



Biotech Daily

Friday June 3, 2016

Daily news on ASX-listed biotechnology companies

- * **ASX UP, BIOTECH DOWN: AVITA, ONCOSIL UP 10%; ACRUX DOWN 6%**
- * **BLUECHIIP MOVES FOCUS FROM BIO-BANKS TO SUPPLIERS**
- * **MESOBLAST TAKES 'ASSET DEVELOPMENT' HALT TO SUSPENSION**
- * **SUDA REJECTS \$6m HC BERLIN PHARMA CLAIM**
- * **QUEENSLAND LISTS ANALYTICA, MEDICAL AUST INFUSION SYSTEM**
- * **PRESCIENT FILES \$3.4m RIGHTS ISSUE REPLACEMENT PROSPECTUS**
- * **RESAPP TO RELEASE 55m ESCROW SHARES**

MARKET REPORT

The Australian stock market was up 0.76 percent on Friday June 3, 2016 with the ASX200 up 40.0 points to 5,318.9 points.

Thirteen of the Biotech Daily Top 40 stocks were up, 15 fell, eight traded unchanged and four were untraded. All three Big Caps were up.

Avita and Oncosil were the best, both up 10 percent to 11 cents and 16.5 cents, respectively, with 198,260 shares and 1.9 million shares traded, respectively.

Impedimed and Polynovo climbed more than five percent; Airxpanders was up 4.7 percent; Admedus, Anteo and Compumedics rose more than two percent; Ellex, Neuren, Orthocell, Pharmaxis and Viralytics were up more than one percent; with Cochlear, CSL and Resmed up by less than one percent.

AcruX led the falls, down 4.5 cents or 5.7 percent to 74 cents with 365,554 shares traded.

Factor Therapeutics and Opthea lost more than five percent; Uscom fell 4.2 percent; Psivida was down three percent; Biotron, Clinuvel, Prima, Pro Medicus and Starpharma shed more than two percent; Actinogen, Bionomics, Medical Developments and Sirtex were down more than one percent; with Nanosonics down by 0.4 percent.

BLUECHIIP

Bluechiip chief executive officer Andrew McLellan says he has moved the company's focus from supplying storage tags to working with major suppliers of storage systems. Bluechiip listed on the ASX in 2011 to commercialize its micro-electro-mechanical systems (MEMS)-based tracking tags, invented in Melbourne by Dr Ron Zmood, but has struggled to raise money and gain sales (BD: Jun 8, 2011).

The company recently raised \$815,000, but its Appendix 4C for the three months to March 31, 2016 said its cash burn was \$417,000 with \$271,000 in cash (BD: Mar 8, 2016).

Today, Mr McLellan told Biotech Daily that the previous approach intended to supply bio-storage companies with the Bluechiip tags and a centralized tag-reader, but that proved difficult.

Mr McLellan said the company had developed a new hand-held reader which was able to identify the tags, match them to descriptions in a database and read the temperature, as well as read barcodes that might be attached to non-tagged samples.

"There are about a dozen major suppliers of bio-bank vials and our aim is to get them all to use our chip and reader system," Mr McLellan said.

Mr McLellan said that apart from vials, the tags could be used with blood bags, blood cassettes, in-vitro fertilization (IVF) straws that hold the sperm and IVF tubes.

He said that there were about two billion individual samples currently in storage, with 300 million new samples being added each year.

Mr McLellan said that Bluechiip was targeting the entire storage sector but with particular emphasis on the clinical areas of stem cell therapies and IVF samples, that required critical control.

Mr McLellan said there were issues with previous labelling systems including labels being dislodged in the freezing temperatures and that "barcode readers can't get through frost", meaning that the label needed to be cleaned, with a consequent change in temperature. He said the Bluechiip tags could be read in-situ in the freezer tank.

Mr McLellan said that the company's aim was to sign new partners to include the tags in their storage systems.

He said that non-disclosure agreements had been signed with about 30 potential partners and negotiations were continuing with about half of them.

Mr McLellan said that last year the company signed a collaboration agreement with the Sydney-based Genea Biomedx to incorporate its sample tracking technology into Genea's assisted reproductive technology instruments (BD: Dec 3, 2015).

Bluechiip said at that time that the Sydney-based Genea would licence the wireless tracking technology designed for -196oC cryogenic temperatures and the licence and supply would progress through staged development phases from concept to due diligence, product development and subsequent commercial release and today, Mr McLellan said Genea had paid Bluechiip \$110,000 for a development milestone.

Genea's website said that it had a distribution agreement with the Darmstadt, Germany-based Merck Serona for its assisted reproductive technologies, including incubators.

Mr McLellan said that Bluechiip continued to find and sign-up new partners.

In March, Bluechiip said its sample tracking technology was being used in the Autism cooperative research centre (CRC) for storing biological material and behavioral, clinical and genetic information from more than 4,000 individuals on the autism spectrum, their families and other donors (BD: Mar 21, 2016).

Mr McLellan said that the company had won a \$50,000 Federal Government Research Connect grant to work with the University of Melbourne and had a separate collaboration with Swinburne University.

Bluechiip was unchanged at 2.2 cents.

MESOBLAST

Mesoblast has requested a voluntary suspension, following its trading halt pending an announcement “regarding material corporate developments with respect to certain assets of the company” (BD: Jun 1, 2016).

Mesoblast said that it expected the suspension to remain in place “until the earlier of ... June 10, 2016 [or] the company making an announcement with respect to the corporate developments”.

Mesoblast last traded at \$1.92.

SUDA (FORMERLY EASTLAND MEDICAL SYSTEMS)

Suda says it has received a \$6.15 million statement of claim in relation to a lawsuit against HC Berlin Pharma AG, in liquidation, which it rejects.

In 2010, the then Eastland Medical Systems said it was involved in a legal battle with investee company and its then manufacturer of Artimist for paediatric malaria HC Berlin Pharma over a range of issues, claiming Berlin Pharma failed to provide proper audited financial accounts for the years ended December 31, 2008 and 2009 and failed to call a meeting of shareholders (BD: Apr 21, 2010).

In June 2010, Eastland said it was preparing for its phase III trial of Artimist and might drop bankrupt manufacturer HC Berlin Pharma and was told by Berlin Pharma chief executive officer Dr Roland Wildner that he was forced to commence insolvency proceedings, which Eastland did not believe would have “any material adverse operational effect on Eastland” (BD: Jun 11, 2010).

Today, Suda said that a review by German legal advisors identified that the HC Berlin Pharma statement of claim “contains assertions that are not based on fact, therefore based on our legal advice ... the claim is without significant merit and will be vigorously defended”.

Suda said that the 2008 HC Berlin manufacturing agreement was the subject of an in-kind capital contribution and Eastland was issued with shares in HC Berlin Pharma in exchange for these rights.

The company said that following HC Berlin Pharma being placed in provisional administration the insolvency administrator claimed that under the terms of the subscription agreement Suda’s non-cash contribution was not provided, a claim that Suda denies, and submitted a lawsuit in the Regional Court of Berlin.

Suda said that the administrator was seeking a payment of EUR4.0 million (\$A6.15 million) with interest of five percent from 25 August 2008.

Suda said that based on legal advice the administrator’s statement of claim is deficient and factually incorrect and had “little chance of success”.

The company said it had identified “critical inconsistencies in the documents submitted to the commercial register by HC Berlin Pharma”.

Suda chief executive officer Stephen Carter said “the unwinding of our agreement with HC Berlin Pharma has been a long-running situation”.

“The claim by their administrator for a payment from Suda is without merit,” Mr Carter said.

“We have excellent legal representation and will be defending this claim vigorously,” Mr Carter said.

“The directors of Suda continue to be of the opinion that this issue will not be detrimental to our shareholders,” Mr Carter said.

Suda fell 0.3 cents or 12.5 percent to 2.1 cents with 1.8 million shares traded.

[ANALYTICA, MEDICAL AUSTRALIA](#)

Analytica says its Autostart burette infusion system has been listed on the Queensland Health purchasing schedule.

Analytica said that the infusion system was listed by Medical Australia as the Australian sponsor of the device under their Tuta Firstflow brand name.

Analytica said that inclusion in the schedule was a pre-requisite for all public Queensland health facilities to purchase medical devices and other health products and the listing would be reviewed in 2019.

Analytica chairman Dr Michael Monsour said the listing was “another milestone achieved in the commercialization of the Autostart infusion system”.

“It allows the product to be purchased by any Queensland Health hospital or health clinic and we aim to list in other states as tenders fall due,” Dr Monsour said.

“It’s a long process, but it demonstrates the credentials of the Autostart system and validates the work we have been doing behind the scenes,” Dr Monsour said.

“Our goal is to use evidence of the burette’s performance in the Queensland Health system in the tender process in other countries and may encourage license deals from one of the larger infusion system manufacturers,” Dr Monsour said.

Analytica was up 0.2 cents or 28.6 percent to 0.9 cents with 7.3 million shares traded. Medical Australia was unchanged at five cents.

[PRESCIENT THERAPEUTICS](#)

Prescient has filed a “replacement prospectus” for its one-for-three rights issue to raise \$3.4 million at 9.0 cents a share.

On June 1, Prescient said that following “comments from the Australian Securities and Investments Commission” the rights issue had been delayed (BD: Jun 1, 2016).

Today, the company filed the replacement prospectus, but made no mention of the ASIC comments.

Last month, Prescient said it had raised \$7.0 million in a placement at 9.0 cents a share and hoped to raise \$3.4 million through a rights issue with placement and rights issue shares coming with one attaching option for every two shares acquired, exercisable at 18 cents by June 30, 2018 (BD: May 18, 2016).

Today, the company said the record date was May 26, the issue would open on June 6 and close on June 21, 2016.

Prescient was up 0.4 cents or 4.4 percent to 9.5 cents.

[RESAPP HEALTH](#)

Resapp says that 55,312,500 shares will be released from escrow on July 2, 2016.

Resapp most recent Appendix 3B new issue announcement said that it had 531,539,603 shares quoted on the ASX, of which 57,187,499 shares would be held in escrow until July 14, 2017 and not available for trading on the ASX.

Resapp was up two cents or 6.15 percent to 34.5 cents.