

Biotech Daily's CEO interview

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CHEMEQ'S DAVID WILLIAMS - FROM \$8 TO 35c ... AND BACK?

CHEMEQ MANAGING DIRECTOR and chief executive officer David Williams is on an investor relations tour of the Eastern States hoping to rebuild a company once worth \$8 a share.

The 50-year old University of Melbourne Law and Commerce graduate has the job ahead of him with a failure to earn Australian regulatory approval for the company's pig and poultry polymeric anti-microbial, Chemeq, and last week's company reorganization, which saw the departure of 50 of 85 employees.

Mr Williams is upbeat about Chemeq's future saying that by cost cutting and with \$23 million in the bank he has time to renew the company.

The first task is to earn income and he says a South African contract for more than \$1.4 million is just the beginning. Chemeq's anti-microbial is claimed to kill pig and poultry infections that don't respond to existing anti-biotics or have become resistant to them. The company also says that unlike anti-biotics, very little of its anti-microbial is absorbed into the flesh of recipient animals.

Apart from boosting sales of Chemeq to the original target, the pig and poultry industries, Mr Williams is looking for alternative uses of the anti-microbial. Chemeq is seeking a strategic partnership for animal health in Europe, including broadening the use to 'companion animals', namely dogs and cats, with potential use as a topical treatment for skin infections.

Mr Williams says talks are underway with "a number of US cosmetics and industrial companies" including uses ranging from ameliorating cosmetics that cause allergic reactions to floor wash to kill off methicillin resistant staphylococcus aureus - also known as 'golden staph'.

Other potential applications include as an anti-microbial for medical equipment and human gastroenterology in particular, helicobacter pylori and giardia.

Mr Williams acknowledged that there was a question over whether the company would be able to pay out its \$60 million bond issue which is due for payment in March 2008. He said that with \$23 million in the bank and "the implementation of the broader strategy" including winning further contracts and regulatory approval that the bond payments would not be a problem.

Australian regulatory approval for Chemeq's antimicrobial is being considered by the Australian Pesticide and Veterinary Medicines Authority. "All the data is in and being compiled," Mr Williams said. He said the company wanted to have regulatory approval in Australia in early 2007.

He said he expected a different market capitalization in 12 months time, ahead of the bond deadline. Chemeq's share price has fallen from \$1.20 a year ago to 33.5 cents at last night's close. The price spiked at \$8 in June 2003 and traded around the \$6 mark for another year before tumbling to \$2 in August 2004.

In his 12 months with the company, Mr Williams has overseen the reduction in net loss after tax from \$60.7 million to \$32.6 million, through both cost cutting and adopting AIFRS.

Mr Williams said the way to improve the company was through “unlocking potential” in the anti-microbial product. He said the company was involved in further commercial trials in South Africa and that he would address the lack of commercialization “in areas where there is pressure on anti-biotics”, namely the large pig and poultry producing countries of Thailand and Brazil. “We are looking for orders and new markets,” Mr Williams said.

[Chemeq fell half a cent or 1.49 percent to 33 cents.](#)