



Biotech Daily

Friday November 6, 2015

Daily news on ASX-listed biotechnology companies

Biotech Daily 10th Birthday

Tonight's edition will be a momentous marker for Biotech Daily, having published about 250 editions a year, for 10 orbits of the Sun, with an average of 10 articles per edition.

Ten years ago, most of the life science companies were in pre-clinical, phase I or, at best, phase II trials. Many of them, including Acrux, Arana, Avita, Bionomics, Cellestis, Chemgenex, Compumedics, Cytopia, Heartware, Impedimed, Medical Developments, Mesoblast, Nanosonics, Peplin, Pharmaxis, Psivida, Sirtex, Starpharma, Universal Biosensors and Uscom, have gone through phase III to registration and/or acquisition.

It was serendipity that Biotech Daily began publishing in 2005, a time when a number of life science companies had just listed. Each year has had its wins and losses.

And 2015 has been a very different year to the previous one, with a raft of new listings, backdoor transformations, capital raisings, trial and regulatory successes, not to mention a welcome change in Federal Government personnel and policy.

This time last year, the Australian biotechnology community was reeling at the convictions of Phosphagenics chief executive officer Dr Esra Ogru and Genetic Technologies founder Dr Mervyn Jacobson, with former Acuvax chief executive officer Dr William Ardey also before the courts and gaoled in May this year – and all for fraud of one sort or another.

The co-inventor of the troublesome peptide fragment AOD9604 Dr Woei-Jia Jiang should be released from gaol tomorrow for his part in the Phosphagenics Three fraud, with Dr Jacobson expected to be released later this month, albeit unable to run a company for a further four years. Dr Ogru and her co-conspirator Dr Robert Giannello face another year behind bars, while Dr Ardrey has three and half years to go. Select Vaccines Martin Soust remains banned from running a company for another few years.

There's a moral in this account: don't lie and cheat and steal. If only Listing Rule 3.1 on transparency was ever enforced it might set an example. But then again, as Captain Barbosa says "The Pirates Code is more like yer guidelines than yer actual regulations".

The good news begins with the renewed interest in the sector from the Coalition Federal Government of Prime Minister Malcolm Turnbull, along with similar good intentions for innovation being expressed by the State Labor Governments of Victoria's Daniel Andrews and Queensland's Annastacia Palaszczuk.

Having governments of different political persuasions in agreement is a great start. Hopefully the intentions will result in funding.

The return of the Biotech Daily Top-40 Index above the cumulative \$7,000 million mark on Monday was also a positive sign, although we all know that share prices can go down as well as up.

Without going into great detail about the year so far, it is fair to say that the successes have been the best in many years, with the Spinifex and Hatchtech deals giving the sector a major lift, along with Avita and Polynovo winning significant BARDA contracts, and major deals by Antisense, Pharmaxis and Starpharma.

As we go to publication tonight Mesoblast is in the middle of the biggest capital raise the (non-Big Cap) sector has seen, about \$100 million. Good news, indeed.

In reviewing a decade of reporting on the life sciences, I am reminded of the question that the manager of the Commonwealth Scientific and Industrial Research Organisation's Central Information Service and Scientific Attaché to Washington, Clyde Garrow, would ask his children at the dinner table after school: "So, what did you learn, today?"

There are a number of lessons worth mentioning:

- 1.) If you think it will cost \$20 million to complete a licence agreement at the end of phase II, don't listen to brokers who say raise \$5 million now and raise again when you meet milestones. No. Raise \$40 million because it will take twice as long and cost twice as much as you expect.
- 2.) And if you have that money, be polite to, but totally ignore, shareholders complaining about the share price. Hire an in-house investor relations person to soothe the nervous jitters, while the executives get on with real work. Watching the share price will drive you mad, but that could be an opportunity for an anxiety drug currently in development.
- 3.) Burying negative information on page 13 of a 20 page 'Quarterly Investor Newsletter' or a 'Corporate Presentation' is not transparency, although the ASX accepts that it is. You will be smacked by the market for the bad news and smacked twice for hiding it. And we shall all remember.
- 4.) Almost as bad is burying good news in the middle of a media release after spending several paragraphs talking gobbledygook about how wonderful your company is and the global value of the indication. The drug worked for the indication at a statistically significant higher rate than the current standard treatment.
- 5.) Promise less and deliver more.
- 6.) Do not shovel funds for trials into your personal accounts, do not prop-up share prices to win an end-of-year bonus or keep a margin call at bay.
- 7.) Do re-subscribe to Biotech Daily.

At the end of this year, to mark the 10 years of continuous publication without missing a single important announcement, Biotech Daily will take advantage of the fall of Christmas and Australia Day on the calendar and take a five-week instead of the usual four-week Summer Holiday.

The last edition will be Friday December 18, returning with a Summer Catch-Up Edition and back to normal transmission on January 27, 2016.

To acknowledge the fact that none of this would have been possible without you, our subscribers, the subscription rates for 2016 will remain unchanged.

Thank you, kindly.

David Langsam
Editor