

Otago Daily Times 18/6/04

Biotech funds from Japan

Pacific Edge forecasts bright future

By Simon Hartley

Dunedin-founded Pacific Edge Biotechnology is forecasting a long-term financial boost as a result of multimillion-dollar investment by Japanese pharmaceutical companies.

The company has also raised the possibility of a cash issue or share placement in the future.

Pacific Edge held its third annual meeting at the University of Otago's Centre for Innovation yesterday, attracting about 20 shareholders.

Chairman Trevor Scott announced a heads of agreement was signed last week with a Japanese pharmaceutical company, another signing was imminent, and a third was under negotiation.

"The collaboration with two major Japanese companies puts us in a position of strength to move forward," he told shareholders.

Shareholders heard funding was in place to cover the company and its annual running costs of about \$1.4 million, for the next 18-24 months.

Mr Scott said after the meeting that initial financial input from the Japanese and follow-up development funding would secure the company for "three to four years", not only to develop existing research but to begin new projects.

"Hopefully we would not have to call on shareholders again [for funds]," he said.

Mr Scott said negotiations were proceeding with the Japanese companies about international marketing rights, but eventually shareholders could expect a "royalty stream" from sales.

Pacific Edge is developing methods for diagnosing and progressively monitoring cancers, including gastric and bladder cancers, which will culminate in the development of medical testing kits.

Pacific Edge has eight patents being considered, one awarded and another two in development.

Last month, it reported a \$2.6 million before tax loss for the year ended March 31, \$200,000 ahead of the budgeted loss.

The previous year, it reported a \$3 million loss - which included about \$1.6 million in product development - following an earlier loss of \$1.4 million to March 31 2002.

Pacific Edge twice delayed its float during the 18 months which followed the September 11, 2001 terrorist attacks.

Its February 2003 float to the stock market was about one-third under-subscribed, but passed the minimum \$2 million target.

Mr Scott said after the meeting if a share issue went ahead, it would be fully underwritten by a share broker. He did not believe it would dilute the value of existing shares.

Pacific Edge 's shares were floated at 25c. They rose from 18c on April 14 this year to a high of 50c by the end of April and settled back to 30c yesterday.