and others says that the toxicity of amyloid plaques found in the brains of people with Alzheimer's is related to trapping essential zinc, which is needed for communication between brain cells.

Dr Adlard said that "what appears to be happening in Alzheimer's disease is that not only is there a drop in the level of ZnT3, but amyloid is also soaking up the zinc."

In an MHRI media release Prof Bush said amyloid in neurons was "a big zinc fly trap".

Prof Bush told Biotech Daily that the role of ZnT3 was to push zinc from the neuron into the synapses.

"Zinc is important for memory," Prof Bush said. He said an absence of ZnT3 induced a lack of zinc in the synapses, which in turn caused a loss of memory.

He said dissected human brains with Alzheimer's disease showed decreased ZnT3 levels.

"We think amyloid is holding the zinc that should be free to move throughout the synapses," Prof Bush said. "PBT2 releases trapped zinc and takes it to where it should be." Prof Bush said PBT2 was "a chaperone" compound.

The MHRI study entitled 'Cognitive Loss in Zinc Transporter-3 Knock-Out Mice: A Phenocopy for the Synaptic and Memory Deficits of Alzheimer's Disease?' was published in the Journal of Neuroscience (Feb 3, 2010; 30(5); pp1631-1636) and investigated the role of zinc and its transport protein ZnT3 in mice aged three months and six months.

The abstract is at <http://www.jneurosci.org/cgi/content/abstract/30/5/1631>.

The MHRI said that by putting mice through the Morris water maze, measuring spatial learning and memory, researchers found that there were losses in learning and memory in the older mice accompanied by neurological and cognitive changes similar to Alzheimer's disease. This was not the case in the younger mice.

The research showed that at any age, mice without ZnT3 had one third less brain zinc than mice with ZnT3. But even those mice had a 12 percent drop in brain zinc levels between three and six months, indicating some zinc loss occurred with age.

"We found that the decrease in the zinc transporter occurred in both mice and people (48 to 91 years), which was a surprise given that ZnT3 regulates brain zinc levels and might be expected to rise to counteract age-associated cognitive slow-down," Prof Bush said.

The MHRI said the findings ended a controversy about the role of zinc and its transport protein, fuelled by a 1999 study which, despite expectation, did not show any signs of cognitive decline in mice at six to ten weeks old.

Dr Adlard said this was at odds with what was known about zinc's role in learning and memory, but the 1999 research did not look for cognitive impairments in old enough mice.

The MHRI said the implications of the research were "of great importance" given the numbers of people affected by age-related cognitive loss and Alzheimer's disease.

Of particular importance is the impact of amyloid upon the zinc system within the brain, and drugs being developed that target that abnormality, the MHRI said.

"This mechanism could relate to the action of the zinc and copper regulated by the drug PBT2, which boosts cognition in mice with Alzheimer's disease," said Prof Bush.

The compound has shown promise in the clinic, improving certain cognitive measures in a 12-week phase IIa trial of patients with mild Alzheimer's disease.

The drug appeared to be taking the zinc out of amyloid and returned it to the cell and further clinical trials were expected this year, the MHRI said.

"With these results, we are now able to target this loss of zinc and ZnT3 by using compounds that help shuttle metals into the cells that need them" said Dr Adlard.

Prana was unchanged at 13.5 cents.

[CATHRX](#)

Cathrx has replaced its chief executive officer and managing director Neil Anderson with director Jeffrey Goodman, effective immediately.

Cathrx said Mr Anderson would “continue to contribute to the company’s technical development”.

The company said Mr Goodman joined its board in March 20, 2008 and had “extensive experience in management, marketing and sales within the international medical device industry”.

Cathrx said Mr Goodman was executive vice-president and president international of Boston Scientific Corp which he joined in 1999 after 25 years with Baxter International. Cathrx’s share price rose from \$1.17 on the close of its first day of trading on October 28, 2005 to as much as \$2.53 on October 12, 2007.

Despite a long string of positive announcements on Conformité Européenne mark acceptance of its range of cardiac catheter products, first sales in September 2008 and the appointments of distributors, the share price has continued to fall to the current 28 cents mark.

Cathrx fell two cents or 6.9 percent to 27 cents.

[NUSEP](#)

Nusep will acquire the US-based Bioinquire Inc which sells Proteoiq software enabling researchers to analyze and identify protein samples post processing.

Nusep specializes in semen separation and manufactures laboratory gels as well as anticoagulant screening products.

Nusep said it would acquire the Athens, Georgia-based Bioinquire business for three times their 2010 calendar year net profit with \$US1.5 million on approval of the acquisition by Nusep shareholders in April 2010; \$US500,000 in Nusep shares on December 31, 2010; up to \$US1 million on March 31, 2011 subject to Bioinquire achieving \$US1.2 million net profit; and the balance of three times their audited net profit for the 12 months ended March 31, 2011 less the previous payments.

The former chief executive officer of Bioinquire Dr James Atwood will join Nusep as its sales vice-president and Bioinquire co-founder Brent Weatherly has been appointed chief technology officer.

Both will be based in Georgia and report to Nusep managing director Dr Hari Nair and executive chairman John Manusu.

Nusep said the Proteoiq software enabled researchers to analyze and identify protein samples post processing on a mass spectrometer against large databases for protein structure and function.

The company said the software was “highly complimentary” to its Proteomesep and would fuel further sales of the Nusep instrument.

Nusep said the acquisition would provide a complete solution to mass spectrometer customers “with arguably the most powerful software and separation package on the market”.

Nusep announced its maiden profit for the six months to December 31, 2010 and forecast a profit of \$500,000 for the full year from its existing business (BD: Feb 16, 2010).

Bioinquire has budgeted to make a profit of \$US1.2m in the year to March 31, 2011.

Nusep has adjusted its profit projection to June 30, 2010 to reflect a \$A500,000 contribution from the Bioinquire business increasing its overall profit forecast to \$1 million for the year ended June 30, 2010.

Nusep was untraded at 27.5 cents.

AGENIX

Agenix former chief executive officer Neil Leggett has pleaded guilty to a charge of fraud and been gaoled for up to nine years.

A spokesman for Queensland Director of Public Prosecutions said that in the Brisbane District Court, Judge Douglas McGill set a minimum parole period of three years.

A former Agenix chief financial officer, Mr Leggett was charged following irregularities discovered in Agenix accounts (BD: Jan 23, 2009).

Police alleged he dishonestly induced a company he was director of to give money to an outside investment company with which he was associated with Agenix is in a voluntary suspension and last traded at 1.7 cents.

INCITIVE

Incitive will become an oil and gas mining company exploring in the Ukraine and its bromelain assets will be returned to shareholders in an 80 percent distribution.

Incitive said it had an agreement to acquire oil and gas exploration and development company Hawkley Oil and Gas.

Incitive said that as part of the change of focus it would, subject to shareholder approval, distribute 80 percent of its shareholding in its wholly owned subsidiary, Sarantis Pty Ltd, pro rata to Incitive Shareholders.

Incitive said its core assets were located in Sarantis and shareholders would receive one Sarantis share for every one Incitive share held on the record date following the general meeting convened to approve the distribution.

Incitive last traded at 0.6 cents.

PROBIOTEC

Probiotec says its net profit after tax for the six months to December 31, 2009 was up 46.1 percent to \$6,233,880 on revenue down 14.4 percent to \$39,766,211.

Probiotec develops and markets over-the-counter remedies and food additives, but has acquired Australian Dairy Proteins, which produces the dairy protein fractions lactoferrin and "the world's only dairy based high purity immunoglobulins" (BD: Jan 17, 2010).

Probiotec said it had Australian Therapeutic Goods Administration approval for the use of whey-derived immunoglobulins as an active ingredient in pharmaceutical products.

The company said that immunoglobulins and lactoferrin together would result in a range of new pharmaceutical products and it was undertaking human clinical trials.

Probiotec said that based on current circumstances and information net profit after tax for the year to June 30, 2010 was likely to grow by 20 percent over the previous year

The company did not disclose its research and development expenditure.

A fully-franked interim dividend of 1.5 cents will be paid on March 18, 2010, with a record date of March 4, 2010.

Diluted earnings per share was up 38.2 percent to 12.45 cents, compared to the previous corresponding period with net tangible assets per share up 27.8 percent to 89.1 cents.

Probiotec fell 29 cents or 13.5 percent to \$1.86.

BONE MEDICAL

Bone Medical has appointed Christopher G Clement as its US chief operating officer. Bone said Mr Clement would assist the company's US fund raising activities and in establishing its US headquarters.

Bone said Mr Clement had "a thorough and wide-ranging career in the pharmaceutical and biotech industry" and led companies and major divisions to strong revenue growth, improved market penetration and rising shareholder value.

Mr Clement was the president and chief executive officer of Savient, chairman and CEO of Epicyte Pharmaceutical and chief marketing officer of Ares-Serono Group.

He held senior management roles at Searle Pharmaceuticals, Novartis and Merck & Co. Bone was untraded at 15 cents.

OBJ. GLAXOSMITHKLINE

OBJ says that Glaxosmithkline Consumer Healthcare has signed a further agreement to evaluate its technology "in a non-prescription consumer healthcare application".

OBJ said it had worked with GSK on three previous occasions and the agreement was a continuation of that relationship.

The company said Glaxosmithkline had products from vaccines and oncology products to over-the-counter medicines and nutritional products.

OBJ said it first collaborated with Glaxosmithkline in 2006 in an advanced delivery program using its Dermaportation technology.

The company said the program was expanded to involve both its Dermaportation and enhanced transdermal polymer (ETP) technologies (BD: May 7, 2007).

A further confidential collaboration was undertaken in 2008 in an undisclosed consumer healthcare field and the current announcement continues the work in that same commercial field, OBJ said.

The results, application field and drug used in the current program are, by agreement, to remain confidential, the company said.

OBJ was up 1.4 cents or 32.6 percent to 5.7 cents with 268.9 million shares traded.

KARMELSONIX

Karmelsonix says it has appointed Pneumo Care Healthcare as its distribution partner covering the North, East and West of India.

Karmelsonix said it had an initial commitment for 100 Wheezometers as well as Pulmotracks and Wholters.

Karmelsonix was up 0.3 cents or 8.6 percent to 3.8 cents with 3.2 million shares traded.