



Success is in the air for Dunedin techco

■ NEILL BIRSS

BLIS Technologies sniffs success in the air, and it's not fragrant. The Dunedin research and development company has diversified in cosmetics markets, targeting bad breath. Soon it will target bad smells from sweat and bugs that put holes in our teeth.

BLIS builds on research led by Professor John Tagg, of Otago University. His good-guy bacteria kill bad germs. BLIS holds the patents.

The company's K12 bacteria strain fights halitosis, the seriously bad breath that torments hundreds of thousands of people. BLIS produces the remedy under the brand names of specialist Internet marketers in the United States (TheraBreath) and Australia (Breezecare). Net sales, which began less than a year ago, are promising.

BLIS plans to put K12 into a chewing gum. It will market this to moderately bad-breath sufferers, in addition to the severe sufferers who tend to buy from Internet suppliers. From the websites, these folk also buy complementary non-BLIS products such mouth washes and tongue scrapers.

Severe sufferers may discuss their halitosis with dentists, but seldom with pharmacists, or even their physicians. BLIS receives moving e-mails from

around the world, seeking help. They tell of stigma to the extent of lost jobs and broken marriages.

BLIS is now seeking patents on a non-K12 skin-bacteria strain to counter body odour, or BO.

Sweat contains fat as well as salty water. BLIS chief executive Kelvin Moffatt says the germs on the skin of a minority of people break down sweat's protein — the fat — and thus create unpleasant smell.

BLIS's product replaces the protein-processing bacteria with others that not only ignore protein, but produce a chemical that attacks the protein-eating germs. Initial tests have produced good results.

These good-guy skin bacteria also attack germs which cause acne. Early indications suggest they may even attack the super bug that plagues the world's hospitals.

BLIS will probably put the sweat product in a deodorant-type stick, where, as a cosmetic, it faces fewer regulatory requirements and can go on sale quickly. BLIS developers can market it in two forms: with a scent, and unscented.

Moffatt says the growing market for "natural cosmetics" that don't contain aluminium provides a niche for the non-scented version.



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"This is one thing we've got that has immediate export potential," Moffatt said.

A K12 product that fights bacteria whose acids decay teeth is being developed as a chewing gum.

The company is testing K12's power to fight glue ear in children. This occurs in the ear canals and sinuses, but children who suffer repeat infections may be taking germs through their mouths, where K12 can attack them. Similar trials are being made of K12's power to fight recurring tonsillitis. BLIS and Dunedin Hospital are using a pediatric version of K12 in the tests.

Meanwhile, BLIS expects a recovery in sales of its original product, K12 Throat Guard, which fights strep throats, though demand fluctuates with winter flu epidemics. An unusual tampering incident in a Christchurch wholesale warehouse upset distribution last winter.

The company has marketed the original K12 in a mouth wash, designed not to be swallowed. This allows it cosmetics classification. However, BLIS is now seeking status for K12 as an over-the-counter medicine. The company is also eyeing the dietary supplementary market, including a version for allergy sufferers. This will sell in health-food stores as well as pharmacies.

Moffatt says the company attracted
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interest from overseas players in intestinal products after its licensed bacteria from overseas and mixed in K12. The company markets this as Biorestore. It helps people after a course of antibiotics. Biorestore has been relaunched in a new format.

Beyond these products lie scores of possibilities. Tagg's team of graduates might isolate bacteria to attack meningitis, for example. That's beyond BLIS's resources at present. However, the Government has budgeted \$200 million on meningitis vaccination, and a mere \$500,000 would establish whether the Tagg approach was feasible.

BLIS had \$1.12 million in cash at March 31, down from \$2.24 million a year earlier, but enough to take it through this financial year. A loss of \$1.34 million for the 2004-2005 year was down from a \$2.76 million loss the previous year. The loss for the first-half of the latest full year, \$800,000, fell to \$536,000 for the second half.

If BLIS gets breaks this year, it could fly.

The university and Tagg have BLIS shares from the commercialisation of the technology. They deserve a good return for decades of work.

- Disclosure of interest: Neill Birss is a BLIS small shareholder.