



Biotech Daily

Friday August 26, 2022

Daily news on ASX-listed biotechnology companies

Editorial: H1, FY Reports \$4m Minimum; RDTI Is Not Revenue

BIOTECH DAILY FINANCIAL REPORTS POLICY

As discussed last month, it is a mark of the sector's success that Biotech Daily has had to change its reporting policy on half-yearly and full year reports.

Initially, Biotech Daily reported all Appendix 4C quarterly reports where the company did not have two quarters of cash and had not explained the shortfall.

We also reported the handful of companies with revenue and the smaller group with profits.

In 2006, dividends were the province of the three Big Caps: Cochlear, CSL and Resmed.

Thanks to the ASX introduction of Section 8 on the Appendix 4C means we no longer need to explain how companies will fund their coming six months.

But the blossoming of companies reporting revenue makes the previous benchmark of \$1 million in revenue as the minimum for a six month or 12-month report onerous, and as published last month, we moved the benchmark up to \$4 million.

We shall report all companies with revenue from the sale of product of more than \$4 million in a six-month or 12-month period, as well as those whose revenue is clearly rising rapidly. It would be of great assistance if companies reporting their first \$1 million in revenue notified us - so we can include them.

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Some companies need to be reminded that the Federal Research and Development Tax Incentive is NOT revenue.

It doesn't matter what an accountant or auditor claims, companies know it is deceitful to claim \$5 million in revenue when there is no product on the market.

Government grants and the Tax Incentive are not income – unless what one is trying to say that “the business of business is business” and your company is only here for the RDTI and not to produce drugs, diagnostics or devices for human health.

We could name the miscreants, but hopefully they will read this and stop. Most companies have.

Claiming the RDTI as revenue is deliberately misleading the industry and investors.

David Langsam
Editor