Biotech Daily

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Daily news on ASX-listed biotechnology companies

Biota Sacks More Staff, To Close Australian Operations

Biotech Daily Comment: A Disgrace

Biota says that following the termination of its $US231 million US Government contract it will again sack staff and close its Australian operations.

Biota was originally awarded the Biomedical Advanced Research and Development Authority (BARDA) contract in 2011, to develop its long-acting neuraminidase inhibitor laninamivir octanoate, and then merged with Nabi Pharmaceuticals to access its $US54 million in cash, eventually settling for $US27 million in cash; and purportedly to be closer to the Washington DC BARDA and FDA offices (BD: Apr 1, 2011; Apr 23, Oct 30, 2012).

The company then relocated 500 miles away to Georgia (BD: Apr 17, 2013).

In April 2014, BARDA halted work on the contract and last month terminated it and refuted Biota's claims that the company had not been given reasons either for the stop-work order or the termination (BD: Apr 30, May 1, 9, 2014).

Today, Biota said there would be "a re-alignment of the company's operations and resources".

The company said it planned "to reduce its workforce by approximately two-thirds over the next six to nine months and close its Melbourne, Australia facility by June 30, 2015".

Biota said it expected an estimated total charge of up to $US5.5 million in association with this restructuring plan.

The company said that on completion of the plan by July 2015, it expected its annual, ongoing research and development and general and administrative overhead costs will be reduced by about $US8.0 million to $US10.0 million from current annualized levels.

Biota said it would focus on its late-stage clinical assets, namely laninamivir octanoate (Lani) and vapendavir, as well as preclinical compounds being developed for the treatment of respiratory syncytial infections.

The company said that data informing the possible next steps in the development of each of these respective programs would be available by October 2014 and it "anticipates exploring alternative business development and/or financing arrangements that could facilitate the continued development of Lani in later-stage clinical trials".

Biota chief executive officer Russell Plumb said the operational changes "while very unfortunate and difficult to make, will more closely align our ongoing fixed costs with our expected revenues going forward and allow us to continue to support our later-stage clinical and preclinical programs".

Last year, Biota sacked 30 percent of its workforce and closed its pre-clinical antibiotic programs (BD: Apr 17, Nov 22, 2014).

On the Nasdaq, Biota fell a further 13 US cents or 4.83 percent to $US2.56 ($A2.77) equivalent to 34.6 cents prior to the Nabi merger, when it was trading around $A1.00.

Biotech Daily Editorial

The failure of Biota's board and management to capitalize on a $US231 million contract is a breath-taking debacle.

The claims by the company that it would acquire $US54 million at a better rate than otherwise available, by merging with Nabi, proved false and it settled for $US27 million.

The claim by the company that it would be more effective closer to the funding and regulatory authorities was proved false when it relocated 500 miles away in Georgia.

The claims by the company that it had no idea why BARDA issued a stop-work order and terminated the contract, were refuted by BARDA director Dr Robin Robinson.

The closure of the Australian operation undertaking the fundamental research that brought the world Relenza and the ongoing programs is a disgrace.

The board and senior management should resign and repay their salaries to shareholders.

Biotech Daily editor David Langsam holds Biota shares