



## **ASX RELEASE**

25 August 2009

### **Cytopia Preliminary Final Report**

Cytopia Limited (ASX:CYT) today announced its audited financial results for the year to 30 June 2009, reporting operating revenue of \$4.2m and an operating loss of \$6.5m.

- ***Anti-cancer Vascular Disrupting Agent (VDA) CYT997***

Cytopia's development programme accelerated during the year with the conclusion of the company's second Phase I clinical trial investigating the safety and tolerability of the compound dosed orally in advanced cancer patients. Data from this study confirmed that the drug is well absorbed following oral administration, suggesting that CYT997 has a key advantage over most other VDAs which can only be administered intravenously. The oral Phase I clinical study was supported in part by the company's now expired Commercial Ready Grant from the Commonwealth Government.

The company's Phase II clinical trial in relapsed brain tumours (GBM) has continued throughout the year. Promising preliminary data has been obtained. The trial is now open at three clinical centres in Australia with further sites in Australia and overseas to be opened shortly.

The company's Phase II myeloma study remains open to enrolment.

- ***JAK2 inhibitor CYT387***

Cytopia concluded the formal preclinical development programme for CYT387 and filed an Investigational New Drug Application (IND) with the United States Food and Drug Administration (FDA) in June. Preparatory activities for the Phase I/II clinical trial in myelofibrosis patients (a severe disorder of the bone marrow mediated by upregulation of JAK2) are well advanced. Subject to final regulatory approval, the company intends to commence enrolment into the study in late 2009.

- ***Novartis JAK3 Collaboration***

The company has completed the initial three year funded laboratory research term that commenced in 2006. Novartis is now responsible for the subsequent development of drug candidates that have arisen from the collaboration, with milestone and royalty payments due to Cytopia as development ensues.

- ***Preclinical collaborations***

With a shift in internal activities to development of clinical stage programs, the company continues to pursue collaborations and outsourced arrangements to progress early stage and preclinical programs. The company will seek to expand collaborations such as that with the Cancer Therapeutics CRC for the development of a FAK inhibitor to treat cancer to deliver new value opportunity for shareholders.

## **Financial Results**

The reported operating loss after tax for the year ended 30 June 2009 was \$6.5m (2008: \$7.6m).

Operating revenue totalled \$4.2m (2008: \$4.4m), while operating expenses totalled \$11.5m (2008: \$12.7). R&D expenditure decreased to \$7.9m (2008: \$9.5m).

The year concluded with a cash position of \$4.0m (2008: \$11.0m), which is sufficient for existing operations to continue into early calendar 2010.

## **About Cytopia**

Cytopia Ltd is an Australian biotechnology company focused on the development of new drugs to treat cancer and other diseases. Cytopia conducts its drug development through subsidiaries based in Australia and USA and specialises in developing new small molecule compounds with an improved therapeutic profile for the treatment of cancer.

The lead program for the company is CYT997, a vascular disrupting agent (VDA) for the treatment of various cancers, currently being trialed in Phase II clinical studies. This compound is delivered orally as well as intravenously. Cytopia also has built on its range of JAK and other kinase inhibitors with CYT387, a novel oral JAK2 inhibitor focused on the treatment of myeloproliferative disorders and cancer, expected to enter Phase I clinical studies in 2009.

Enquiries:

**Mr. Andrew Macdonald**

Chief Executive Officer

T: +61 3 9208 4222

[andrew.macdonald@cytopia.com.au](mailto:andrew.macdonald@cytopia.com.au)

**website:** [www.cytopia.com.au](http://www.cytopia.com.au)



## **Cytopia Limited**

ABN 41 079 253 606

### **APPENDIX 4E Preliminary final report Period ended on 30 June 2009**

#### **Contents**

Results for Announcement to Market	2
Preliminary final report	3
Supplementary Appendix 4E information	7

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

				\$
<b>Revenue</b> from ordinary activities <i>(Appendix 4E item 2.1)</i>	down	4.8%	To	4,180,997
<b>Loss</b> from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	down	14.3%	To	6,515,767
<b>Loss</b> for the period attributable to members <i>(Appendix 4E item 2.3)</i>	down	14.3%	To	6,515,767

<b>Explanation of Revenue</b> <i>(Appendix 4E item 2.6)</i>			
	2009	2008	
	\$	\$	
<b>Revenue from continuing operations</b>			
<i>Revenue</i>			
Licence fees	3,792,594	3,569,914	
<i>Other revenue</i>			
Interest	388,403	822,686	
<b>Total revenue from continuing operations</b>	<b>4,180,997</b>	<b>4,392,600</b>	
<b>Other Income</b>			
Government Grants	824,476	766,761	
Net gain on sale of investment	21,256	-	
<b>Total Other Income</b>	<b>845,732</b>	<b>766,761</b>	

<b>Explanation of Loss from ordinary activities after tax attributable to members</b> <i>(Appendix 4E, item 2.6)</i>			
	2009	2008	
	\$	\$	
<b>Expenses</b>			
Research and development expenses	7,916,549	9,501,892	
Management and general administration expenses	3,614,172	3,262,023	
<b>Total expenses</b>	<b>11,530,721</b>	<b>12,763,915</b>	
<b>Reconciliation of total expenses</b>			
Depreciation			
Plant and equipment	147,041	327,028	
Amortisation			
Licences	67,545	67,545	
Leasehold improvements	209,259	264,339	
<b>Total amortisation</b>	<b>276,804</b>	<b>331,884</b>	
Loss on sale of fixed assets	10,439	116,358	
Impairment of fixed assets	533,377	-	
Rental expenses relating to operating leases			
Operating expenses for rent on building	430,616	409,893	
Defined contribution superannuation expense	302,705	312,665	
Research and development (excluding the proportion of depreciation, amortisation, operating lease expenditure and superannuation attributable to research and development)	7,312,447	8,156,980	
Other expenses from ordinary activities	2,517,292	3,109,107	
<b>Total expenses from ordinary activities before income tax benefit / (expense)</b>	<b>11,530,721</b>	<b>12,763,915</b>	

<b>Dividends</b> <i>(Appendix 4E items 2.4 and 2.5)</i>
Cytopia Limited has not declared nor paid any dividends. No record date for determining entitlements to dividends has been declared.

<b>Financial Statements</b> <i>(Appendix 4E items 3,4 and 5)</i>
---

**Consolidated Income Statement**  
**For the year ended 30 June 2009**

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>Continuing operations</b>		
Revenue	4,180,997	4,392,600
Other income	845,732	766,761
Research and development expenses	(7,916,549)	(9,501,892)
Management and general administration expenses	(3,614,172)	(3,262,024)
<b>Profit / (Loss) before income tax</b>	<b>(6,503,992)</b>	<b>(7,604,555)</b>
Income tax benefit / (expense)	(11,775)	915
<b>Profit / (Loss) attributable to members of Cytopia Ltd</b>	<b>(6,515,767)</b>	<b>(7,603,640)</b>

**Financial Statements (Continued)**  
*(Appendix 4E items 3,4 and 5)*

**Consolidated Balance Sheet**  
**For the year ended 30 June 2009**

	2009	2008
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3,970,740	11,001,613
Trade and other receivables	5,141	296,193
<b>Total Current Assets</b>	<b>3,975,881</b>	<b>11,297,806</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	410,783	1,242,848
Intangible assets	1,955,356	2,022,901
<b>Total Non-Current Assets</b>	<b>2,366,139</b>	<b>3,265,749</b>
<b>Total assets</b>	<b>6,342,020</b>	<b>14,563,555</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	1,052,715	1,724,758
Provisions	262,976	389,674
Deferred income	-	1,040,152
<b>Total Current Liabilities</b>	<b>1,315,691</b>	<b>3,154,584</b>
<b>Non-Current Liabilities</b>		
Provisions	21,954	86,675
<b>Total Non-Current Liabilities</b>	<b>21,954</b>	<b>86,675</b>
<b>Total Liabilities</b>	<b>1,337,645</b>	<b>3,241,259</b>
<b>Net assets</b>	<b>5,004,375</b>	<b>11,322,296</b>
<b>EQUITY</b>		
Contributed equity	50,973,331	50,957,329
Reserves	1,667,192	1,485,348
Retained earnings / (Accumulated losses)	(47,636,148)	(41,120,381)
<b>Total Equity</b>	<b>5,004,375</b>	<b>11,322,296</b>

**Financial Statements (Continued)**  
*(Appendix 4E items 3,4 and 5)*

**Consolidated Statement of Changes in Equity**  
**For the year ended 30 June 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Total equity at the beginning of the year</b>	<b>11,322,296</b>	13,948,211
Exchange differences on translation of foreign operations	<b>78,362</b>	(69,443)
<b>Net income recognised directly in equity</b>	<b>78,362</b>	(69,443)
Profit / (loss) for the year	<b>(6,515,767)</b>	(7,603,640)
<b>Total recognised income and expense for the year</b>	<b>(6,437,405)</b>	(7,673,083)
Transactions with equity holders in their capacity as equity holders:		
Employee share options	<b>103,483</b>	218,148
Contributions of equity, net of transaction costs	<b>16,002</b>	4,829,020
<b>Total transactions with equity holders in their capacity as equity holders</b>	<b>119,485</b>	5,047,168
	<b>(6,317,921)</b>	(2,625,915)
<b>Total equity at the end of the year</b>	<b>5,004,375</b>	11,322,296
<b>Total recognised income and expenses for the year attributable to members of Cytopia Ltd</b>	<b>(6,437,405)</b>	(7,673,083)

**Financial Statements (Continued)**  
*(Appendix 4E items 3,4 and 5)*

**Consolidated Cash Flow Statement**  
**For the year ended 30 June 2009**

	2009	2008
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Payments to suppliers and employees (inclusive of goods and services tax)	(12,481,671)	(11,226,340)
Interest received	415,946	822,686
Grants (inclusive of goods and services tax)	900,661	739,351
Licence fees	4,043,276	2,507,226
Income taxes paid	28,506	(145,757)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>(7,093,282)</b>	<b>(7,302,834)</b>
<b>Cash Flows from Investing Activities</b>		
Payments for property, plant and equipment	(68,864)	(644,790)
Proceeds from sale of property, plant and equipment	1,337	16,294
Payments for sale of available-for-sale financial assets	(68,943)	-
Proceeds from sale of available-for-sale financial assets	90,199	-
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(46,271)</b>	<b>(628,496)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issues of shares and other equity securities	-	5,060,020
Payments for share issue transaction costs	-	(231,000)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>-</b>	<b>4,829,020</b>
<b>Net increase / (decrease) in cash held</b>	<b>(7,139,553)</b>	<b>(3,102,310)</b>
Cash and cash equivalents at the beginning of the financial year	11,001,613	14,130,104
Effects of exchange rate changes on cash and cash equivalents	108,680	(26,181)
<b>Cash at the end of the financial year</b>	<b>3,970,740</b>	<b>11,001,613</b>

**SUPPLEMENTARY INFORMATION****Additional dividend/distribution information***(Appendix 4E item 6)*

No dividends or distributions have been declared or paid during or subsequent to the year ended 30 June 2009.

**Dividend/distribution reinvestment plans***(Appendix 4E item 7)*

The company does not have any dividend or distribution reinvestment plans.

**Retained earnings/accumulated losses***(Appendix 4E item 8)*

	2009	2008
	\$	\$
Retained profits / (Accumulated losses) at the beginning of the financial year	(41,120,381)	(33,516,020)
Net profit / (loss) for the year	(6,515,767)	(7,604,361)
Retained profits / (Accumulated losses) at the end of the financial year	(47,636,148)	(41,120,381)

**NTA Backing***(Appendix 4E item 9)*

	2009	2008
	cents	cents
Net tangible assets per share	3.6	11.0

**Controlled entities acquired or disposed of***(Appendix 4E item 10)*

The company did not acquire or dispose of any controlled entities during the financial year ended 30 June 2009.

**Associates and joint venture entities***(Appendix 4E item 11)*

The company did not hold any investments in associates or joint venture entities during the financial year ended 30 June 2009.

**Other significant information***(Appendix 4E item 12)*

Please refer to attached market announcement for commentary.

**Commentary on results***(Appendix 4E item 14)*

Please refer to attached market announcement for commentary.

**Audit***(Appendix 4E items 15 to 17)*

The audit of the Financial Statements is currently being completed.