



Finding Capital for Biotech after the GFC

The environment for fundraising has changed

- Commercial Ready program halted in 2007, just before GFC
- VCs currently have less to invest
- CA program
 - In operation since January 2010
 - Much smaller program than Commercial Ready

Understand the restrictions and issues when capital raising....

- Angels
 - Limited capital but good Angel networks in Australia now.
 - Look for investors with biotech company experience, who can assist with growth, as well as finance
 - Angels often do not have capacity to fund drug development
- VC
- Listing
 - IPO window not really open at the moment

ASX listed companies

- Many Life Science companies listed early in their development and raised funds at high prices
- However, public companies need to provide regular updates to investors so must be at a stage where there are value-adding announcements expected

- Caused share prices of listed companies to drop dramatically
- Exodus of investors from sector
- Harder to raise money
- Rights offerings at big discounts to an already low share price
- Led to disillusionment of early investors
- Investors still risk averse

BUT the Australian life sciences industry is on the cusp of change

- Several companies profitable or close to profitability
- New drugs close to regulatory approval
- Validation that we can take a product through development to market



| Company | Market cap.(\$M) | Milestone |
|----------------|-------------------------|------------------|
|----------------|-------------------------|------------------|

| | | |
|----------------------------------|------------|---|
| Mesoblast | 648 | Autologous stem cell therapy available in Australia for bone fractures |
| Pharmaxis | 614 | EU approval for Bronchitol for CF |
| Acrux | 384 | FDA approval for Axiron |
| Universal Biosensors | 227 | One touch Verio rollout EU + FDA approval |
| Biota Holdings | 173 | Inavir just approved in Japan |
| Starpharma Holdings | 133 | Royalty revenue beginning |
| Alchemia | 97 | FDA approval for fondaparinux |
| Chemgenex Pharmaceuticals | 96 | To refile Omapro for approval with FDA |
| QRx Pharma | 94 | Phase III data for MoxDuo IR |
| Halcygen Pharmaceuticals | 88 | File SUBA-Itraconazole for approval in Europe |
| Clinuvel Pharmaceuticals | 58 | Scenesse just approved in Italy |
| Tissue Therapies | 32 | File VitroGro for approval in Europe |

Profitable Listed Life Science Companies

| Company | Market Cap. (M) | Company | Market Cap. (M) |
|--------------------------|-----------------|----------------------|-----------------|
| CSL | \$18,114 | Probiotec | \$50 |
| Resmed | \$5,125 | Ellex Medical Lasers | \$38 |
| Cochlear | \$3,974 | Somnomed | \$37 |
| Blackmores | \$471 | SDI | \$24 |
| Acrux | \$385 | Compumendics | \$23 |
| Sirtex | \$297 | Brain Resource | \$19 |
| Cellestis | \$223 | Cogstate | \$17 |
| Biota | \$173 | Medical Developments | \$13 |
| Halcygen Pharmaceuticals | \$88 | Cyclopharm | \$11 |
| Ascent PharmaHealth | \$72 | LBT Innovations | \$9 |
| | | Cryosite | \$5 |

Not all gloom....

- Next year will see some major milestones being met by listed life science companies
- The promise of dividends and realisation of capital gains should encourage new interest by small investors in our sector