

CUTTER LABORATORIES LIMITED

MINUTES of Board Meeting held on Tuesday, 16th December 1980
at 10 Carteret Street, Queen Anne's Gate, London SW1 at 2.30 p.m.

Present : C.S. Hemsley (in the chair)
J.V. Webb
B.A. Dyos
A.A. Meyer

1. The Minutes of the Board Meeting held on Monday, 20th October 1980 were approved as circulated and signed, and the additional report was also signed.

2. Koate

The whole situation regarding the present problems with sales of Koate was discussed extensively, including the fact that it had been impossible to sell Koate during the months of October and November, although it was hoped that following the reduction in price that it would be possible to make meaningful sales starting in December 1980 and going through January 1981 onwards at a price of approximately 7.2p per unit. The effect of the absence of sales was quite marked on the budget forecast for the Company for the year to 31st December 1980 and it was quite clear that the budget forecast could not be reached.

It was agreed that the Managing Director, Mr B.A. Dyos, would put together a full situation report regarding Koate and also the Speywood parallel product known as Humanate which was in fact Koate marketed under a different label. It was agreed that this situation report was important and should receive full priority.

As regards sales from January 1981 it was thought that at the reduced price and with shading on seven days settlement, there were good prospects for sales of fairly large lots. Whilst this situation had had an adverse effect on the 1980 figures it was hoped that by producing a realistic sale price in the U.K. market that it would be possible to ensure that the Company had adequate sales and also that it should be possible to price Humanate out of the market coupled with the fact that NIBSAC and Doctor Duncan Thomas were very concerned regarding

Humanate and the impossibility of tracing its manufacture back to its source.

3. Product Licences

A full report was given on the present position regarding the Canadian Blood Bag application and the fact that despite the assurances given on 17th September 1980 at the informal meeting, the D.H.S.S. had in fact now required further information regarding the sterility side and the lethality factor in the sterilisation cycle.

It was thought possible that the Department were trying to give Avon Medical a head start with its similar product but in practice the product was not really of marketable quality and was something of a joke. However, Avon Medical had approached Cutter for an informal meeting to discuss the blood bag market in the U.K. and it had been agreed that such a meeting would take place next Thursday to see what they had in mind. It might well be that they are looking for an alternative suitor to Revlon who were trying to acquire Medical Companies.

Bearing in mind the continuing delay and the concern it was causing, AAM reported that a letter had been written to Mr Bird of the D.H.S.S. raising the query as to why the delays were continuing, bearing in mind that it was thought in September/October that all the necessary materials had been furnished in connection with this outstanding application.

With regard to the other product licence applications relating to blood products such as Albumin, the D.H.S.S. had stated that they wished the applications to be bulked up and it was hoped that the further information to strengthen the applications would be available next week. In this context, Mr Webb confirmed that it might be useful for Mr Dyos to meet with some of his people at Haywards Heath who had in fact been responsible for the initial presentation in connection with Koate.

4. It was confirmed that the new extended Lease for the Guildford offices had now been sealed together with the necessary side letter and completion should take place in the next day or so. The Board expressed its concern at the fact that the

Managing Director now had to share his office with at least two if not three others at various times and thought that the limited office accommodation could next year have an adverse effect due to the fact that it is not really possible to work properly at such close quarters with the telephone going most of the time. It was thought unfortunate that it had not been possible for the time being to expand the available office space to accommodate the staff already taken on and such additional staff as might be necessary in 1981. However, in this context, Mr Webb thought that it was possible that Bayer might be taking some rented accommodation in Newbury in advance of the large development which was likely to be completed at least as to phase one in three years time.

5. Sales

It was confirmed that a number of credits were due from the United States in respect of products which have had to be returned from both Oxford and St. Thomas' Hospital due to adverse reactions having been obtained. At Oxford there had been 13 cases out of 20 patients using Koate and in the case of St. Thomas' two patients had contracted hepatitis and Doctor Richard Schwartz of Cutter Inc. had authorised the immediate withdrawal of the batch. It was thought that all this product was in fact part of the units of Koate returned by Speywood Laboratories in reduction of their debt. It was possible as a result that it had not been properly stored by Speywood.

In the context of Speywood, it was reported that Herbert Smith were still doing their best to recover the 47,000 U.S.\$ balance due to the parent company in Berkeley. This also had an adverse effect on sales in that new stock had to be supplied or credits given.

As at 30th November 1980 the budgeted sales were meant to be 2,051,000 but in practice the actual sales were 1,464,000 dollars. Almost the whole of this was due to the sale of Tuta blood bags which were selling far ahead of the budget estimate and had been ahead of the estimates for the past five months.

Regarding sales, Mr Dyos reported on the position in Holland and that following his recent visit an evaluation was going on at the Hague at Rotterdam and at Leiden and it was thought that

this should produce a satisfactory outcome since Cutter had been prepared to modify the bag to meet the Dutch Red Cross requirements. However, Mr Dyos reported that he had received a telex that morning which confirmed that there were still patent problems in Canada regarding the closure and that it might be necessary for a different type of closure to be incorporated in the line to overcome the problems with the existing Travenol patent. The American Company confirmed that Travenol had no similar patent in the U.K.

It was thought that in addition to perhaps changing the closure it might be as well in due course for a full patent search to be made here to see whether it was correct that the patent was not a world wide one and that the U.K. was not covered.

As regards productions in Canada, it was hoped that the result of the evaluation from the Hague would come through in the next week or so which would then enable Cutter to put into production the changes to the bag which had been on trial.

Finally, in the context of sales to Holland, it was thought that the Dutch distributor Medica should be given a formal warning by the American Parent Company that unless they actually did their job properly within the next three months there was every risk that their distribution arrangement would be terminated through their failure to carry out their obligations. It seemed that there was absolutely no reason why there should not be direct sales from the U.K. to Holland without the need for a local distributor bearing in mind that all the sales so far were being carried out as a result of the visits by John Hannan and Brian Dyos.

6. Staff

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8. It was agreed that full investigation should go into the promises made by Carroll Jones and Sidney Pugh to the Alton Centre where Doctor Aronstam had been promised some form of financial support for a research fellowship and had put in a great deal of time and effort in putting forward a representation to the Company. However, nothing materialised and it seems that this was causing the Alton Centre to have nothing to do with Cutter whatsoever. It was agreed that this should now be looked into again with a view to the Company being in a position to offer some form of financial support for such a fellowship.

9. It was agreed that the next meeting of the Board would take place at Guildford on Wednesday, 11th February 1981 at 12.30 p.m. with the meeting at 2.30 p.m.

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