



Biotech Daily

Friday October 13, 2017

Daily news on ASX-listed biotechnology companies

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- * **NEUROTECH TAKES CAPITAL RAISING HALT TO SUSPENSION**

MARKET REPORT

The Australian stock market was up 0.34 percent on Friday October 13, 2017 with the ASX200 up 19.7 points to 5,814.2 points. Ten of the Biotech Daily Top 40 stocks were up, 17 fell, 11 traded unchanged and two were untraded.

Polynovo was the best, up 3.5 cents or 11.7 percent to 33.5 cents with 3.6 million shares traded. Neuren climbed 7.6 percent; Living Cell was up 6.8 percent; Cellmid, Ellex and Universal Biosensors improved more than four percent; Acrux and Mesoblast rose more than two percent; with Bionomics, Cochlear and LBT up more than one percent.

Yesterday's best, Prima, led the falls, down 0.3 cents or 8.6 percent to 3.2 cents with 6.5 million shares traded. Osprey fell 4.8 percent; Actinogen, Benitec and Prana were down more than three percent; Airxpanders, Compumedics, Opthea, Starpharma and Viralytics shed more than two percent; with Genetic Signatures, ITL, Medical Developments, Orthocell, Psivida, Sirtex and Volpara down more than one percent.

[DR BOREHAM'S CRUCIBLE: BLUECHIIP](#)

By TIM BOREHAM

ASX Code: BCT

Market cap: \$10.4 million; **Share price:** 2.7 cents; **Shares on issue:** 385,541,806

Chief executive officer: Andrew McLellan

Board: Iain Kirkwood (chairman), Andrew McLellan, Michael Ohanessian, Andrew Cox, Blair Healy

Financials (year to June 30 2017): revenue \$237,000 (up 53 percent), net loss \$2.018 million (previously \$1.7 million loss), cash \$927,767 (up 90 percent)*

*Ahead of the July \$3.4 million capital raising

Identifiable holders: Pulitano Family Super 6.91 percent, Dr Stephen and Patricia Woodford 5.9 percent, Equitas Nominees 5.84 percent, Edwards St Consulting (Iain Kirkwood) 5.62 percent, LGC Super Pty Ltd 5.22 percent.

The developer of a wi-fi-enabled, durable tagging system for bio-specimens is guilty of a less desirable innovation: the deliberately misspelt corporate title.

So, Bluechiip with two 'i's, being funky is well and good but don't expect us to get your name right.

Despite Bluechiip's surfeit of vowels, the company looks to be on the cusp of serious revenues after a protracted development period.

Your columnist vaguely recalls looking at the stock after it listed in June 2011, spruiking the same technology and same target markets, but with a new approach.

"The technology is the same but the strategy has changed," chief executive officer Andrew McLellan says.

"The focus is now on original equipment manufacturing rather than taking the product to market ourselves."

The technology was invented by former Royal Melbourne Institute of Technology academic Dr Ronald Zmood, a world leader in magnetic bearings, micro electro mechanical systems (MEMS) and control systems.

Bluechip was co-founded by Dr Zmood and son-in-law Brett Schwarz, the company's chief executive officer from listing to January 2014.

Defying traditional labels

The Bluechiiip device is a sensor embedded into bags or vials, recording the details (and temperature) of the specimens in question. The data is wirelessly conveyed to a reader (which looks like a TV remote) and is stored and displayed with associated software.

The sensors are tiny buttons of less than a millimetre diameter, with 60 even tinier metallic beams configured to resonate with specific frequencies (a bit like a tuning fork).

The company describes the system, based on MEMS technology, as a “generational change” on written labels (several generations, actually); and also an improvement on barcodes and radio frequency identification (RFID) tracking.

“About 25 percent of bio-banks are still using handwriting in some form,” says Mr McLellan. “At such low temperatures the frost has to be wiped off the labels. And RFID just doesn’t work at such low temperatures.”

Bluechiiip readers don’t require line of sight to the item to receive accurate data. Another benefit is that the chips can withstand temperatures to minus 196 degrees Celsius, the boiling point of nitrogen.

This makes them ideal for cryogenically stored bio-specimens such as stem cells, cord blood and Walt Disney.

The sensors can also survive autoclaving, gamma radiation, sterilization, humidification, centrifuging and ritual humiliation and bullying.

Okay, your columnist might have got a little carried away with the last bit, but the point is that the Bluecheep system is more durable because MEMS do not have electronic parts or wires.

While the device has other commercial, military and security applications and forensics, Bluechyp is targeting the \$2 billion a year bio-preservation sector, with 300 million samples stored globally.

Bluechops also has potential application in the food sector, to prevent unnecessary discarding of frozen produce.

IVF spawns commercialization path

At the crux of Bluecheep-cheeps commercialization effort are licencing and supply agreements with three parties: Genea Biomedx (more corporate name bastardization), Planet Innovation and Labcon.

Inked in April, the Labcon deal allows the US company to promote and sell Bluechap products.

The tie up with the Melbourne based Planet Innovation is more of a joint project development compact, while the Genea deal targets the in-vitro fertilization sector.

The Sydney-based Genea has a global distribution with Merck and it's hoped Genea's Bluechivf-enabled product will be distributed by Merck and tracking egg and sperm samples from next year.

Off its own bat, the company has sent 14 "development kits" to parties interested in incorporating the technology in their products.

The test kits cost \$10,000 a pop, but the company's prosperity lies with upfront licence fees and ongoing revenue from selling the chips and readers.

Dr Boreham's diagnosis:

Bluechiiiiip listed in June 2011 after raising \$3 million at 25 cents apiece. In September last year it raised \$1.49 million in a rights issue and placement and a further \$3.43 million in July this year at 2.8 cents apiece.

"We have enough cash to see us through the next 18 months at least," Mr McLellan says.

Bluechirp shares have not exactly been blue-chip performers, falling from a peak of 29.4 cents in November 2011 to as low as 1.9 cents in May, last year.

But the recent share recovery means investors who participated in the July raising at 2.8 cents will have wide smiles on their visages.

The company acknowledges that revenues are modest. Last year's turnover of \$237,000 would be a rounding error in CSL's account, but serious money should flow this year.

And this management can't be accused of having a 'one i' view of things.

Disclosure: Dr Boreham is not a qualified medical practitioner and does not possess a doctorate of any sort. His freezer is full of unlabelled bio specimens that are either ancient chicken breasts or Walt Disney's body parts.

CLARIFICATION: IMUGENE

Last night's Imugene headline could be interpreted as the annual general meeting having voted on a second strike board spill and the grant of options to director Dr Axel Hoos. The article was correct, but Biotech Daily apologizes unreservedly for the unintentionally ambiguous headline.

The Thursday sub-editor has been suitably disciplined and dismissed without pay.

The Imugene meeting will be held at the Grant Thornton, Level 17, 383 Kent Street, Sydney on November 14, 2017 at 9.45am (AEDT).

Imugene was up 0.3 cents or 17.7 percent to two cents with 35.3 million shares traded.

NEUREN PHARMACEUTICALS

Neuren says that following a US Food and Drug Administration meeting it expects to start a pivotal phase III trial of trofinetide for children and adults with Rett syndrome, next year. Neuren said the end-of-phase II meeting with the FDA agreed the key elements of the clinical program to support a new drug application for trofinetide including a single, pivotal phase III trial, using the Rett syndrome behaviour questionnaire (RSBQ) and the clinical global impression of improvement (CGI-I) as co-primary efficacy endpoints.

The company said the double-blind, randomized, placebo-controlled trial would test one active dose group with a treatment duration of six months, with the dosing regimen designed to achieve consistent drug exposure in subjects regardless of their weight. Neuren executive chairman Dr Richard Treagus said the “very constructive meeting with the FDA division of neurology products ... provided necessary confirmation on the key issues relating to our proposed phase III trial in Rett syndrome”.

“We are now able to progress the final stages of development with full confidence,” Dr Treagus said.

Neuren was up 0.6 cents or 7.6 percent to 8.5 cents with 11.9 million shares traded.

MEDIBIO

Medibio says it has raised \$13.9 million in a “heavily oversubscribed” institutional placement at 36 cents a share.

Medibio said that Hong Kong-based Fidelity Investments (FIL) maintained its 10.6 percent holding, with New York’s IFM Investors and the Sydney-based Regal FM becoming substantial and it was “fully-funded to pursue aggressive commercialization and [its intellectual property] strategy”.

Medibio said that the funds would be used to build infrastructure for commercialization, testing of products and products under development, development of its platform and infrastructure, including engineering capability and position it for regulatory approvals. The company said Sydney’s Aesir Capital Pty Ltd was the placement’s sole lead manager. Medibio was up 2.5 cents or 6.2 percent to 43 cents with 1.7 million shares traded.

RESMED

Resmed says the Munich District Court has found that its Airsense 10, Aircurve 10, Lumis masks and humidifiers do not infringe a Fisher & Paykel German utility model.

Resmed said that although its products do not infringe it would continue its challenge to the validity of the German utility model before the German Patent and Trademark Office.

The company said that, so far, no German court had found that its products infringed a Fisher & Paykel patent in any of the three cases brought by Fisher & Paykel it.

Resmed said that the same Court concluded in September that Fisher & Paykel’s Simplus, Eson and Eson 2 masks infringed Resmed patents, while staying the proceedings pending the outcome of invalidation proceedings.

The company said it was defending its own patents in the European Patent Office. Resmed general counsel and chief administrative officer David Pendarvis said the company applauded the Court “for its sensible approach”.

“We are pleased that the Court found our products do not infringe, and look forward to proving that this Fisher & Paykel patent is invalid,” Mr Pendarvis said.

Resmed said the German ruling had no impact on its and Fisher & Paykel’s patent infringement litigation in other jurisdictions.

Resmed was up seven cents or 0.7 percent to \$9.93 with 1.1 million shares traded.

MGC MEDICAL GRADE CANNABIS) PHARMACEUTICALS

MGC says its Czech Republic Panax Pharma has more than 450 marijuana plants entering the flowering phase with harvesting expected by the end of October 2017. MGC said the plants were transferred to its 1,100m² glass house in June 2017 and “the growth and yield from the plants has been better than expected for a first time crop in a new facility”.

The company said it was working with the Czech Government’s Institute of Experimental Botany to optimize growing protocols and maximize yields.

MGC said that when harvested the biomass would be processed into cannabidiol crystals for products including its Derma cosmetics and for clinical studies.

The company said that remaining biomass would be sold as Aquiol, a greater than 98 percent purity cannabidiol raw material.

MGC said that a collaboration with Slovenia’s University of Ljubljana was on-schedule with seeds planted in June 2017 reaching flowering plant phase in a program aiming to develop genetic strains with high levels of cannabidiol and new strains with high tetrahydrocannabinol levels for the treatment of specific disease symptoms.

The company said that it would begin the first phase of the research project which would focus on the implementation and optimisation of molecular markers for sex determination and distinction between strains, as well as developing protocols for both.

MGC said that production at its open field farm in Slovenia had delivered “encouraging production volumes” with 4,000kg of marijuana biomass harvested earlier this month and being dried and prepared for processing at the company’s European clean room and carbon dioxide extraction facility where it would be turned into food grade cannabis to be used for its nutrient and cosmetics products, with the remaining product being sold in the European market as Aquiol.

The company said it was analysing environmental data from this crop, such as water and soil metrics, pesticide and fertilisers and sunlight levels as part of its research to improve outdoor cannabidiol harvest yields.

MGC chief executive officer Roby Zomer said the botanic division was “moving through its planting and harvesting calendar on-schedule and with very good production results”.

“We are pleased with the results that are starting to emerge from our facilities in Slovenia and the Czech Republic and are excited to be starting the first phase of our genetics research program with the University of Ljubljana in Slovenia,” Mr Zomer said.

“This also gives the company a great base to launch from for our next production cycles in Europe and for our pharma operations to produce end use products for sale,” Mr Zomer said.

MGC fell 0.2 cents or 4.9 percent to 3.9 cents with 11.9 million shares traded.

TPI (TASMANIAN POPPY INDUSTRIES) ENTERPRISES.

TPI says its first batch of poppy processing has been completed and passed buyer specification.

TPI said that it had processed the first batch of customer-supplied poppy straw under the processing agreement with an unnamed supplier and the raw narcotic material passed all specifications and would be shipped to the customer in the coming weeks.

The company said that material “processed well within the Melbourne facility and caused no reduction in processing time”.

TPI said that the milestone would trigger the shipment of the remaining 1,400 tonnes of poppy straw for processing this year and early next year.

TPI was up 13 cents or 4.7 percent to \$2.88.

[NUHEARA](#)

Nuheara says its sound filtering Iqbuds are available in more than 600 physical shops in North America, Europe and the Middle East, up from 42 on July 1, 2017.

Nuheara said it expected to be selling Iqbuds in 1,800 physical shops by the end of 2017.

Nuheara chief executive officer Justin Miller said “the past three months has seen the continued expansion of our go-to-market strategy”.

Mr Miller said that 80 percent of consumer electronics were purchased in physical shops and the expansion “coincided with withdrawal from [brick-and-mortar] retail of our closest competitor in Here One”.

Nuheara was up 0.7 cents or 12.3 percent to 6.4 cents with 18.2 million shares traded.

[BIOTRON](#)

Biotron says its net operating cash burn for the three months to September 30, 2017 was \$1,156,000 with cash at the end of the quarter of \$831,000.

Biotron said its expected burn for the coming three months was \$689,000.

Biotron was up 0.1 cents or 5.6 percent to 1.9 cents with 1.7 million shares traded.

[AVITA MEDICAL](#)

The Sydney-based Pengana Capital says it has reduced its holding in Avita from 73,336,277 shares (10.89%) to 4,603,494 shares (0.7%).

The Pengana notice said it sold 68,732,783 shares in two parcels on October 11, 2017, with the larger parcel of shares sold at 4.5 cents a share.

Avita was unchanged at 6.8 cents with 1.15 million shares traded.

[RHINOMED](#)

Rhinomed says its annual general meeting will vote to double the directors’ total fee pool from \$200,000 to \$400,000.

Rhinomed said shareholders would vote to approve the 10 percent placement capacity, adopt a new constitution, the employee and share option scheme, the remuneration report and re-elect director Dr Eric Knight.

The meeting will be held at the Tom Wills Room, Melbourne Cricket Ground, Jolimont, Melbourne, on November 14, 2017 at 10am (AEDT).

Rhinomed was up 2.5 cents or 15.15 percent to 19 cents.

[BLUECHIIP](#)

Bluechiip will vote to issue chief executive officer Andrew McLellan 3,000,000 free ‘performance rights’, pending performance hurdles.

Bluechiip said the rights would vest in equal tranches on August 30, 2018, 2019 and 2020, based on the company’s performance relative to the All Ordinaries Accumulation Index.

The company said that the annual general meeting would vote on the remuneration report, the election of directors Michael Ohanessian, Andrew Cox, Blair Healy, the ratification of a previous share issue, approval of the 10 percent placement capacity and to allow chairman Iain Kirkwood to subscribe for shares in the rights issue shortfall.

The meeting will be held at Phillips Ormonde Fitzpatrick, Level 16, 333 Collins Street, Melbourne, on November 13, 2017 at 10am (AEDT).

Bluechiip was untraded at 2.7 cents.

FACTOR THERAPEUTICS

Factor Therapeutics will vote to grant 1,000,000 options to director John Michailidis exercisable at 11 cents each within five years.

Factor Therapeutics said that the options would vest in three tranches with 500,000 vesting on shareholder approval with 250,000 options vesting 12 months and 24 months after the issue date.

The company said that excluding the value of the options, Mr Michailidis received was paid an annual director's fee of \$65,449 for his role as a non-executive director.

Factor Therapeutics said the meeting would vote on the remuneration report, the election of Mr Michailidis and to approve the 10 percent placement capacity.

The meeting will be held at the offices of McCullough Robertson, Level 11 Central Plaza Two, 66 Eagle Street, Brisbane on November 16, 2017 at 9.30am (AEST).

Factor Therapeutics was unchanged at 5.6 cents.

PROBIOTEC

Probiotec says that non-executive director Graham Morton, who joined the company last year, will not stand for re-election at the annual general meeting.

Probiotec said that Mr Morton "greatly assisted in the transition and refresh of the board of directors ... [and was] a proactive member of the board, particularly in his role as chairman of the audit and risk committee, including oversight and guidance on the recent acquisition of South Pack Laboratories".

Last year, the company said that Mr Morton was appointed as a director by the former board, following a call by founder and former executive director Charles Wayne Stringer to remove then existing directors Robert Maxwell Johnston and Richard David Kuo (BD: Oct 20, 2016).

In November, Probiotec said that Mr Morton faced 44.5 percent opposition to his election at the annual general meeting, with Mr Johnston and Mr Kuo resigning the day before the meeting (BD: Nov 28, 29, 2016).

Probiotec fell three cents or 4.6 percent to 62 cents.

MEDIBIO

Medibio says that founding director Kris Knauer has resigned as a non-executive director, effective from today.

Medibio said that Mr Knauer was appointed on July 1, 2014 and was an executive director until the appointment of Jack Cosentino as managing-director and chief executive officer in February 2017.

Mr Knauer oversaw the backdoor listing into the then Bioprospect and the acquisition of the core cardiac rhythm technology for diagnosing major depressive disorder and other psychiatric illnesses (BD: Jul 2,4, Sep 8, 2014).

The company said that Mr Knauer had resigned "due to pressure of his other executive and non-executive roles and notes that with the successful capital raise and strong team Medibio is well positioned to achieve its objectives in the next 12 months".

Medibio thanked Mr Knauer for his contribution.

MMJ PHYTOTECH

MMJ has requested a trading halt “regarding the status of its application for a sales amendment to its [Canadian] cultivation licence”.

Trading will resume on October 17, 2017 or on an earlier announcement.

NEUROTECH

Neurotech has requested has requested a voluntary suspension, to follow a trading halt pending an announcement regarding a capital raising.

Neurotech last traded at 21.5 cents.