EDISON

Viralytics

Capital raise

STORMing start to a transformational year ahead

Pharma & biotech

Viralytics successfully raised A$27.1m, including the placement of A$23m with healthcare institutional investors. These funds will enable completion of key Cavatak clinical trials including the ongoing Phase II CALM trial; the Phase I/II STORM trial, which began recruiting in March 2014; and a Phase II randomised intratumoural trial planned to commence late 2014. Positive interim data from CALM presented at AACR, with more data expected at ASCO, coupled with a stronger balance sheet raise the prospects of negotiating partnering deals on more commercially attractive terms.

Year end	Revenue (A$m)	PBT* (A$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
06/12	0.9	(4.3)	(6.4)	0.0	N/A	N/A
06/13	2.5	(3.7)	(4.5)	0.0	N/A	N/A
06/14e	1.7	(5.6)	(4.7)	0.0	N/A	N/A
06/15e	2.2	(8.2)	(4.5)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding intangible amortisation, exceptional items and share-based payments.

A$23m raised from institutional investors

New funds significantly de-risk Viralytics from a financial perspective and the addition of international institutional investors to the register is positive for both the commercial potential of Cavatak and increasing stock liquidity. Twelve institutions have become shareholders, collectively owning a 45% stake in Viralytics.

Cash runway extends to end-2016

Capital raised will boost cash reserves, which stood at A$3.3m at end December 2013, extending the cash runway to support key Cavatak trials to the end of 2016. Positive data from ongoing and soon to start clinical trials, coupled with a stronger balance sheet, improves Viralytics' bargaining power in potential partnering deals.

Phase I/II STORM trial now underway

STORM is studying Cavatak in a variety of tumour types that overexpress ICAM-1. The Phase I stage will administer Cavatak as monotherapy, while the second Phase II part will combine Cavatak with standard chemotherapy (docetaxel or carboplatin/paclitaxel) in the most responsive cancer type identified in Phase I. Positive data could see Cavatak being developed further in other solid cancers.

Valuation: Cash and STORM boost rNPV to A$141m

Our base case risk-adjusted NPV valuation is A$141m or A$0.77/share undiluted (previously A$61m or A$0.69/share undiluted) on inclusion of A$25.1m net funds raised (and reflecting the dilutive impact of c 96.8m new shares), a 35% success probability for Cavatak in melanoma and modest risk-adjusted revenues from additional indications now that the Phase I part of STORM is underway. We also adjust our model to reflect a 2014 base year and include risk-adjusted milestones. Final CALM data, start of the randomised Phase II in advanced melanoma and a positive readout from STORM represent valuation upside (increased success probabilities), as would confirmed deal economics.

Viralytics is a research client of Edison Investment Research Limited

14 April 2014

Price	**A$0.31**
Market cap	**A$57m**
	A$1.12/US$
Net cash (A$m) end-December 2013 pro forma including net new funds	28.3
Shares in issue (pro forma)	184.0m
Free float	55%
Code	VLA
Primary exchange	ASX

Share price performance

%	1m	3m	12m
Abs	(14.1)	(1.0)	3.9
Rel (local)	(14.0)	(3.0)	(4.0)
52-week high/low		A$0.4	A$0.2

Business description

Viralytics is an ASX-listed biopharmaceutical developing virus applications using a common cold producing virus to target late-stage melanoma. The Phase II CALM trial is evaluating intratumoural administration of lead candidate Cavatak in patients with metastatic melanoma.

Next events

Cavatak presentation at ASCO	2 June 2014
Six-month irPFS CALM data	Q314
Start of randomised Phase II in advanced melanoma	Q314

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Viralytics datasheet

Exhibit 1: R&D programmes (active and pending)

Product	Mode of administration	Indication	Stage	Development notes
Cavatak	Intratumoural	Malignant melanoma	Phase II	Phase II CALM monotherapy study (n=54) primary endpoint met; 6 month irPFS data Q314; one-year survival data Q115. CALM extension study with dosing up to 48 wks.
	Intratumoural	Melanoma	Phase II	Phase II design in planning, expected start Q314.
	Intravenous	Mel, bladder, NSCLC, CRPC	Phase II	Phase I/II STORM study: two stages (test indication, chemo-combo).
	Intratumoural	Head and neck	Phase I	On hold. Phase I head and neck cancer complete.
	Intratumoural	Prostate	Preclinical	On hold. Oncolytic activity in xenograft tumour models in mice.
	Intratumoural	Glioma	Preclinical	On hold. Oncolytic activity in athymic mice bearing malignant glioma tumours.
	Intravenous	Pancreatic	Preclinical	On hold. Oncolytic activity in xenograft tumour models in mice.
	Intravenous	Multiple myeloma	Preclinical	Active. Promising data from study in multiple myeloma (MM) cell lines.
	Intravenous	Bladder	Preclinical	Active. Signs of synergy of CVA21 and radio/chemotherapy in bladder cell lines.
		Mesothelioma	Discovery	On hold. ICAM-1 over-expressed by cultured cells of all mesothelioma cell lines.
Evatak		Ovarian	Preclinical	On hold. Therapeutic dose-response demonstrated in SCID mouse model.
		Prostate	Preclinical	On hold. Therapeutic dose-response demonstrated in SCID mouse model.
		Gastric	Preclinical	On hold. Therapeutic dose-response demonstrated in SCID mouse model.

Source: Edison Investment Research. Note: NSCLC = non-small cell lung cancer; CRPC = castrate resistant prostate cancer; SCID = Severe combined immunodeficiency.

Exhibit 2: Approved treatment for malignant melanoma

Product	Company	Mechanism of action	Notes
Zelboraf (vemurafenib)	Roche	BRAF inhibitor	FDA (2011)/EMA (2012) approved for unresectable or metastatic melanoma in pts with the BRAF V600E mutation.
Yervoy (ipilimumab)	BMS	T-cell mediated immune response	FDA (2011)/EMA (2011) approved for unresectable or metastatic melanoma.
Tafinlar (dabrafenib)	GSK	BRAF inhibitor	FDA (May 2013)/EMA (June 2013) approved for unresectable or metastatic melanoma in adults with BRAF V600E mutation. FDA approved in combination with Mekinist (Jan 2014); EMA combination filing withdrawn April 2014.
Mekinist (trametinib)	GSK	MEK inhibitor	FDA approved (May 2013) for unresectable or metastatic melanoma in adults with BRAF V600E or V600K mutation. Under EMA review. FDA approved in combination with Tafinlar (Jan 2014); EMA combination filing withdrawn April 2014.

Source: Edison Investment Research

Exhibit 3: Competing development programmes for malignant melanoma

Product	Company	Mechanism	Development stage/notes
TVEC (talimogene laherparepvec/ OncoVEXGM-CSF)	Amgen	Oncolytic virus	439-pt Phase III of intratumoural TVEC vs subcutaneous GM-CSF in previously treated unresectable Stage IIIb/c and IV melanoma. Results: durable response primary endpoint met (DRR: CR or PR ≥6 months). DRR: 16% in TVEC arm vs 2% in GM-CSF (p<0.0001). Overall survival (secondary endpoint) missed (p=0.051).
Ipilimumab	BMS	Immunotherapy	950-pt Phase III trial vs placebo after complete resection of high-risk Stage III melanoma. Results: Q215.
			700-pt Phase III trial of ipilimumab at 3mg/kg vs 10mg/kg in metastatic melanoma. Results: Q415.
Nivolumab /ipilimumab	BMS	Immunotherapy	915-pt Phase III trial of nivolumab vs nivolumab + ipilimumab vs ipilimumab in previously untreated unresectable or metastatic melanoma. Results: Q416.
Nivolumab	BMS	Immunotherapy	410-pt Phase III trial of nivolumab vs dacarbazine in previously untreated, unresectable or metastatic melanoma. Results: Q415.
			390-pt Phase III trial of nivolumab vs dacarbazine, carboplatin or paclitaxel in advanced melanoma progressing post anti-CTLA-4 therapy. Results: Q215.
Vemurafenib	Roche	BRAF inhibitor	3,300-pt Phase III in surgically resected, BRAF mutant metastatic melanoma. Results: Q215.
			725-pt Phase III in resected, BRAF mutant melanoma at high risk for recurrence. Results: Q316.
Vemurafenib/ GDC-0973	Roche	BRAF/MEK inhibitor	500-pt Phase III of vemurafenib ± GDC-0973 in untreated BRAF mutant unresectable advanced or metastatic melanoma. Results: Q316.
Dabrafenib	GSK	BRAF inhibitor	200-pt Phase III trial of dabrafenib vs dacarbazine (DTIC) in previously untreated BRAF mutant advanced (Stage III) or metastatic (Stage IV) melanoma. Results: due Q214 (still pending).
Dabrafenib/ trametinib	GSK	BRAF/MEK inhibitor	694-pt Phase III trial of dabrafenib + trametinib to vemurafenib in BRAF mutant unresectable (Stage IIIc) or metastatic (Stage IV) melanoma. Results: Q214 (still pending).
			340-pt Phase III trial of dabrafenib ± trametinib first-line in BRAF mutant unresectable (Stage IIIc) or metastatic (Stage IV) melanoma. Results: Q115.
MEK162	Novartis	MEK inhibitor	393-pt Phase III vs dacarbazine in KRAS mutant advanced unresectable/metastatic melanoma. Results: Q414
LGX818	Novartis	BRAF inhibitor	900-pt Phase III trial of LGX818 ± MEK162 vs vemurafenib in BRAF mutant melanoma. Results: Q217.
Lambrolizumab (MK-3475)	Merck	Anti PD-1	510-pt Phase II of lambrolizumab vs chemotherapy (carboplatin + paclitaxel, paclitaxel alone, dacarbazine or temozolomide) in advanced melanoma after previous therapy. Results: Q116

Source: Edison Investment Research

Update: New funds boost cash runway to end-2016

Successful completion of Viralytics' A$27.1m fund-raise provides the company with a stronger balance sheet and the resources to fund all three key Cavatak clinical trials and working capital requirements to end 2016. Importantly, the placements also introduce a raft of international institutional healthcare investors to the company's register.

The positive signs of efficacy that Cavatak has shown to date and the potential of further near-term data, coupled with the wider interest in oncolytic immunotherapy stimulated by progress of Amgen's TVEC in melanoma (albeit TVEC Phase III monotherapy results have not been as definitive as hoped) suggest that the prospects for partnering are promising. A stronger balance sheet should improve Viralytics' negotiating position, potentially securing a licensing deal on more commercially attractive terms. The fund-raise has financially de-risked Viralytics and the addition of specialist healthcare investors[1] to the shareholder register provides additional validation for Cavatak given the due diligence they would have carried out. These factors should be positive for investor sentiment and increase the likelihood of securing a more lucrative deal. We highlight that a licensing deal would increase our valuation as it would prompt us to revise our assumed deal economics. Currently, we apply a risk adjustment to potential upfront payments and clinical/regulatory milestones in our A$141m fundamental valuation.

Viralytics' capital raise comprised a placement of two tranches to institutional investors of A$6.1m (which closed on 6 February using Viralytics placement capacity) and A$16.9m (as approved by shareholders at the EGM on 6 March). The raise of an additional A$4.1m through a fully subscribed one-for-six non-renounceable rights issue to eligible shareholders was confirmed on 25 February. Pricing of the offer was at A$0.28 per share, which represented a 12.5% discount to the 15-day VWAP as calculated at 24 January 2014.

Viralytics' investment case rests on the potential of its oncolytic immunotherapy programme Cavatak, a proprietary formulation of a common cold producing virus Coxsackievirus A21. Cavatak is currently in evaluation in the open-label CALM Phase II study in metastatic melanoma and the open-label Phase I/II STORM trial in various solid cancers, which began enrolment this month. One additional trial is currently planned. The new funds secured by the capital raise provide funding for all three Cavatak trials to end 2016. Exhibit 4 provides a detailed breakdown of the use of funds.

Exhibit 4: Use of funds

Clinical trials					**A$16.7m**
Product	**Mode of admin.**	**Indication**	**Stage**	**Development notes**	
CAVATAK	Intratumoural	Melanoma	Phase II	Phase II CALM study in malignant melanoma (n=54, results due in Q314).	A$2.6m
				Phase II CALM extension study to 48 weeks.	
	Intratumoural	Melanoma	Phase II	Phase II randomised melanoma (initiate and complete across multiple US sites)	A$11.4m
	Intravenous	Melanoma, bladder, prostate (CRPC), lung (NSCLC)	Phase II	Phase I/II STORM trial initiated March 2014 (n=33, results due: December 2016)	A$2.7m
Working capital and transaction costs					**A$10.4m**
Manufacture additional product for clinical trials					A$0.6m
R&D and support for clinical trials					A$2.4m
Other working capital					A$7.4m

Source: Company presentations, Edison Investment Research

Phase II CALM trial data positive to date

The Phase II CALM trial is a single-arm, open-label, multi-centre US study evaluating intratumoural (IT) injections of Cavatak, administered as monotherapy in patients with advanced melanoma. The

[1] Cormorant (8.9%), BVF Partners (6.69%), Abingworth (6.14%) and Sabby (5.8%) have disclosed their stakes.

trial has met its primary endpoint early and is expected to deliver top-line data (six-month irPFS, or immune-related progression-free survival) in Q314, with one-year survival data following in Q115.

The primary endpoint of CALM is stable disease (or better) at six months after the first dose of Cavatak, as measured by irPFS. The irPFS response of at least 10 patients was achieved after the first 30 evaluable patients in September 2013. Full enrolment of 54 evaluable patients was achieved in January. The most recent data from CALM released in January show that 14 of 40 (35%) evaluable patients had achieved six month irPFS, and that twelve of the first 20 patients (60%) were alive after one year. All 14 of the patients that had received six month irPFS are eligible for the extension study (nine additional doses over six months). The irPFS endpoint was selected on the basis of prognostic benchmarks developed in a meta-analysis of 42 Phase II metastatic melanoma trials, recognising the lag in therapeutic response inherent in immunotherapy treatments. Secondary endpoints of the CALM study include durable response rate (DRR), one-year survival, overall survival (OS), disease control rate, safety and tolerability.

Further positive interim data, in an oral presentation entitled 'Cavatak-mediated oncolytic immunotherapy in advanced melanoma patients' have been disclosed at the 2014 American Academy of Cancer Research (AACR) meeting in San Diego by principal investigator Dr Robert Andtbacka (who also worked on the TVEC Phase III study). A key takeaway was the confirmation of Cavatak's anti-cancer activity in injected tumours as well as at multiple non-injected sites (including in lung metastases), providing evidence of a dual mechanism of action: that is, generation of an anti-cancer immune response in addition to targeted cancer cell killing. Tumour responses were observed at times of high serum levels of anti-CVA21 (Cavatak) neutralizing antibody and in the absence of circulating infectious CVA21, while preliminary evidence of biomarker activity (in particular IL-8 and γ-IFN) is indicative of possible host anti-tumour immune activity related to response. Case studies in six patients were presented, which showed partial or complete reduction of non-injected tumours in multiple patients who had been on treatment for at least eight weeks. Importantly, Cavatak was well tolerated, with no grade 3 or 4 treatment related adverse events; this is a significant advantage for potential combination therapy regimes using Cavatak since existing melanoma therapies have a high side-effect burden.

Additional clinical data from CALM will be presented at the American Society of Clinical Oncology (ASCO) meeting in Chicago (30 May to 3 June) at the Developmental Therapeutics – Immunotherapy Session on 2 June.

Intratumoural Cavatak US Phase II randomised melanoma trial now in sight

Positive initial results from the Phase II CALM trial support Viralytics' plan to move IT Cavatak into a randomised Phase II study in Q3 or Q414 and should support partnering/licensing discussions. New funds will support the commencement and completion of a Phase II trial across multiple US sites of Cavatak administered intratumourally in advanced melanoma patients.

The design of this trial is currently being finalised, although clinical settings could include monotherapy, as neoadjuvant therapy prior to surgery or in combination with other new frontline therapies (ie a PD-1 or BRAF/MEK inhibitor). Preclinical combination data of Cavatak with anti-PD-1 monoclonal antibodies was also presented at AACR 2014, with in vivo data in a mouse melanoma model showing substantial synergistic effects vs either treatment alone, supporting clinical investigation of a Cavatak/PD-1 combination. Subject to agreement of clinical endpoints, Phase II data could be expected in Q416/Q117.

Intravenous Cavatak Phase I/II STORM study commenced in the UK

Viralytics has confirmed the start of its two-stage multi-centre Phase I/II STORM (Systemic Treatment Of Resistant Malignancies) study in c 36 patients with late-stage melanoma, castrate-resistant prostate cancer (CRPC), non-small cell lung cancer (NSCLC) or metastatic bladder

cancer. The lead study investigators are oncologists: Professor Hardev Pandha (University of Surrey), Professor Kevin Harrington (The Institute of Cancer Research and The Royal Marsden, London) and Professor Alan Melcher (St James's University Hospital, Leeds). The study is a dose-finding and signal seeking study with an open-label ascending dose escalation (3+3) design in both parts of the trials. Patients will receive up to eight 21-day courses of Cavatak therapy ± standard chemotherapy.

The first stage (Phase I) of the study, VLA009A is expected to enrol 18-27 patients and will evaluate the impact of intravenous administration of Cavatak as a single agent in a range of solid tumour cancers including melanoma, CRPC, NSCLC and metastatic bladder, in order to identify the most responsive cancer type/indication for Stage two (VLA009B). The second stage (Phase II, 9-18 patients) will then focus on the 'preferred' cancer(s) identified in Phase I and investigate multiple IV doses of Cavatak in combination with standard chemotherapy (docetaxel or carboplatin/paclitaxel).

The STORM trial should render initial data in Q115. Proof of efficacy of Cavatak administered intravenously, if established, could broaden the potential commercial applications of the drug to other solid tumour indications beyond melanoma, and strengthen the data package for partnering discussions. Advancement into the Phase I/II STORM trial is supported by Phase I data which showed good tolerability and initial efficacy (two patients with stable disease) following treatment with IV Cavatak in 10 patients with advanced solid tumours.

Sensitivities

Viralytics is subject to typical biotech company development risks, including the unpredictable outcome of trials, regulatory decisions, success of competitors, financing and commercial risks. In particular, it has a very high single-product risk, with its entire value residing in Cavatak. The investment case hinges on the outcome of the CALM and STORM studies and, assuming data are positive, the company's ability to secure a partnership to advance Cavatak into late-stage randomised trials. Ideally, a partner would have an established oncology franchise with the resources and experience to evaluate Cavatak in multiple cancer indications.

Another key sensitivity is the rapidly evolving treatment landscape for melanoma, which means that future trials of Cavatak will likely be in combination with targeted agents and/or immunotherapies. Following the narrow miss of Amgen's virotherapy to show a survival benefit in its Phase III monotherapy trial, the prospects for TVEC are now likely to be focused on potential combination use: it is currently being studied in a Phase Ib/II trial with Bristol Myers Squibb's Yervoy, and plans to conduct a Phase Ib/II of TVEC with MK-3475, Merck's investigational anti-PD-1 immunotherapy have been announced. Selection of the appropriate therapy to combine with Cavatak could be critical to its future clinical and commercial success.

Valuation

Our valuation of Viralytics is predominantly based on an assessment of the clinical and commercial prospects of Cavatak. However, we highlight that the funds raised significantly de-risk Viralytics from a financial perspective and its stronger cash position should help secure a commercially valuable licensing deal for Cavatak. It also provides the company with the resources to complete the three ongoing or planned Cavatak trials: CALM, STORM and the randomised Phase II study in advanced melanoma. These factors are all positive for investor sentiment.

We update our valuation of Viralytics, which now stands at A$141m or A$0.77/share (previously $61m, or A$0.69/share undiluted). This reflects the following changes:

- inclusion of net new funds of A$25.1m and the dilutive impact from the issuance of c 96.8m new shares;
- updated financial forecasts (outlined in the financials section) based on use of funds disclosed by the company in conjunction with the capital raise (Exhibit 4);
- increase of Cavatak probability of success in melanoma to 35% from 30% to reflect the positive interim Phase II data (including that presented at AACR) and the fact that the trial primary endpoint was met early;
- inclusion of risk-adjusted Cavatak revenue streams in advanced CRPC, NSCLC and bladder cancer given that these are now under evaluation in the STORM study. Note that at this stage we apply a 15% probability of success in these indications (consistent with their Phase I status) and a modest market penetration assumption. We would expect to refine our assumptions when the Phase I part of the study is complete, the indications in which further clinical development will be pursued are confirmed, and additional data is available on the clinical profile of Cavatak in these; and
- inclusion of risk-adjusted upfront payment and clinical milestones assuming that a Cavatak partnering deal will be secured in 2014;

Our valuation uses a risk-adjusted net present value (rNPV) method to discount future cash flows through to 2032 of the cancer indications shown in Exhibit 5, using a 12.5% discount rate. It continues to assume a partnering deal or out-licensing of Cavatak post-release of the final Phase II CALM data in 2014/early 2015, with the costs of all subsequent clinical development borne by the partner/licensee. Of note, while our model does include upfront payments and clinical/regulatory milestones (but not sales milestones) from a potential licensing deal, these have been risk-adjusted.

Exhibit 5: Viralytics rNPV valuation

Value driver	rNPV (A$000s)	rNPV per share (A$)	Probability of success	Key assumptions	
CAVATAK in metastatic melanoma	89,066	0.48	35%	Launch in 2020, with peak market penetration of 20% five years after launch. Peak global sales of US$646m.	Assumes simultaneous product launches in US, Europe and RoW; average price of drug $75k in US and $45k in other markets. One cycle of treatment per patient. Out-licensing in 2014 with all development costs borne by licensee and a 15% royalty on sales due to Viralytics.
CAVATAK in NSCLC	14,580	0.08	15%	Launch in 2022, with peak market penetration of 2% five years after launch. Peak global sales of US$369m.	
CAVATAK in CRPC	10,937	0.06	15%	Launch in 2022, with peak market penetration of 2% five years after launch. Peak global sales of US$276m.	
CAVATAK in bladder cancer	1,998	0.01	15%	Launch in 2022, with peak market penetration of 2% five years after launch. Peak global sales of US$50m.	
Milestones	46,000	0.25		$50m upfront payment (50% risk adjustment); $20m milestones on Phase III start, filing and approval (35% risk adjustment)	
R&D expenses	(12,361)	(0.07)			
Admin	(3,516)	(0.02)			
Tax	(29,796)	(0.16)		Australian corporate tax of 30%	
Total rNPV	**116,909**	**0.64**			
Net cash (end-FY14e)	24,570	0.13			
Total	**141,479**	**0.77**			

Source: Edison Investment Research

Additional upside to our base case valuation could come from confirmation of:

- final CALM data and the start of the randomised Phase II melanoma trial. This would prompt us to further increase our probability of success for Cavatak in melanoma to 40% from 35%, which would increase our valuation to A$152m (A$0.83 per share);
- Cavatak development in a range of cancers other than melanoma, given positive preclinical data and the prospect of new indications identified in the upcoming STORM trial; inclusion in Phase II part of STORM would trigger an increase in our probability of success for these indications and additional clinical data may prompt us to revisit our commercial expectations; and
- a licensing deal for Cavatak, which would corroborate deal economics - our model includes a risk-adjusted indicative upfront payment and clinical/regulatory milestones, although sales-based milestones may also be included, which may differ from those achieved.

Financials

In Viralytics' half year financial report to December 2013 the company reported A$1.9m in R&D tax deferred credits related to its clinical development costs in prior periods. Deferred tax credits under the Australian R&D tax incentive scheme provide a 45% cash rebate in the following fiscal year and are recognised as revenue. Our FY14 and FY15 forecasts for deferred R&D tax credits reflect both FY13 actual R&D costs of c A$4m and projected FY14 R&D costs of c A$5m.

We have updated our R&D spending assumptions for FY14 (now A$4.85m) and FY15 (A$8.45m) based on the guidance provided in Viralytics' prospectus (summarised in Exhibit 4). The main change to our previous assumption is that we now include the costs of the randomised Phase II advanced melanoma trial due to start in calendar Q314; before R&D spending only reflected the costs of the CALM and STORM trials. In addition, we have increased admin costs by 5% in FY14 and FY15. Potential milestones from a yet to be secured licensing deal are not included in our forecasts.

Net cash at end-December 2013 was A$3.3m. Pro rata cash net of costs, given the full A$27.1m has been raised would be A$28.3m at this date. We forecast end-FY14 cash of A$24.57m.

Our updated forecasts are presented in Exhibit 6 overleaf.

Exhibit 6: Financial summary

A$'000s	2011	2012	2013	2014e	2015e
30-June	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue	1,406	875	2,493	1,706	2,183
Cost of Sales	0	0	0	0	0
Gross Profit	1,406	875	2,493	1,706	2,183
EBITDA	(2,246)	(4,621)	(3,912)	(5,787)	(8,939)
Operating Profit (before amort. and except.)	(2,302)	(4,659)	(3,934)	(5,817)	(8,977)
Intangible Amortisation	(390)	(390)	(390)	(390)	(390)
Exceptionals	0	0	0	0	0
Other	0	0	0	0	0
Operating Profit	(2,693)	(5,049)	(4,324)	(6,207)	(9,367)
Net Interest	240	317	257	254	737
Profit Before Tax (norm)	(2,063)	(4,342)	(3,678)	(5,563)	(8,240)
Profit Before Tax (FRS 3)	(2,453)	(4,732)	(4,068)	(5,953)	(8,630)
Tax	0	0	0	0	0
Profit After Tax (norm)	(2,063)	(4,342)	(3,678)	(5,563)	(8,240)
Profit After Tax (FRS 3)	(2,453)	(4,732)	(4,068)	(5,953)	(8,630)
Average Number of Shares Outstanding (m)	55.3	67.5	81.5	119.5	184.1
EPS - normalised (c)	(3.7)	(6.4)	(4.5)	(4.7)	(4.5)
EPS - normalised and fully diluted (c)	(3.7)	(6.4)	(4.5)	(4.7)	(4.5)
EPS - (IFRS) (c)	(4.4)	(7.0)	(5.0)	(5.0)	(4.7)
Dividend per share (c)	0.0	0.0	0.0	0.0	0.0
Gross Margin (%)	N/A	N/A	N/A	N/A	N/A
EBITDA Margin (%)	N/A	N/A	N/A	N/A	N/A
Operating Margin (before GW and except.) (%)	N/A	N/A	N/A	N/A	N/A
BALANCE SHEET					
Fixed Assets	3,675	3,267	2,931	2,551	2,163
Intangible Assets	3,607	3,217	2,863	2,473	2,083
Tangible Assets	68	50	68	78	81
Investments	0	0	0	0	0
Current Assets	6,365	7,039	7,281	26,773	18,531
Stocks	365	0	0	0	0
Debtors	995	1,154	2,202	2,202	2,202
Cash	5,005	5,884	5,079	24,570	16,329
Other	0	0	0	0	0
Current Liabilities	(981)	(746)	(1,235)	(1,235)	(1,235)
Creditors	(664)	(746)	(1,235)	(1,235)	(1,235)
Short term borrowings	(317)	0	0	0	0
Long Term Liabilities	0	0	0	0	0
Long term borrowings	0	0	0	0	0
Other long term liabilities	0	0	0	0	0
Net Assets	9,058	9,560	8,978	28,089	19,460
CASH FLOW					
Operating Cash Flow	(3,190)	(3,561)	(3,934)	(5,786)	(8,938)
Net Interest	159	5	0	254	737
Tax	0	0	0	0	0
Capex	(49)	(20)	(40)	(40)	(40)
Acquisitions/disposals	0	0	0	0	0
Financing	2,959	4,455	3,169	25,064	0
Dividends	0	0	0	0	0
Net Cash Flow	(121)	880	(806)	19,491	(8,242)
Opening net debt/(cash)	(4,814)	(4,688)	(5,884)	(5,079)	(24,570)
HP finance leases initiated	0	0	0	0	0
Other	(5)	317	0	0	0
Closing net debt/(cash)	(4,688)	(5,884)	(5,079)	(24,570)	(16,329)

Source: Viralytics accounts, Edison Investment Research

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