



Biotech Daily

Friday April 11, 2014

Daily news on ASX-listed biotechnology companies

- * **ASX, BIOTECH DOWN: STARPHARMA UP 5%, ATCOR DOWN 12%**
- * **SPINIFEX RAISES \$48m FOR EMA401 PAIN DRUG, US OFFICE, DIRECTORS**
- * **BLUECHIIP BOOKS FIRST COMMERCIAL SALES**
- * **RHINOMED DROPS OPTIONS ON 40% EGM DISSENT**
- * **LBT PLEADS SCHULTZ TO ASX 27% QUERY**
- * **OSPREY AGM FOR 1.3m DIRECTOR, CEO OPTIONS**
- * **SUDA EGM FOR 32.5m DIRECTOR OPTIONS**
- * **OSPREY RELEASES 2m ESCROW SHARES**

MARKET REPORT

The Australian stock market fell 0.95 percent on Friday April 11, 2014 with the S&P ASX 200 down 52.2 points to 5,428.6 points.

Six of the Biotech Daily Top 40 stocks were up, 22 fell, seven traded unchanged and five were untraded. All three Big Caps fell.

Starpharma was the best of the few, up four cents or 5.4 percent to 78 cents with 774,493 shares traded.

Cellmid climbed 3.85 percent; Living Cell, Neuren and Tissue Therapies were up more than one percent; with Acrux up 0.9 percent.

Atcor led the falls, down 1.5 cents or 12.0 percent to 11 cents with 428,092 shares traded.

Prana lost 9.1 percent; Oncosil fell 8.3 percent; Admedus, Avita and Patrys were down more than seven percent; Alchemia was down 6.8 percent; Anteo, Benitec, Impedimed, Pharmaxis and QRX fell more than four percent; Bionomics, Cochlear, Medical Developments, Mesoblast, Nanosonics and Universal Biosensors shed two percent or more; with Clinuvel, CSL, Genetic Technologies, GI Dynamics, Resmed, Sirtex and Viralytics down by one percent or more.

SPINIFEX PHARMACEUTICALS

Spinifex says it has raised \$US45 million (\$A48 million), established a US base in Stamford, Connecticut and appointed three new directors.

Spinifex said that the financing round was led by Novo AS with support from Canaan Partners, GBS Venture Partners, Brandon Capital Partners, Uniseed and Uniquet.

The company said that Novo AS executives Dr Heath Lukatch and Dr Steve Collins would be appointed directors, along with Canaan's Brent Ahrens.

Spinifex said the funds would be used for the development of lead candidate EMA401 a novel angiotensin II type 2 (AT2) receptor antagonist being developed as a potential first-in-class oral treatment for chronic pain without central nervous system side-effects.

The company said the outcome of its phase II trial of EMA401 in post-herpetic neuralgia was published in The Lancet earlier this year and it was preparing a phase II dose-ranging trial in post-herpetic neuralgia, studying efficacy over 12-weeks, as would be required by the US Food and Drug Administration during a phase III program (BD: Feb 5, 2014).

Spinifex said that post-herpetic neuralgia was a painful condition in some patients following herpes zoster, or shingles, and existing therapy did not relieve pain in all individuals.

The company said it intended to establish clinical proof-of-concept for EMA401 in neuropathic and inflammatory pain conditions such as osteoarthritis, chemotherapy induced neuropathy and peripheral diabetic neuropathy.

Spinifex said the funding would also drive further pre-clinical research on AT2 receptor antagonists in pain, including the company's follow-on candidate program.

The company said that chief executive officer Dr Tom McCarthy would build and lead an expanded clinical development and corporate team at the new Stamford base, and the Melbourne, Australia facility would continue.

"To have attracted significant funding from two of the best-respected investors in global biotechnology is testament to the quality of the science behind Spinifex and our development work on EMA401 supported by our long-term investors," Dr McCarthy said.

Dr Lukatch said that "despite its prevalence and debilitating effect on patients, chronic pain remains poorly treated".

"Spinifex is taking an entirely novel approach and has delivered excellent clinical results in [post-herpetic neuralgia] as published in The Lancet," Dr Lukatch said.

Spinifex is a private company.

BLUECHIIP

Bluechiip says it has booked its first commercial sales of about \$50,000 to companies and institutions in Australia, China and the US.

Bluechiip said it had sold its tracking device system to the Australian Synchrotron in Clayton Victoria, Victoria's Southern Health, a North Carolina-based genomics and clinical laboratory and a hospital in Shanghai, China.

Bluechiip executive chairman Iain Kirkwood said the company was "very pleased that our new strategy is beginning to produce results".

Bluechiip acting chief executive officer Jason Chaffey said the company was "actively pursuing further sales orders ... locally and in Asia" and through distributor Onq Software, would exhibit at the World Congress on Tissue Banking in Melbourne May 12 to 14, 2014.

Bluechiip said it had signed Kormed as its distributor in South Korea and a co-development agreement had been signed with the Lelystad, Netherlands-based Micronic BV, to develop a dual identity vial incorporate both companies' technologies.

Bluechiip was up one cent or 20.4 percent to 5.9 cents with 1.8 million shares traded.

RHINOMED

With 39.7 percent opposition, Rhinomed and the CFO Solution agreed to withdraw to issue of 5,000,000 options to the CFO Solution.

The issue of shares and options to the CFO Solution as well as 10,000,000 options each to chairman Martin Rogers, chief executive officer Michael Johnson and directors Brentley Scrimshaw and Dr Eric Knight faced significant opposition at the Rhinomed meeting.

Rhinomed said 25,708,116 proxy votes (39.7%) opposed the issue of 2,857,142 shares at 4.2 cents a share and 5,000,000 options to the CFO Solution as payment for accounting and company secretarial services, with 39,041,192 proxy votes (60.3%) in favor.

Rhinomed said that including 18,346,030 undirected proxies at the chairman's discretion brought the 'for' vote to 69.06 percent.

The company's most recent Appendix 3B new issue announcement said that Rhinomed had 392,522,303 shares on issue, meaning that the votes against the share and option issue to CFO Solution amounted to 6.5 percent of the company, sufficient to requisition extraordinary general meetings.

In its notice of meeting Rhinomed said the options to directors and the CFO Solution would be exercisable at 150 percent of the 60-day volume weighted average price prior to issue and expire on April 20, 2019 (BD: Mar 10, 2014).

Today the company said the options would be exercisable at 6.5 cents by April 30, 2017.

The issue of options to Mr Rogers, Mr Johnson and Peloton Capital were opposed by about 25 million proxy votes with more than 40 million proxy votes in favor, while Mr Scrimshaw and Dr Knight's options had greater support with more than 57 million votes in favor and 11.7 million votes against.

Rhinomed said that directors Dr Knight and Mr Scrimshaw were elected with 67.2 million votes in favor and 2.3 million votes against.

Rhinomed was up 0.1 cents or 3.7 percent to 2.8 cents.

LBT INNOVATIONS

LBT has told the ASX that it is not aware of any information it has not announced which, if known, could explain recent trading in its securities.

The ASX said the company's share price rose 27.3 percent from 11 cents on April 9 to 14 cents on April 10, 2014 and noted an increase in the trading volume.

LBT fell 1.5 cents or 10.7 percent to 12.5 cents.

OSPREY MEDICAL

Osprey will vote to grant directors options over 1,300,000 Chess depositary interests (CDIs), increase the stock incentive plan and ratify a prior share issue.

Osprey said it proposed to grant options over 500,000 US shares, equivalent to 1,000,000 CDIs to chief executive officer Michael McCormick, options over 100,000 US shares, equivalent to 200,000 CDIs to chairman John Erb and options over 50,000 shares, equivalent to 100,000 CDIs to director Neville Mitchell, vesting 48 months from the date of issue and exercisable at \$1.31 per CDI by January 15, 2024.

The company said it proposed to increase the stock incentive plan by 1,440,000 CDIs to 16,000,000 CDIs, ratify the prior issue of 15,236,754 CDIs, approve the 10 percent placement capacity and elect directors Mr Erb and Mr Mitchell.

The meeting will be held at Johnson Winter & Slatery, Level 34, 55 Collins Street, Melbourne on May 14, 2014 at 9am (AEST).

Osprey was untraded at 54 cents.

SUDA

Suda will vote to grant directors 32,500,000 options or the equivalent in performance rights and ratify prior share issues.

Suda said it proposed to issue chief executive officer Stephen Carter a maximum of 7,500,000 options or a maximum of 4,069,231 performance rights or a combination of options and performance rights to the equivalent maximum, the same quantities to chief financial officer Joseph Ohayon and director Ken Robson, with 10,000,000 options or 5,425,641 performance rights or a combination of options and performance rights to the equivalent maximum to chairman Michael Stewart.

The options and performance rights are conditional on meeting increased market capitalization targets, with 25 percent vesting with each 25 percent rise in market capitalization above the \$60,089,390 set on March 6, 2014, and pending continuous employment over 36 months from the date of issue.

Suda said the options would be exercisable at 145 percent of the five-day volume weighted average price to the date of grant of the options, by April 27, 2017.

The company said it sought shareholder approval for the ratification of the prior issue of 169,132,089 shares, the ratification of the prior issue of 10,224,698 shares to Bergen Asset Management and the issue of shares on conversion of the interest component of the 2013 convertible notes.

The company said it proposed to adopt the employee share option plan, employee performance rights plan and the tax exempt plan.

The meeting will be held at The Boulevard Centre, 99 The Boulevard, Floreat, Perth, Western Australia, on May 9, 2014 at 10.30am (AWST).

Suda fell 0.1 cents or 1.6 percent to 6.2 cents with 5.3 million shares traded.

OSPREY MEDICAL

Osprey says 2,181,644 Chess depositary interests (CDIs) held in ASX and voluntary escrow will be released on May 2, 2014.

Osprey company secretary Brendan Case told Biotech Daily that following the release of the CDIs, his company would have 123,216,826 CDIs available for trading.