

Reviving a float that never was

After years of delay, a former WA Inc insider expects 'world impact' with a biotechnology venture, writes **Andrew Burrell**.

Kevin Parry, whose business empire crashed amid the WA Inc excesses of the 1980s, believes the world needs more entrepreneurs like him. But those investors who each lent Parry thousands of dollars four years ago, on the promise their money would be returned with 10 per cent annual interest when his biotechnology venture lists on the Australian Stock Exchange, are not so sure.

The former high-profile America's Cup syndicate boss and chairman of Parry Corporation is attempting a revival through his company Astop Biohealth, which he says has world exclusive rights to an asthma remedy.

Parry was dumped from the board of Parry Corp in 1988, during a heated meeting at which shareholders were told the conglomerate had been on the verge of bankruptcy and unable to pay staff salaries.

The colourful businessman was close to disgraced former West Australian Labor premier Brian Burke in the 1980s and was sent to trial for, but in 1995 acquitted of, stealing half a \$150,000 donation he made to the ALP.

Parry has now put his hand out for a \$1 million grant from the Carpenter government to build a new laboratory for Astop Biohealth in Perth — at a time when Labor is highly sensitive about links to WA Inc amid revelations this month at a public inquiry into Burke's continued influence.

Although Parry's business empire sank soon after his Kookaburra III syndicate lost the America's Cup for Australia in 1987, he believes this time he is onto a winner.

He may well be right.

After a long absence caused by a factory fire and other setbacks, including a bitter split with the scientist who invented the remedy, thousands of bottles of the treatment marketed as Astop started returning to pharmacy shelves in October.

The treatment has been hailed as a success by asthmatics who have used it and has gained approval from the Therapeutic Goods Administration. It is now being clinically trialled on 170 asthmatic children at Perth's Princess Margaret Hospital.

But Parry's promises of future spoils have long worn thin with his original backers, who lent his private company, Surepoint Securities, as much as \$25,000 in seed capital in 2002 — soon after he returned to Perth after trying his hand at goldmining in Armenia.

Since then, Parry has repeatedly claimed that Astop is just months away from its float.

Investors who handed over money to Parry in November 2002 were promised that it would list six months later, in May 2003. By April 2003, Parry was saying publicly Astop was heading for a listing in September of that year.

In June 2004, Parry's son Cameron wrote to those who lent money to Surepoint Securities to advise them of a 12-month delay in listing because of a fire at the Perth factory that manufactured the treatment.

"During this delay, your loan agreement continues to accrue interest — to be paid out with the principal amount at the time [Astop] Ltd lists," he wrote.

In September 2004, Kevin Parry was saying the product would be back on the shelves before Christmas — but he was out by almost two years. And by mid-2005 the listing date being spoken about had been pushed back to December of that year.

In August 2005, Kevin Parry said in a letter to potential investors that a float was planned for November of that year. Around that time, he was saying the Astop product would be back on the market within six to eight weeks at the most — again he was wrong by about 12 months.

Now, Parry says Astop plans to list in May next year, but only if the company is cash flow positive by then.

None of the investors who spoke to *The Australian Financial Review* wanted to be named for fear of repercussions. But it is



The WA entrepreneur . . . clockwise from above: Kevin Parry at 73; in about 1984; and celebrating his 1987 win over Alan Bond for challenging rights for the America's Cup. Main photo: ERIN JONASSON

Last year's annual general meeting is said to have been a fiery affair, dominated by debate over the company's financial statements and the promises made to investors. This year's AGM is being held in Perth today.

Last year, the Perth scientist who invented the product, Kay Whyte, resigned from the Astop board and was told not to discuss publicly the reasons behind her resignation.

Whyte, who is a major shareholder in Astop Biohealth and still stands to make millions through a licence agreement if the product is successful, says she cannot comment on the company.

Parry declines to comment on the details of the loan agreements between Surepoint and the private individuals signed in 2002. "Because Surepoint is a private company, we do various arrangements with private people," he says.

According to the loan agreements seen by the *AFR*, the funds are repayable, with 10 per cent annual interest, only on the successful public listing of Astop, and can also be converted into shares upon listing.

Also waiting patiently for a listing are about 700 shareholders in listed Perth-based mining company West Australian Metals, who sank a combined \$1 million into Astop in a raising last year and have the right to subscribe for up to 50 per cent of the shares in a float.

In a reminder that he has lost none of his trademark salesmanship, Parry told those investors in an information statement for the capital raising last year: "I am of the belief that we have a product which has a world impact potential and I look forward to the

He also said that the domestic market for anti-asthma products was worth about \$650 million and was growing at 12.5 per cent a year.

Cameron Parry, 32, who is now the chief executive of Astop, says he has engaged Melbourne-based Domain Capital to handle the float and that Astop will be seeking to raise \$7 million by May next year. The funds will be spent on overseas marketing and establishing a distribution hub in Singapore to export the product.

Parry says a pre-IPO this month will also raise \$2 million that will be spent on

"We will assess our sales figures in March and then release a prospectus."

"aggressive" marketing. But the Australian Stock Exchange listing will occur only if Astop Biohealth is cash flow positive. "We will assess our sales figures in March and then release a prospectus," he says.

Parry says Astop will be distributed nationally, through a deal with 4800 pharmacies, and has already found its way into "a couple of hundred pharmacies" after its recent return to commercial sales.

He defends the long wait for a listing by citing the factory fire and the need to conduct broad-based clinical trials.

"We've built the business up over the past five years [and] we've been trialling it for four years on 300-plus Australians," he says.

minerals — was developed by Whyte over a 10-year period in response to her asthmatic son's allergy to the common asthma treatment Ventolin. Probiotics are dietary supplements containing potentially beneficial bacteria.

Asthma Foundation of WA chief executive John Shave, who knocked back Parry's requests to endorse the product, says he looks forward to the outcome of the clinical trials.

Astop Biohealth is chaired by former Seven Network Perth managing director Kevin Campbell and its directors include Paul Rengel, a partner with Perth accounting firm Moore Stephens, and Sydney-based businessman Ken Baxter, a former senior bureaucrat in NSW and Victoria.

Kevin Parry, who has relinquished the chairmanship and is now an executive director, says Astop will be a huge success.

He hopes to win \$1 million in government funding from the Labor government and has started talks with the Department of Premier and Cabinet, which is handling Premier Alan Carpenter's push for more biotechnology investment in WA. A government spokesman said it was considering the proposal.

At its peak, Parry Corp controlled major investments in Australia and overseas, in property, retail and resources.

Parry lost the America's Cup for Australia in 1987 to Dennis Conner of the US; his Kookaburra III syndicate had won the right to challenge for the event by beating fellow Perth entrepreneur Alan Bond's Australia IV.

In the following year, Parry Corp shareholders dumped him from the board at a heated meeting, which heard that if the company had tumbled into receivership or provisional liquidation, shareholders' funds would have been wiped out.

These days, Parry says he is also involved in developing a new variety of grape called cygne blanc with Dorham Mann, the son of the late winemaker Jack Mann.

And he maintains that a goldmining joint venture he headed in Armenia, which ended in 2000, would have been successful if it wasn't for the low gold price at the time.

Parry, 73, says he believes there are many similarities between Perth's current economic boom and the wild days of the 1980s, when he was one of WA's best-known businessmen.

But he also notes that life is more sober these days in the West.

"You tend to get a different type of person