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Institutional Research & Dealing

stock research

RECOMMENDATION: SPECULATIVE BUY

Alchemia Ltd

Pivotal trial results & price action imminent

Stock Code: ACL
Last Sale: $0.58
Market Cap (fd): $194.3
Risk Level: High

30 June 2014

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EVENT

- Select Equities has prepared a stock research note on Alchemia Ltd (ACL). The research focuses on ACL's pivotal Phase III HA-Irinotecan trial, the results of which are expected to be announced before the end of 3Q CY14.

KEY HIGHLIGHTS

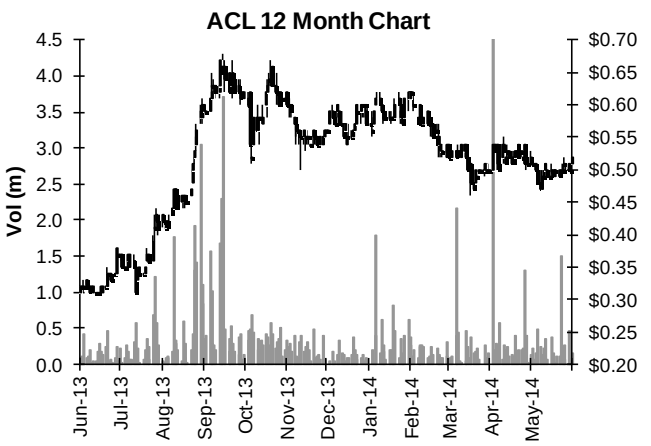
- The Phase III trial compares the current Gold Standard chemotherapy (FOLFIRI) against the same cocktail of chemo agents except where 1 agent – Irinotecan is replaced with ACL's reformulation HA-Irinotecan.
- The underlying technology HA stands for Hyaluronic Acid, and is a substance that is naturally present in humans and is approved by the FDA for the treatment of joint diseases. Using an FDA approved substance, the safety concern of the reformulation is significantly reduced.
- The essential role HA plays in cancer metastasis is well documented academically. However, this knowledge is yet to be leveraged for commercialised anti-cancer use. ACL's reformulation is essentially a Trojan Horse that delivers the chemo to the cancer cells (and potentially cancer stem cells) at up to 1,000x higher concentration.
- Current chemotherapies do not target cancer stem cells. Because the stem cells are not eradicated, the tumour will continue multiplying and the effect of the chemotherapy wears off after the tumour become immune to the chemo agent.
- In theory the reformulation could result in a cure for some patients, although the efficacy of the reformulation is still limited by the chemo agent. If the Phase III trial results are outstanding, it is likely that HA-Irinotecan may also be used under the 1st-line setting (requires an additional Phase III trial). The 1st-line market is more than twice the size of 2nd/3rd-line because of the longer duration of treatments.
- Application of the HA technology is not limited to mCRC or Irinotecan. In theory the technology can be applied to other cancers and/or chemo agents. While these applications have significant additional potential value, SER has not valued these options at this stage.
- If successful, ACL is likely to market the HA-Irinotecan product with a manufacturing partner and receive a gross profit share or royalty or a combination of both. ACL has the relevant execution experience from its Fondaparinux product.
- SER calculates the value of HA-Irinotecan by discounting the dividends (assuming 100% payout) at the empirical required rates of return. The NPV of the dividends is further discounted by the empirical success probability. The intrinsic value calculated of $0.51 is slightly below the current market price.
- Over a two year period, the stock price will likely either rerate upwards to a value of $1.99 if ACL passes all the hurdles or fall to a residual value of approx $0.06.

SELECT EQUITIES RECOMMENDATION

- Select Equities rates the stock as a SPECULATIVE BUY based on the potential upside to the stock price and the promising Phase II trial results.
- We note there is significant downside risk to the stock price should the upcoming Phase III trial results disappoint.

June Year End	FY13A	1H14A	FY14E	FY15E
Net Profit ($m)	-1.3	-5.5	-9.8	-6.5
EBITDA ($m)	-0.2	-5.2	-9.1	-5.7
EBIT ($m)	-1.8	-5.9	-10.6	-7.2
EPS (¢)	-1.4	-1.6	-2.9	-1.9
DPS (¢)	0.0	0.0	0.0	0.0
PER (x)	-40.1	-19.9	-19.9	-30.2
PER Rel All Ords (%)	-267%	-132%	-132%	-201%
Ent. Value/ EBITDA (x)	-773.9	-19.9	-19.9	-32.0
Ent. Value/ EBIT (x)	-98.9	-17.1	-17.1	-25.4
Yield (%)	0.0%	0.0%	0.0%	0.0%
# Shares fd (m)				335.1
Avg. Mthly Volume (m)				7.5
Diluted Mkt Cap ($m)				194.3
Net Debt ($m)				-12.5
Enterprise Value ($m)				181.9

Source: Company Reports and Select Equities Research

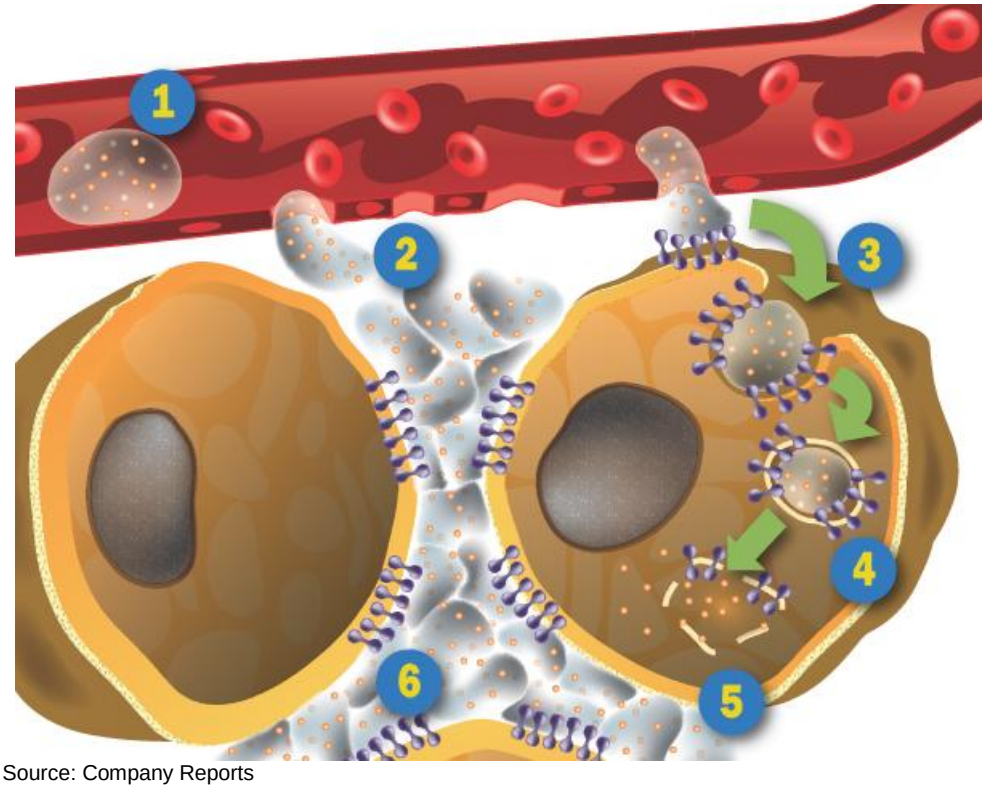


Source: IRESS

BUSINESS DESCRIPTION

- ACL owns a portfolio of 3 technologies. The first is the synthesis of Fondaparinux, a difficult-to-manufacture generic anti-coagulant used to treat DVT (deep vein thrombosis) and PE (pulmonary embolism). ACL licences this technology to and receives a gross profit share of 50% from Dr Reddy's Laboratories (NYSE: RDY, US$6.9 Market Cap) for its US Fondaparinux sales. ACL receives a 10% royalty on sales outside of the US.
- The Fondaparinux market has 3 players, the other two being GSK with the original version, Arixtra, and Apotex with its authorised generic. ACL received $9.6m in Fondaparinux GP Share/Royalty in FY13. SER expects this income stream to decline to a level of $4.5m per annum as a result of price competition. ACL has patents protecting its synthesis method of Fondaparinux to May 2023.
- ACL's second technology is the HyACT platform. HyACT stands for Hyaluronic Acid Chemotransport Technology. Hyaluronic Acid (HA) is a solution that binds to activated CD44 receptors, which are found in cancer cells / cancer stem cells and are normally not found in healthy tissue. Using HA to transport chemo/biological agents can increase drug concentration at the stem cells by up to 1,000x. This increases efficacy and can also lower toxicity.
- ACL's lead product for this technology, HA-Irinotecan, is near completion of a pivotal Phase III trial. This product is responsible for approx 85% of ACL's share price, and is the focus of this research note. ACL has patents protecting the use of HA-Irinotecan for the treatment of mCRC to March 2025.
- ACL's third technology is the drug discovery platform VAST. VAST stands for Versatile Assembly on Stable Templates. It is ACL's proprietary 3D molecular structure for small molecule drugs. Compared to classical pharma small molecule shapes, it has the advantages of being orientation-indifferent, increased surface area and multiple attachment points. ACL's generic Fondaparinux is the first commercial application of this technology.
- On 23-Apr-13 ACL signed a collaboration agreement with AstraZeneca. Under the agreement ACL is eligible to receive up to $240m in Milestones, plus R&D Expenses and single digit Royalties on sales resulting from the collaboration. ACL has received no material income from this technology yet and SER has not valued this agreement at this stage. ACL has patents on VAST to February 2028.

HyACT MECHANISM OF ACTION



Source: Company Reports

1. HA-drug is transported to the tumour site through a blood vessel
2. HA-drug is released from the blood vessel
3. HA-drug binds to activated CD44 receptors in the tumour cell

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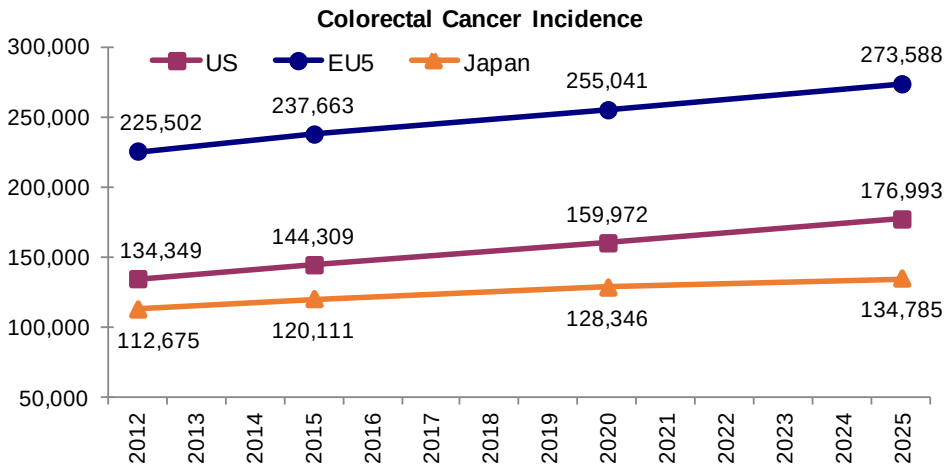
4. The tumour cell begins digesting the HA-drug for the hyaluronic acid
5. The hyaluronic acid is digested, the drug is left inside the cell and acts to kill it
6. HA-drug depot generally persists for at least 24 hours, resulting in repeated cycles of drug internalization and release inside tumour cells

HA-IRINOTECAN PHASE III TRIAL

- This is a controlled, 1:1 randomised, double-blinded, multi-centre, multi-national pivotal trial with 415 patients. The trial compares FOLF(HA)iri against the standard of care FOLFIRI, for mCRC patients in 2nd/3rd-line treatments. The treatment dosage and procedures are as per NCCN guidelines.
- The primary endpoint of the trial is PFS (Progression Free Survival) which is an accepted surrogate by the FDA. The trial is 85% powered to detect a >6 weeks improvement in median PFS (p=0.05). ACL has a target of 8 weeks, and the Phase II trial achieved 12 weeks (against a different control arm).
- Patients were recruited across 76 centres in Australia, Eastern Europe and Western Europe. The last patient was recruited on 28-Feb-13. The principal investigator is Associate Professor Peter Gibbs of the University of Melbourne. Dr Gibbs is also the Principal Investigator of Sirtex Medical Ltd (SRX)'s SIRFLOX trial.
- ACL's contracted research organisation for this trial is PSI, a Switzerland based private company founded in 1995. PSI has a staff count of 1,400 and has run over 150 oncology trials. According to PSI, the following drugs were approved by the FDA and/or EMA with pivotal data coming from PSI: Abraxane, Halaven, Femara, Firmagon, Thalomid, Aloxi, Zarzio and Neulasta.

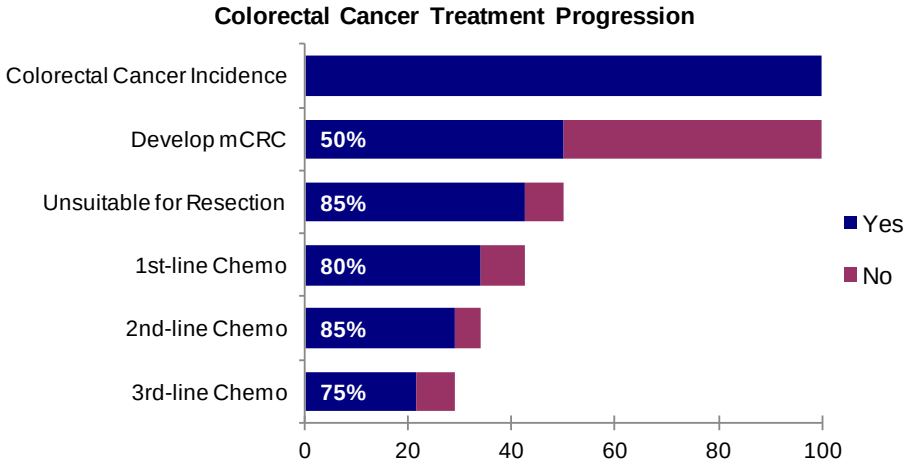
COLORECTAL CANCER INCIDENCE



Source: GLOBOCAN and Select Equities Research

- EU5 stands for European Union Five (France, Germany, Italy, Spain, UK).
- 2015, 2020 and 2025 numbers are GLOBOCAN forecasts.

COLORECTAL CANCER TREATMENT PROGRESSION



Source: SRX Presentations and Select Equities Research

- 29 and 22 out of 100 colorectal cancer patients will undergo 2nd-line and 3rd-line

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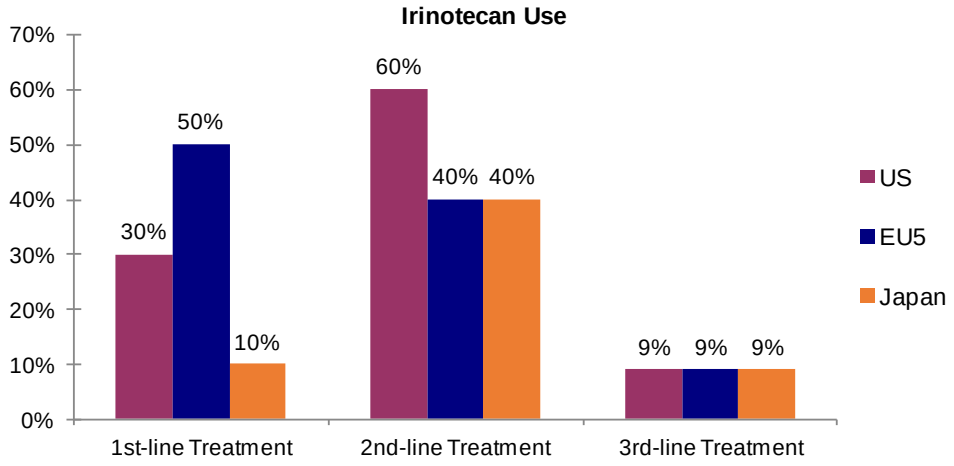
chemotherapy respectively.

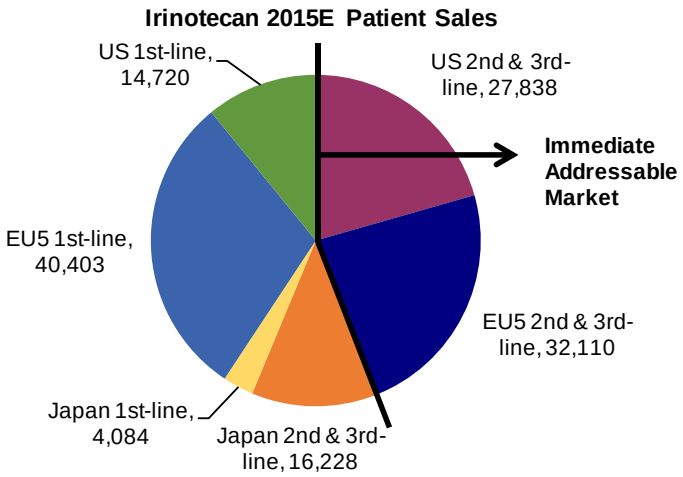
IRINOTECAN USE



Source: Select Equities Research

- Use of Irinotecan in any treatment line precludes further use in subsequent treatment lines.
- Cumulative Irinotecan use in the US and EU5 are close to 100%, meaning any mCRC patient undergoing chemotherapy will be given Irinotecan at some stage of treatment.

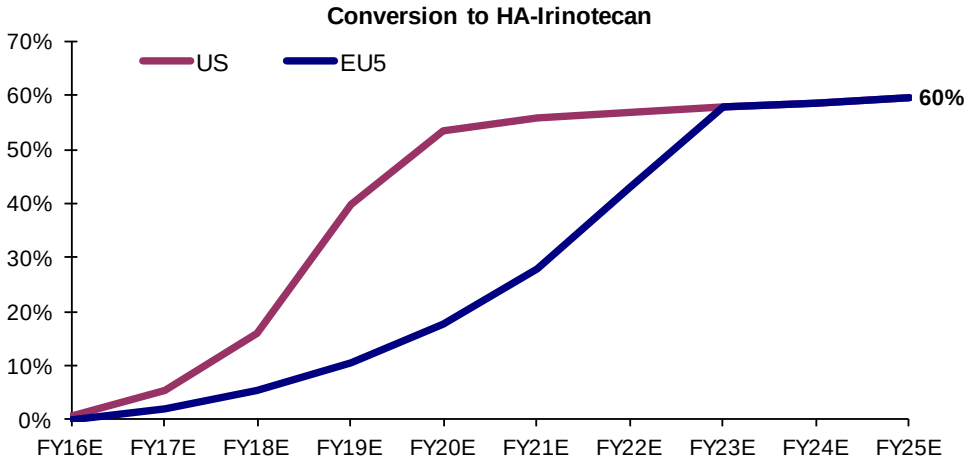
ADDRESSABLE MARKET



Source: Select Equities Research

- Expansion to 1st-line treatment and/or Japan will require additional Phase III Trials.

PROJECTED MARKET SHARE



Source: Company Reports and Select Equities Research

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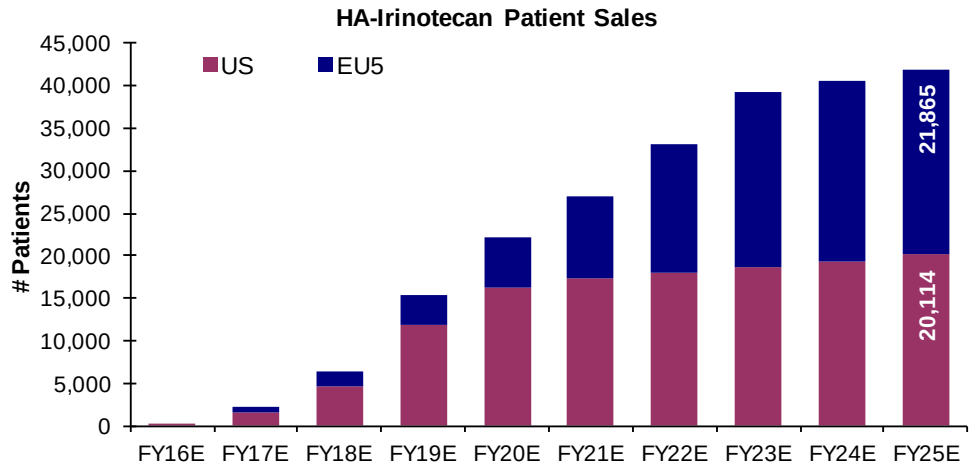
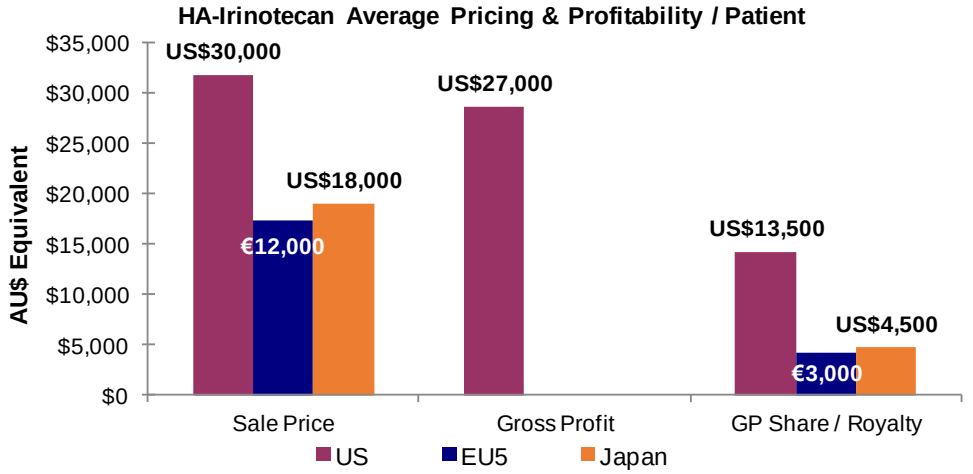
- A 2010 MEDACorp survey, commissioned by ACL, of 95 physicians in the US (estimated population of 4,000 colorectal oncologists) showed that 55% - 60% of respondents would convert to HA-Irinotecan if there was a 1.5months PFS improvement.
- We model a slower EU5 penetration because of an expected 6 months lag between FDA and EMA (European Medicines Agency) approvals, and also because ACL has more comprehensive oncologist access in the US.

HA-IRINOTECAN SALES



Source: Select Equities Research

HA-IRINOTECAN PRICING



Source: Company Reports and Select Equities Research

- Pricing in each geographic market is determined by government and insurer reimbursement policies, their attitudes toward reformulations and number of months of treatment of the patient.
- SER believes a Gross Profit Share agreement is the most likely go-to-market strategy for ACL in the US and Royalty agreements are most likely for EU5 and Japan. This is consistent with ACL's strategy for its generic Fondaparinux product.
- A GP Share agreement is more lucrative and involves more participation and risk. SER's model assumes gradual improvements in Gross Profit / Patient in the US to its peak level of $27,000 to accommodate for initial manufacturing inefficiencies.

REFORMULA-TION PRICING PRECEDANT

- Abraxane (nab-paclitaxel), a reformulation of the biological inhibitor Taxol (paclitaxel), developed by Abraxis BioScience, was approved by the FDA for the treatment of metastatic breast cancer in January 2005.
- "nab" stands for nanoparticle albumin-bound, and describes the paclitaxel as bounded to albumin as the delivery vehicle. Albumin is a naturally occurring protein commonly found in blood plasma and egg white.
- The approval was granted 13 months after results of the pivotal Phase III trial

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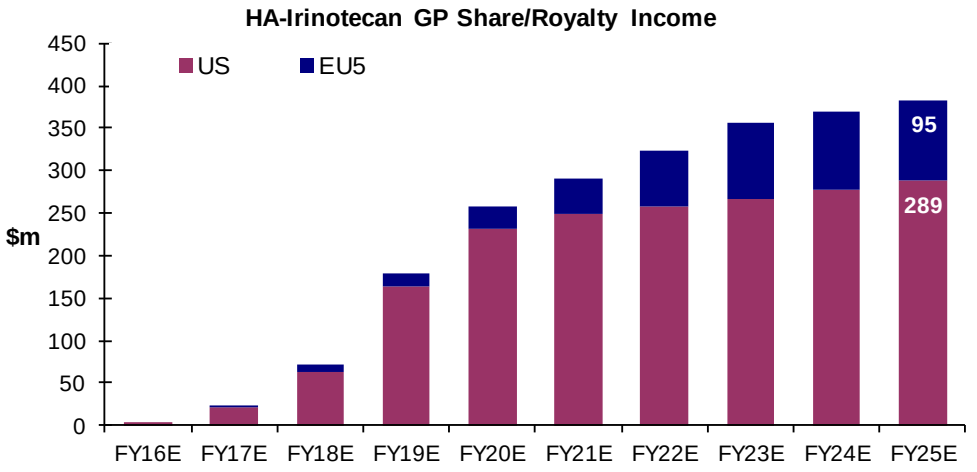
involving 454 patients showed statistically improved response rate of the reformulation. PFS and OS improved by 6.1 weeks and 2 weeks respectively but the improvements were statistically insignificant. EMA approval was granted in January 2008.

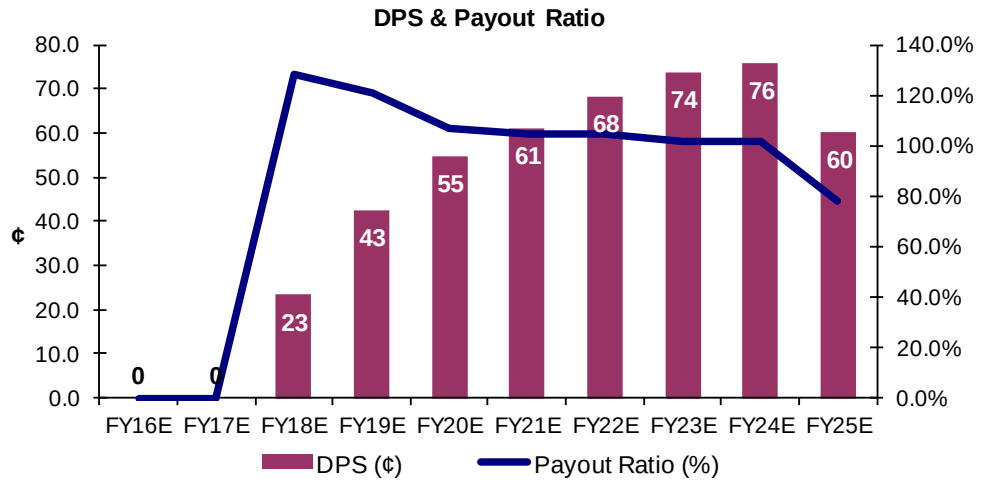
- Abraxis BioScience was acquired in June 2010 by Celgene for US$2.9b + US$650m in milestones upon FDA approval of Abraxane for NSCLC (non-small-cell lung cancer) and pancreatic cancer. Abraxane generated US$315m and circa US$320m in revenue in 2009 and 2010 respectively.
- Abraxane commanded a dose price of US$4,200 versus paclitaxel's US$150.

HA-IRINOTECAN INCOME TO ACL



Source: Select Equities Research

FORECAST DIVIDENDS



Source: Select Equities Research

- Payout ratio initially exceeds 100% as a result of amortisation of ACL's patents being a noncash item.

DISCOUNTED DIVIDENDS

Discounted Dividends	FY14E	FY15E	FY16E	FY17E	FY18E	FY19E	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E
DPS (¢)	0.0	0.0	0.0	0.0	23.4	42.5	54.8	61.1	68.4	73.7	75.8	60.1
Discount Rate (%)	26%	26%	26%	20%	15%	15%	15%	15%	15%	15%	15%	15%
PV Factor	1.000	0.796	0.633	0.527	0.460	0.402	0.351	0.307	0.268	0.234	0.204	0.178
PV (¢)	0.0	0.0	0.0	0.0	10.8	17.1	19.2	18.7	18.3	17.2	15.5	10.7
NPV (¢)	127.6											

Source: Select Equities Research

- **26%** - empirical required RoR from a sample of 1,606 Biotechnology companies from 1986 to 2008. Source: Cambridge Associates Inc.
- **15%** - empirical required RoR for undiversified mid-cap Biotechnology companies. Source: Grabowski et al, PharmacoEconomics, 2002.

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EVENT DAY SUCCESSS VALUES

Event	Today	Trial Results ASX Ann	FDA Approval	ASCO 2016 Annual Meeting
Date	30-Jun-14	16-Aug-14	01-Apr-16	03-Jun-16
Success Rate (%)	40%	60%	80%	100%
Success Value ($)	$0.51	$0.83	$1.46	$1.99

Source: Select Equities Research

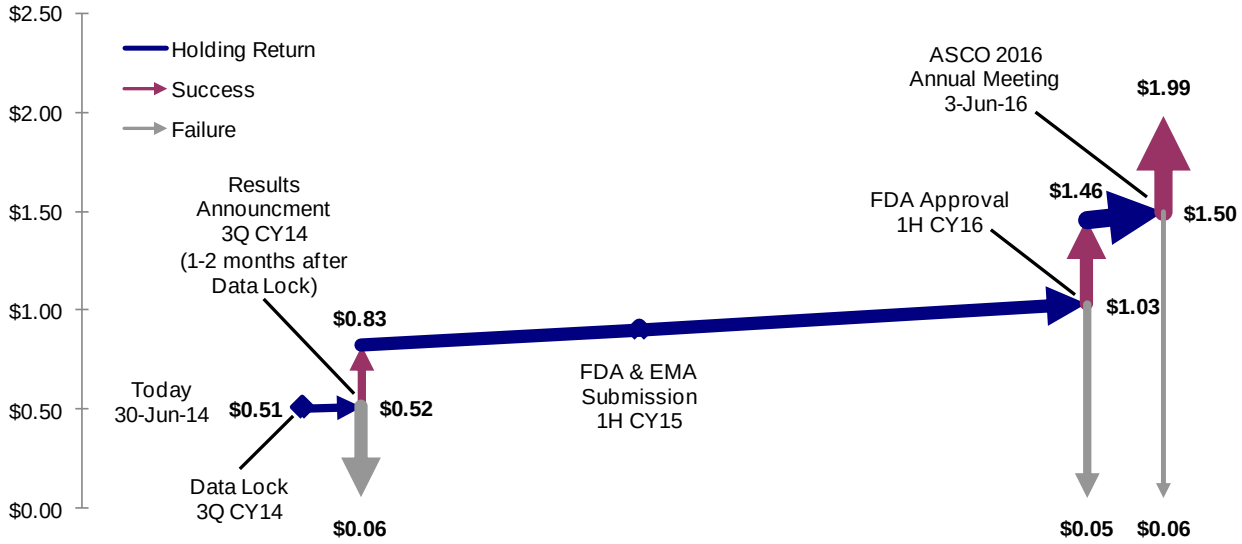
- **41%** - empirical probability of a new therapy outperforming the Gold Standard from a sample of 624 Phase III trials sponsored by the National Cancer Institute between 1955 and 2006. Source: Djulbegovic et al, Archives of Internal Medicine, 2008.
- **38%** - empirical probability of establishing statistical significance from a sample of 253 Phase III trials sponsored by the National Cancer Institute between 2005 and 2009. Source: Gan et al, Journal of the National Cancer Institute, 2012.

SENSITIVITY ANALYSIS

Sensitivity Analysis					
Success Rate (%)	20%	30%	**40%**	50%	60%
Price ($)	$0.26	$0.38	**$0.51**	$0.64	$0.77

Source: Select Equities Research

SHARE PRICE PATHWAY



Source: Select Equities Research

- The relative width of the right, up and down arrows on each event date is representative of the relative likelihood of success vs failure.
- The FDA targets a review process of 6 months for Priority Review and 10 months otherwise. ACL understands that a Priority Review might be granted if OS (Overall Survival) is trending, i.e. there is an improvement and it is likely robust although p-value is not significant. This will be announced in the 3Q CY14 ASX Announcement. In the Phase II trial, there was a trend in OS improvement by 2.1 months (p-value = 0.196). SER has allocated a 12 months period for FDA approval out of prudence.
- SER assumes the market to expect the EMA to endorse the FDA's decision, therefore the EMA Approval event is not price sensitive and is excluded from the timeline.
- The terminal event for HA-Irinotecan is the ASCO 2016 Annual Meeting where ACL and/or its manufacturing partner will present to the NCCN (National Comprehensive Cancer Network)'s panel of 32 members to have HA-Irinotecan incorporated into the new Standard of Care (a.k.a. Gold Standard).
- The $0.05 - $0.06 failure value reflects the liquidation value of ACL's Fondaparinux Royalty rights, SER does not expect this product to have material value in a going concern situation (see charts below). This liquidation value also does not account for the residual value of ACL's HyAct and VAST technologies.
- The success values do not include going concern values of the HyACT and VAST technologies. Both option values are likely to appreciate if the HA-Irinotecan trial is successful. A successful HA-Irinotecan trial will add to the validation of the HyAct technology and its potential application to other cancers / drugs. Cash

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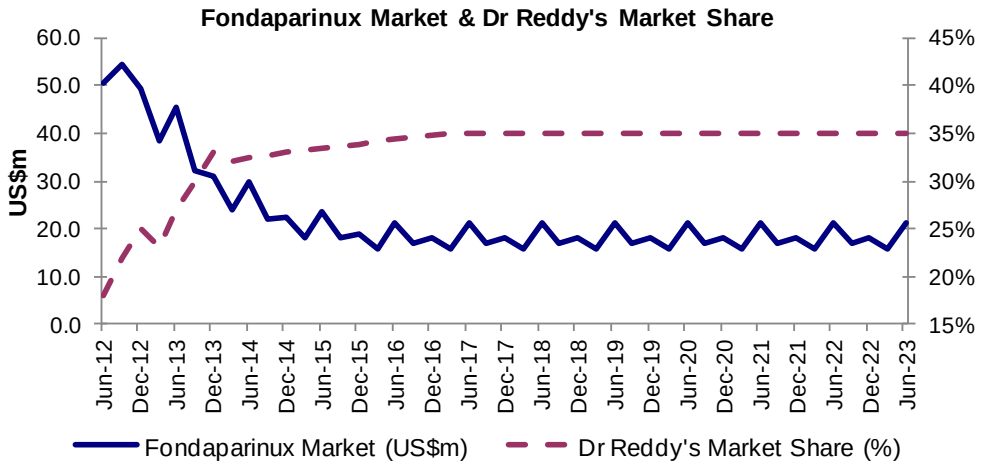
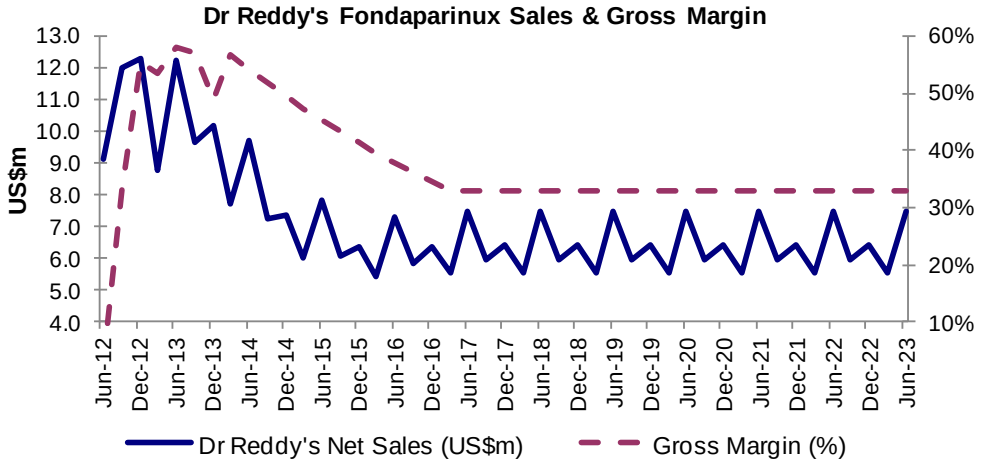
inflows from the HA-Irinotecan product combined with higher availability of managerial attention could also accelerate unlocking of the value of the VAST agreement with AstraZeneca. Whilst SER has not valued these options at this stage, we note there is additional potential upside to the stock price compared to our valuation.

FONDAPARINUX MARKET



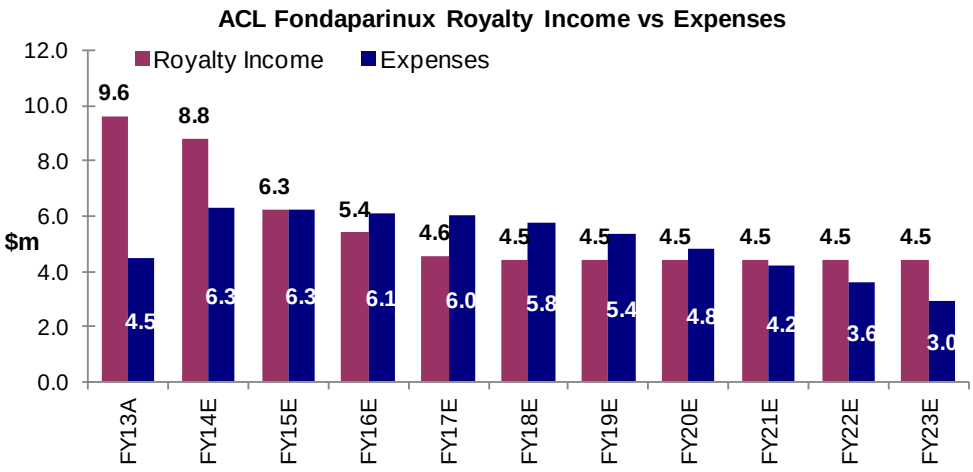
Source: Company Reports and Select Equities Research

DR REDDY'S FONDAPARINUX SALES & MARGIN



Source: Company Reports and Select Equities Research

ACL FONDAPARINUX INCOME vs EXPENSES



Source: Company Reports and Select Equities Research

RISK FACTORS

- Unfavourable HA-Irinotecan Phase III trial results would have a significant negative impact on ACL's valuation and growth prospects.
- The Phase III trial results may be challenged if the study design and/or execution are considered inadequate.
- ACL may fail to obtain FDA and/or EMA approvals even if the Phase III trial results were favourable.
- An additional trial regarding OS could be required as either a pre-approval requirement or as a post-marketing commitment should approval be granted.
- FDA and/or EMA approvals do not guarantee NCCN recommendation of HA-Irinotecan as part of the Standard of Care treatment.
- The FDA might not allow ACL to charge a premium over a generic version of Irinotecan should approval be granted.
- Dose sales and pricing are likely to be impacted by the reimbursement policies of governments and insurers in ACL's key markets. A tightening of government fiscal policies could negatively impact company sales.
- Actual profitability of HA-Irinotecan may under-deliver on ACL guidance and/or SER estimates.
- ACL's patents may fail to adequately protect ACL's intellectual property.
- While the clinical trial and regulatory approval process may act as an impediment to product imitation, this process may not stop a new entrant with a better and/or cheaper product from coming to market.
- Although significant effort has been devoted to finding any underway competitive products, SER may not be aware of all such threats.
- Unforeseen drug or technology developments may render the company's current product and technology pipeline obsolete. The bulk of the company's value is derived from a single technology, which accentuates these risks.
- As an exporter, ACL's performance is adversely impacted by appreciation in the AUD.

BOARD & MANAGEMENT

- **Santo Costa, non-executive Chairman**. Sandy joined ACL in March 2014. Sandy held various roles between 1994 and 2001, including Vice Chairman, President and COO at Quintiles Transnational Corporation (NYSE:Q, US$6.9B Market Cap). Previously, Sandy was General Counsel and Senior VP Administration with Glaxo Inc, the American arm of GSK. Sandy has a B.Sc in Pharmacy and a J.D from St John's University.
- **Nathan Drona, non-executive Director**. Nathan joined ACL in March 2013. Nathan has 15 years experience in international investment banking where he executed more than 25 global banking and M&A engagements in the biotech sector. He has a B.A in Philosophy from University of Western Ontario and a MBA from University of Victoria in Canada.
- **Tracie Ramsdale, non-executive Director**. Tracie co-founded ACL in 1995, and served as GM and CEO from 1998 to 2007. She has a B.AS in Chemistry from RMIT, a Master of Pharmacy from Monash University and a PhD in Biochemistry from the University of Queensland (UQ). Prior to establishing ACL, Tracie was a Principal Investigator and Commercial Manager of the Centre for Drug Design and Development at UQ. She is an adjunct Professor at the School of Chemical and Molecular Biosciences, UQ. She has 1,303,819 shares in ACL.
- **Susan Kelly, non-executive Director.** Susan joined ACL in March 2013. Susan was Chief Medical Officer of the Multiple Myeloma Research Foundation/Consortium from 2008 to 2011. Previously, Susan was VP Global Strategic Drug Development at Bayer Healthcare Pharmaceuticals and Bayer-Schering Pharma from 2001 to 2008. She has a B.A (Magna Cum Laude) in Biology from Colgate University and a M.D from Duke University.
- **Tim Hughes, non-executive Director.** Tim joined ACL on July 2013. Tim was Investment Counsel with NGS Super from 2005 to 2013. He was also CIO of the Catholic Superannuation Fund from 2003 to 2011. Previously, Tim held various positions with Rothschilds in Australia during 1983 to 1996 including CIO, Chief Economist, Head of Fixed Interest and Currency, and board director. Tim has a B.Sc (Hons) in Geology from the University of Melbourne and a B.A (Hons) in Economics and a Masters of Natural Resources from the University of New England.

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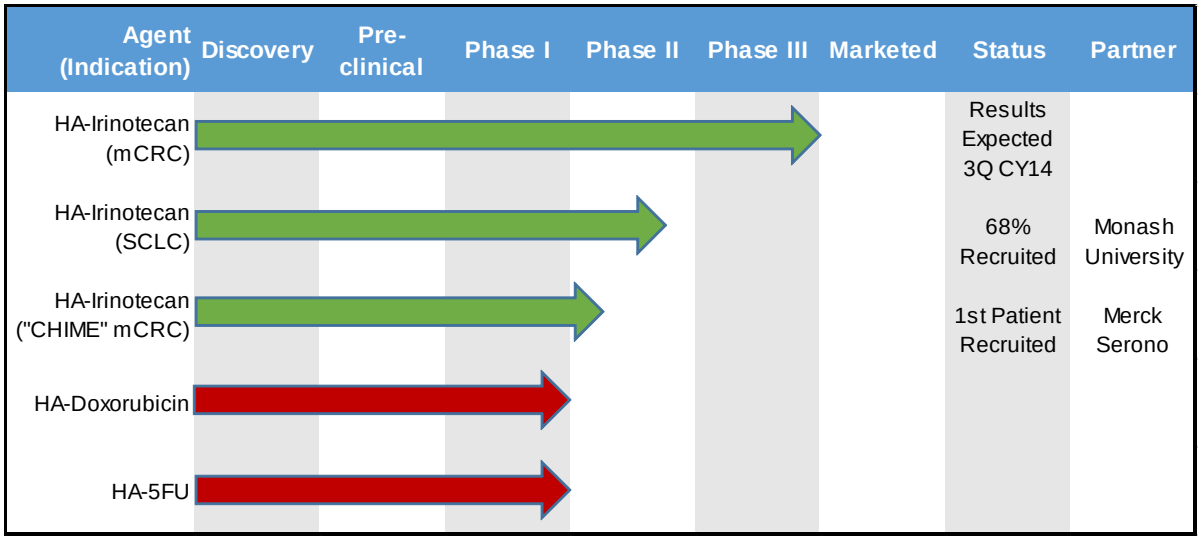
- **Thomas Liquard, CEO.** Thomas joined ACL in November 2013 as COO and was appointed CEO in February 2014. Thomas held various roles at Pfizer in New York from 2007 to 2013 including Director, US New Product Planning, Director, Portfolio & Decision Analysis, Oncology and Sr Director, Portfolio Development, Emerging Markets. Thomas has a B.Sc from the University of Southern California and a MBA from Columbia Business School.
- **Tracey Brown, Chief Scientific Officer.** Tracey joined ACL in 2006 through the Meditech acquisition (previous owner of the HyACT technology). She has a B.Sc in Biochemistry and Cell Biology from RMIT and a PhD in Carbohydrate Biochemistry from Monash University. She has 460,509 shares in ACL.

ACL CLINICAL TRIALS



Source: Company Reports

- SCLC stands for small-cell lung cancer. SCLC is responsible for approximately 12% of lung cancer incidence. This is an investigator sponsored trial conducted by Monash University.
- The CHIME trial is a jointly funded Phase II level rerun of the Phase III HA-Irinotecan trial with the addition of Merck Serono's Erbitux drug. Erbitux is the Gold Standard biological inhibitor that is often used in conjunction with FOLFIRI for mCRC patients that have wild-type (non-mutated) KRAS genes. This subgroup is estimated to be 50% - 70% of the entire mCRC patient population.
- The two other reformulations have completed Phase I trials and are on-hold.

HyACT OPPORTUNITIES

Cancer Type	CD44 Presence in Normal Tissue	Presence in Tumors		US 2014 Incidence
		Activated CD44s	Activated CD44v6	
Breast	0%	>50%	100%	232,670
Colorectal	0%	>70%	>80%	136,830
Mesothelioma	0%	100%	100%	2,500
Lung	20%	91-100%	90%	224,210
Prostate	0%	78%	>60%	233,000
Skin	100%	>70%	>90%	76,100
Endometrial	0%	>80%	>50%	52,630
Pancreatic	0%	70-100%	100%	46,420

Source: Company Reports and National Cancer Institute

- CD44 is the name of the HA receptor that is found in tumour cells and normally not found in healthy tissue. Except for cancers of the skin, the HA technology can theoretically be applied to every other cancer in the table above.

Alchemia Ltd

Select Equities Research

Small Caps

Code				ACL
Last sale ($)	30-Jun-14			$0.58
# Shares (m)				324.8
# Performance Rights & Options (m)				10.3
Diluted Mkt Cap ($m)				194.3
Net Debt ($m)				-12.5
Enterprise Value ($m)				181.9
June Year End	FY13A	1H14A	FY14E	FY15E
Financial Perfomance ($m)				
Fondaparinux Royalty	9.6	4.7	8.8	6.2
HA-Irinotecan Royalty	0.0	0.0	0.0	0.0
Grant & Other Revenue	14.5	0.2	0.2	0.0
Total Revenue	24.1	4.8	9.0	6.2
EBITDA	-0.2	-5.2	-9.1	-5.7
D & A	-1.6	-0.7	-1.5	-1.5
EBIT	-1.8	-5.9	-10.6	-7.2
PBT	-1.6	-5.7	-10.2	-6.9
NPAT (pre-abs. & NCI)	-1.3	-5.5	-9.8	-6.5
Abnormals	-3.4	0.0	0.0	0.0
NCI	0.0	0.0	0.0	0.0
NPAT (reported)	-4.8	-5.5	-9.8	-6.5
EPS (¢)	-1.4	-1.6	-2.9	-1.9
DPS (¢)	0.0	0.0	0.0	0.0
NTA / Share ($)	0.05	0.04	0.03	0.01
Book Value / Share ($)	0.10	0.08	0.07	0.05
Valuation/Performance Ratios				
PER (x)	-40.1	-19.9	-19.9	-30.2
Ent. Value/ Revenue (x)	7.6	20.3	20.3	29.1
Ent. Value/ EBITDA (x)	-773.9	-19.9	-19.9	-32.0
Ent. Value/ EBIT (x)	-98.9	-17.1	-17.1	-25.4
Revenue Growth (%)	7045.7%	-48.7%	-62.8%	-30.4%
EBITDA Growth (%)	-98.1%	173.7%	3792.6%	-37.8%
NPAT Growth (%)	-89.9%	121.3%	625.8%	-33.9%
EPS Growth (%)	-72.7%	88.8%	101.6%	-34.2%
P/NTA (x)	10.8	14.3	19.3	39.6
P/BV (x)	5.9	7.0	8.3	11.5
Yield (%)	0.0%	0.0%	0.0%	0.0%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%
Franking (%)	0.0%	0.0%	0.0%	0.0%
EBITDA Margin (%)	-1.0%	-107.1%	-102.0%	-91.1%
EBIT Margin (%)	-7.6%	-122.5%	-118.5%	-114.7%
NPAT Margin (%)	-5.6%	-113.7%	-109.2%	-103.7%
Current Ratio (x)	4.4	6.0	5.6	4.3
Interest Cover (x)	8.5	26.5	24.1	24.9
Net Debt/Equity (%)	-40.1%	-59.3%	-53.2%	-39.8%
ROE (%)	-4.8%	-35.0%	-35.0%	-32.0%
ROIC (%)	-10.6%	-67.3%	-67.3%	-63.7%

June Year End	FY13A	1H14A	FY14E	FY15E
Financial Position ($m)				
Cash & Deposits	13.0	16.4	12.5	6.8
Accounts Receivable	12.4	2.4	2.1	1.7
PPE	0.4	0.4	0.3	0.3
Intangibles	14.7	14.1	13.4	12.1
Other Assets	1.0	0.7	0.6	0.4
Total Assets	41.5	33.9	28.9	21.3
Accounts Payable	5.0	2.5	2.0	1.5
Borrowings	0.0	0.0	0.0	0.0
Provisions	0.9	0.8	0.7	0.5
Other Liabilities	3.2	2.9	2.7	2.2
Total Liabilities	9.1	6.2	5.4	4.3
Net Assets	32.4	27.7	23.5	17.0
Issued Capital	151.1	151.3	151.4	151.4
Reserves	4.2	4.8	4.8	5.1
Retained Earnings	-122.9	-128.4	-132.8	-139.5
NCI	0.0	0.0	0.0	0.0
Total Equity	32.4	27.7	23.5	17.0
Cash Flows ($m)				
Net Receipts	-13.4	3.5	-0.7	-5.9
Net Interest	0.1	0.1	0.4	0.3
Tax Received/(Paid)	0.0	0.0	0.0	0.0
Operating Cash Flow	-13.3	3.7	-0.3	-5.6
Payments for PPE	-0.1	-0.2	-0.1	-0.3
Capitalsed Developments	0.0	0.0	0.0	0.0
Other Investing	0.0	0.0	0.0	0.0
Investing Cash Flow	-0.1	-0.2	-0.3	-0.1
Change in Equity (net)	12.5	0.0	0.1	0.0
Change in Debt (net)	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0
Financing Cash Flow	12.5	0.0	0.1	0.0
Net Inc/Dec Cash	-0.9	3.4	-0.5	-5.7
Cash at Beginning of Yr	14.0	13.0	13.0	12.5
Cash at End of Year	13.0	16.4	12.5	6.8
Interim Results ($m)	2H12	1H13	2H13	1H14
Total Revenue	0.2	9.4	14.7	4.8
EBITDA	-6.9	-1.9	1.6	-5.2
D & A	-0.9	-0.8	-0.8	-0.7
EBIT	-7.8	-2.7	0.9	-5.9
PBT	-7.5	-2.7	1.1	-5.7
NPAT (pre-abs. & NCI)	-7.3	-2.5	1.1	-5.5
NPAT (reported)	-9.1	-5.9	1.1	-5.5
Substantial Shareholders	30-Jun-14		No. (m)	%
Allan Gray / Orbis Investment			59.1	18.2%
Hunter Hall Investment		↑	25.8	7.9%
Armada Trading Pty Ltd			16.5	5.1%

Source: Company Reports and Select Equities Research

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