

In this edition...

Mesoblast led the Australian biotech sector forward with a spectacular \$170 million raising in the March quarter. Pharmaxis led the way backwards with a harsh slap down by the FDA for its Bronchitol CF new drug submission. But just because Mesoblast has attended to funding risk doesn't mean that clinical risk or regulatory risk is any less. Far from it, the more it does in the clinic, the more likely it will have a setback or two. And it does have a large pharmaceutical partner which adds both complexity and risk to its business. What's ahead for Pharmaxis in the CF space depends on the outcome of a meeting with FDA later this year. Additional trials can be expected. Also coming up are the results from its Phase III trial in bronchiectasis, which may either breathe fresh life into the company or suffocate it entirely.

Companies Covered: Quarterly Review

	Bioshares Portfolio
Year 1 (May '01 - May '02)	21.2%
Year 2 (May '02 - May '03)	-9.4%
Year 3 (May '03 - May '04)	70.6%
Year 4 (May '04 - May '05)	-16.3%
Year 5 (May '05 - May '06)	77.8%
Year 6 (May '06 - May '07)	17.4%
Year 7 (May '07 - May '08)	-36%
Year 8 (May '08 - May '09)	-7.4%
Year 9 (May '09 - May '10)	50.2%
Year 10 (May '10 - May '11)	45.4%
Year 11 (May '11 - May '12)	-18.0%
Year 12 (May '12 - current)	-2.8%
Cumulative Gain	236%
Av. annual gain (11 yrs)	17.8%

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Bioshares

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Delivering independent investment research to investors on Australian biotech, pharma and healthcare companies.

Quarterly Review

Bioshares Index Treads Water in March Quarter

Small and mid-cap biotech stocks, as measured by the **Bioshares Index**, held steady in the March quarter 2103. The Bioshares Index finished 0.1% down from the previous quarter. In stark contrast the **Nasdaq Biotech Index** locked in a very strong 16.7% gain, which was well in excess of the 6.9% gain recorded by the **Bioshares Large Cap Index**. The increase in the Bioshares Large Cap Index was also largely in line with movement in the **ASX 300 Index**, which rose 6.7% over the quarter.

Ten percentage points of the growth in the Nasdaq Biotech Index took place in March. Growth has been driven by the heavy weight stocks in the Nasdaq Biotech Index including Amgen, Gilead Sciences, Celgene and Biogen Idec. These four companies have a combined capitalisation of US\$245 billion.

Stocks that had a positive influence on the Bioshares Index in the March quarter were Mesoblast (+16%), Heartware Int. (+9%), Acrux (+36%) and Mayne Pharma (+60%). Offsetting these contributors to growth were Sirtex Medical (-16%), Blackmores (-10%), GI Dynamics (-42%) and Pharmaxis (73%).

Mesoblast stunned the market with a record breaking \$170 million capital raising, putting Heartware's US\$149 million raising in the shade. Mayne Pharma's acquisition of US-based Metrics Inc looks to have been warmly received by investors. However, transition and key execution risks remain as does the high expectations set by management for the performance of the merged entity. Acrux's share price moved in response to growth in market share of Axiron, its underarm testosterone drug licensed to Eli Lilly.

Profit taking drove selling in shares of Sirtex Medical and Blackmores. However, Sirtex's share price remained 113% higher than from a year ago at the close of the March quarter.

The major disappointment for the quarter came from Pharmaxis. Its share price collapsed 73% over the quarter as a consequence of a negative opinion for Bronchitol (for Cystic Fibrosis) by an FDA Advisory Committee (January 31) and a further and not unexpected receipt of a Complete Response Letter (CLR), announced March 19. The CRL stated the Bronchitol could not yet be approved in the US.

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Index performances by Quarter

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Bioshares Index	9.2%	-12.8%	5.5%	-8.7%	-0.1%
Nasdaq Biotech Index	18.1%	5.5%	10.0%	-3.7%	16.7%
Bioshares Large Cap Index	11.8%	7.8%	15.8%	14.7%	6.9%
ASX 300 Index	6.7%	-5.9%	7.1%	5.8%	6.7%

Selected Clinical Trial Developments - Q1 2013

Company	Code	Product/Therapeutic	Event
Alchemia	ACL	HA-Irinotecan (mCRC)	Completed recruitment of 390 pts recruited in Phase III trial
Bone Medical	BNE	CaPTHymone (osteoporosis) [oral parathyroid hormone]	Completed patient treatment phase in Phase II study
Calzada	CZD	Novosorb VAC (negative wound pressure therapy)	Completed treatment phase in 20 pt study; 2 withdrawals; results expected end April
Invion	IVX	Nadalol (INV102) (asthma)	Commenced Phase II trial in patients with mild asthma
Medical Developments	MVP	Pentrox (methoxyflurane) (immediate pain relief)	Completed European registration study in 300 pts; met primary and secondary endpoints
Osprey Medical	OSP	CINCOR (dye reduction and removal system)	Commenced US registration-directed pivotal trial in 600 pts
Pharmaxis	PXS	Bronchitol (bronchiectasis)	Completed 52-week Phase III trial in 485 pts; results expected in 2013 Q2
Phosphagenics	POH	TPM-Oxymophone (transdermal skin patch)	Completed Phase I trial; 72 hour duration study in healthy subjects
Reva Medical	RVA	ReZolve2 (bioresorbable polymer scaffold 'stent')	Commenced 125 pt CE Mark trial
Viralytics	VLA	CAVATAK (oncolytic immunotherapy)	Announced 25 pts now enrolled in 63 pt (54 evaluable) Phase II study

Capital Raisings by Australian-listed Biotech Companies Q1 2013

Company	Investment Manager or Investor	Type of Raising	Funds Raised (\$M)
Mesoblast	M&G Investment Mgt, Capital Research	Placement	\$170.0
Heartware	JP Morgan, Cannacord Genuity, Credit Suisse, Lazard Capital Markets	Placement	\$142.4
Pharmaxis	NovaQuest Pharma Opportunities Fund III	Share of revenue funding agreement	\$19.2
Alchemia	RBS Morgans	Placement	\$10.20
Tissue Therapies	Bell Potter, RBS Morgans	Placement	\$8.70
Cellmid	RM Capital	Placement	\$2.00
Benitec Biopharma	Lodge Corporate	Placement	\$0.18
Benitec Biopharma	Lodge Corporate	Placement	\$0.80
ASDM		Placement	\$0.59
Bioxyne	Veritas Securities, Phillip Asset Management	Placement	\$0.508
Healthlinx	La Jolla Cove Investors Inc	Convertible Note (part conversion)	\$0.26
Healthlinx	Gleneagle Securities Nominees	Loan and Convertible Bond (part of \$1m in total)	\$0.25
Bone Medical	La Jolla Cove Investors Inc	Convertible Note (part conversion)	\$0.37
Total raised in Q1 2013			\$355.5

*USD \$149 million converted at AUD/USD \$1.046

** USD \$20 million converted at AUD/USD \$1.04

Bioshares Model Portfolio (28 March 2013)

Company	Price (current)	Price added to portfolio	Date added
Circadian Technologies	\$0.270	\$0.270	March 2013
Tissue Therapies	\$0.160	\$0.255	March 2013
Allied Healthcare	\$0.029	\$0.026	February 2013
Psivida	\$2.22	\$1.550	November 2012
Benitec	\$0.013	\$0.016	November 2012
Nanosonics	\$0.480	\$0.495	June 2012
QRxPharma	\$1.17	\$1.66	October 2011
Somnomed	\$0.96	\$0.94	January 2011
Cogstate	\$0.390	\$0.13	November 2007
Clinuvel Pharmaceuticals	\$2.40	\$6.60	September 2007
Universal Biosensors	\$0.69	\$1.23	June 2007

Portfolio Changes – 28 March 2013**IN:**

No changes.

OUT:

No changes.

Capital Raisings

A record breaking capital raising by Mesoblast of \$170 million and substantial US\$149 million raising by Heartware International dominated capital inflows for the March quarter.

A total of \$355.5 million was raised in the March quarter by ASX-listed life science companies. This data is more subdued if the Mesoblast, Heartware and Pharmaxis financings are deducted, leaving a balance of \$24 million. If capital raisings of (near) \$20 million and higher are excluded from the last five quarters of data, the quarterly figures are as follows: March quarter 2011, \$13 million; June quarter 2011, \$64 million; September quarter 2011, \$33 million; December quarter 2011, \$43 million; March quarter 2013, \$24 million, altogether a total of \$197 million. Thus the average quarterly capital inflow for the last five quarters was \$35 million.

Over that same period, for that same set of capital raisings the average raising per capital raising event was \$2.1 million and the median raising was \$0.8 million.

A number of other capital raisings are currently underway. Bionomics is seeking to raise \$16 million through a rights issue, OBJ and ASDM are also conducting rights issues. Invion, Alchemia and Tissue Therapies are conducting SPPs. Prana announced a \$7 million placement at the close of the quarter.

And while there were no IPOs during the March quarter, backdoor listings continue to move along. Four were in progress, with two receiving shareholder approval in March. Acuvax shareholders approved the acquisition of Biolife on March 22 and Neurodiscovery shareholders approved the acquisition of Enigma Therapeutics on March 28. (Refer to *Bioshares* 495 for coverage of Acuvax/Biolife and *Bioshares* 490 for Neurodiscovery/Enigma Therapeutics).

2013 Backdoor Listings Completed, Underway or Proposed

Vehicle (Shell)	Code	Company (Target) (Vend In)	Technology/ Products	Status
Novogen	NRT	Triaxial Pharm.	Cancer therapy - super-benzopyrans	Requires shareholder approval
Bioxyne	BXN	Vitality Devices	Medical devices; Asian markets focus	Requires shareholder approval
Acuvax	ACU	Biolife	Her2 vaccine immunotherapy	Approved at shareholder meeting, March 22, 2012
Neurodiscovery	NDL	Enigma Therapeutics	Brachysil (for brachytherapy)	Approved at shareholder meeting, March 28, 2012

Backdoor listings are popular for several reasons. Unlike IPOs which must list with a minimum number of shareholders, backdoor listings immediately meet that test. Courtesy of the effects of the GFC and a downturn in mining, there is a sufficient availability of dormant, or shell companies.

The other appeal is that the initial funding tranches are of a scale to suit smaller investors. The challenge is for a promotor to take control of a shell to ensure the transition through acquisition of a new business is successful when voted on at a meeting of shareholders.

One disadvantage to investors of backdoor listings is that the chance to study an investment proposition through the provision of a IPO prospectus does not exist. The IPO process is relatively more thorough and robust in that regard.

We expect more backdoor listings to take place in 2013. However, as with IPOs, one strategy investors can follow is to observe the performance of the company for 6-12 months. The object of the exercise is to look for early indicators of an inability to meet deadlines and to see if major flaws in the business plan are uncovered through the market-wide inspection process that a listing precipitates.

Summary

Although Mesoblast's capital raising was a quarter highlight, setbacks by Pharmaxis and Tissue Therapies (down 48% for the quarter) were depressing negatives, with Pharmaxis' negative opinion from the FDA Advisory Committee and later CRL a cause for concern for investors across the board.

The Pharmaxis setback raises questions about transparency as well as about business models and funds put at risk. In hindsight, it reinforces the approach taken by Acrux, which let investors place a smaller \$22.5 million 'bet' on one Phase III trial rather than hundreds of millions on an integrated company development play. At the end of the day, whatever the model, drug products must be developed with patient convenience, benefit and affordability in mind.

The Australian Listed Life Sciences Sector

March 28, 2013: Capitalisation \$49.4 billion, 95 companies

Bioshares Large Cap. Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/03/12
CSL	CSL	29,390	Manufactures pharmaceutical products including vaccines and human plasma fractions	10%	65%	\$59.23
Resmed Inc.	RMD	6,252	Manufactures diagnostic and treatment equipment for sleeping disordered breathing	11%	45%	\$4.36
Cochlear	COH	3,882	Manufactures cochlear hearing implants	-14%	10%	\$68.05
Sigma Pharmaceuticals	SIP	860	Pharmaceutical manufacturing and wholesaling	1%	17%	\$0.74

Capitalisation Total 40,384

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/03/12
Mesoblast	MSB	1,936	Developing therapies based on mesenchymal pre-cursor stem cells, with applications in cartilage regrowth and heart and bone repair.	16%	-22%	\$6.150
Heartware International	HIN	1,373	Marketing a mechanical heart pump (LVAD)	9%	33%	\$2.400
Acrux	ACR	646	Developer of the transdermal drug products Axiron, Evamist/Ellavie and Recuvyra	36%	-3%	\$3.880
Sirtex Medical	SRX	618	The company's core technology uses radioactive particles to irradiate tumours in the liver. Approved for use in most major regions.	-16%	113%	\$11.070
Blackmores	BKL	513	Manufactures vitamin, mineral and herbal supplements and skin & hair products in Australia and N.Z.	-10%	10%	\$30.350
Starpharma Holdings	SPL	308	Developer of pharmaceutical applications of chemical scaffolds known as 'dendrimers'	-17%	-37%	\$1.085
Mayne Pharma Group	MYX	270	Developing an improved dosing anti-fungal drug, Subazole and operating manufacturing services. Acquired Metrics, a private US generics business.	60%	60%	\$0.480
API	API	210	Pharmaceutical wholesaler	-6%	42%	\$0.430
GI Dynamics	GID	197	Commercialising the Endobarrier, an implantable polymer liner for the management of obesity and diabetes	-42%	-39%	\$0.640
Reva Medical	RVA	182	Developing a bioresorbable coronary stent	4%	-20%	\$0.550
Unilife Corporation	UNS	177	Developer of retractable syringes	1%	-44%	\$0.350
QRxPharma	QRX	169	Developing a 'dual opioid' drug to treat moderate to severe pain.	30%	-32%	\$1.170

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/03/12
Bionomics	BNO	139	Developing drugs to treat cancer and CNS diseases, and has also developed a gene diagnostic for epilepsy.	6%	-21%	\$0.380
Phosphagenics	POH	133	Commercialising a platform technology (alpha-tocopherol) that improves the delivery of pharmaceutical and other products across the skin.	-10%	-45%	\$0.130
Nanosonics	NAN	126	Developing a novel disinfection technology, the first product is a point of care ultrasound probe disinfection unit	-1%	-11%	\$0.480
Universal Biosensors	UBI	120	Development, manufacture and commercialisation of a range of in vitro diagnostic tests for point-of-care use	-25%	-7%	\$0.690
Medical Developments	MVP	106	Commercialising the Pentrox inhaler for temporary pain relief. Used widely in ambulances across Australia.	11%	230%	\$1.850
Alchemia	ACL	104	Biopharmaceutical company with a revenue generating product, generic fondaparinux. Lead product HA-Irinotecan in a pivotal Phase III trial for colorectal cancer.	-14%	-35%	\$0.330
Clovercorp	CLV	102	Development and production of omega-3 food additives from tuna oil.	7%	72%	\$0.620
Prima Biomed	PRR	102	Developing the CVac immunotherapy.	-13%	-60%	\$0.096
Pharmaxis	PXS	102	Markets the lung function test, Aridol. Bronchitol is approved in Europe for the management of cystic fibrosis.	-73%	-75%	\$0.330
Clinuvel Pharmaceuticals	CUV	85	Developing an analogue of the alpha-MSH protein, named Scenesse, as a photo-protective agent	31%	34%	\$2.400
Vita Life Sciences	VSC	79	Development, manufacture and distribution of prescription and OTC medicines as well as complementary and alternative medicines, dietary supplements and health foods	146%	338%	\$1.400
Prana Biotechnology	PBT	73	Developing drugs to treat CNS diseases such as Alzheimer's and Parkinson's	2%	39%	\$0.215
Sunshine Heart	SHC	57	Developing the C-Pulse heart assist device. The C-Pulse wraps around and compresses the aorta, increasing blood flow through the body. To de-list on May 6, 2013	-9%	-12%	\$0.030
pSiVida	PVA	52	Developing drug delivery technologies, with a special focus on ophthalmic applications	71%	14%	\$2.220
Osprey Medical	OSP	50	Developing the CINCOR system to limit the incidence of contrast induced nephropathy.	25%		\$0.500
SDI	SDI	49	Manufacture & distribution of amalgam (fillings) & other dental materials and product R&D.	30%	228%	\$0.410
Anteo Diagnostics	ADO	44	Developer of a biological coatings technology that can be applied to immunoassays, bio-separations, drug delivery and other medical devices	-8%	-28%	\$0.058
Avita Medical	AVH	44	Markets ReCell, a skin repair product	-4%	-52%	\$0.135

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/03/12
Somnomed	SOM	42	Markets oral devices for the treatment of sleep apnea and snoring.	18%	12%	\$0.960
Neuren Pharmaceuticals	NEU	40	Developing neuroprotective therapeutics	-3%	42%	\$0.034
Genetic Technologies	GTG	36	Provides DNA paternity testing services and holds broad patents relating to the use of non-coding DNA.	6%	-18%	\$0.075
Tissue Therapies	TIS	34	Developing the VitroGro product for ulcer and wound healing	-48%	-64%	\$0.160
Allied Health Group	AHZ	30	Diversified medical products group. Investor in Coridon, a vaccine technology company.	38%	0%	\$0.029
Cogstate	CGS	29	Marketing cognitive performance diagnostic products	18%	44%	\$0.390
Asian American Medical Group	AJJ	27	Manages liver treatment centres in Asia . Recently changed name from Asian Centre for Liver Diseases and Transplantation	-9%	61%	\$0.145
Viralytics	VLA	26	Developing a cancer treatment based on the application of viruses (oncolytic virus technology)	-10%	-92%	\$0.300
Cryosite	CTE	25	Provides specialised storage services, especially for umbilical cord blood	39%	308%	\$0.530
Bioniche	BNC	24	Developing a bladder cancer treatment and food safety vaccine; sale of veterinary products	-28%	-62%	\$0.230
Brain Resource Corp	BRC	24	Development and commercialisation of functional brain analysis techniques	6%	2%	\$0.260
ITL	ITD	22	Develops and distributes medical devices such as safety equipment to prevent needle stick injuries and sterile preparation kits.	17%	78%	\$0.240
Scigen	SIE	22	Developer and manufacturer of biopharmaceuticals. Company is based in Singapore and was spun out of Sonic Healthcare in 2002.	0%	-11%	\$0.040
Novogen	NRT	21	Acquiring Triaxial Pharmaceuticals	9%	98%	\$0.180
Cellmid	CDY	20	Developing therapies that target the midkine protein. Recently launched a range of hair loss products.	127%	127%	\$0.034
SUDA	SUD	20	Developing the anti-malarial product ArTiMist. Recently changed name from Eastland Medical Systems	-6%	88%	\$0.032
Bluechiip	BCT	19	Development, manufacture and commercialisation of a tracking system for biological samples	-24%	-10%	\$0.190
Probiotec	PBP	18	Manufacturer, marketer and distributor of a range of over the counter (OTC) pharmaceuticals, complementary medicines and speciality ingredients	-19%	15%	\$0.340

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/03/12
Isona	ISN	17	Respiratory and pulmonary devices company. Recently completed 1:20 share consolidation.	14%	-20%	\$0.080
Calzada	CZD	17	Holds a 100 % stake in PolyNovo, a polymer chemistry company.	6%	-14%	\$0.050
Invin	IVX	17	Formerly Cbio. Evaluating Xtoll biologic for lupus and developing an approved heart drug, Nadalol, for COPD and asthma.	-21%	-46%	\$0.045
Living Cell Technologies	LCT	17	Developing cell therapies for diabetes, haemophilia and Huntington's disease	-4%	-40%	\$0.048
Biotron	BIT	17	Developing compounds to treat HCV and HIV.	-15%	-32%	\$0.115
Ellex Medical Lasers	ELX	16	Develops, manufactures and markets solid state ophthalmic lasers used to treat secondary cataracts and retinal disorders.	0%	0%	\$0.190
Impedimed	IPD	16	Develops devices that aid the diagnosis of secondary lymphoedema, muscle wasting and other disorders	10%	-82%	\$0.088
Patrys	PAB	16	Developing human antibody therapies for the treatment of lung, pancreatic, gastric and colon cancers	-18%	-9%	\$0.031
Optiscan Imaging	OIL	15	Manufacture of confocal microscopes for clinical diagnosis	8%	-30%	\$0.095
OBJ	OBJ	15	Developing transdermal drug delivery technologies	-32%	-38%	\$0.013
Progen Pharmaceuticals	PGL	15	A developer of cancer therapeutics, including PI-88 and PG545	-17%	25%	\$0.250
Avexa	AVX	14	Developing an HIV drug, apricitabine. Has invested in a US coal company.	-11%	-45%	\$0.017
Benitec Biopharma	BLT	14	R&D company focusing on gene silencing, specifically DNA delivered RNAi technology	-7%	-28%	\$0.013
Antisense Therapeutics	ANP	14	Developing antisense compounds to treat multiple sclerosis and acromegaly	-9%	-44%	\$0.010
Atcor Medical	ACG	14	Markets the SphygmoCor device, a noninvasive technology that provides information regarding the functioning of the cardiovascular system	33%	18%	\$0.093
Circadian Technologies	CIR	13	Developing drugs, including antibodies, around the VEGF C and VEGF D targets	-23%	-45%	\$0.270
USCOM	UCM	13	Marketing a non-invasive heart output function monitor	0%	122%	\$0.200
Analytica	ALT	12	A medical devices company that has developed a retractable syringe	0%	-8%	\$0.022

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/03/12
IDT Australia	IDT	11	Manufacturer of pharmaceutical ingredients to international standards for major pharmaceutical groups.	11%	-21%	\$0.245
Phylogica	PYC	10	Developing peptide compound libraries for use in human therapeutics.	-8%	-51%	\$0.023
Compumedics	CMP	9	Develops, manufactures and markets sleep diagnostic and monitoring equipment.	-24%	-25%	\$0.056
NuSep Holdings	NSP	8	Manufacture and sale of protein separations technologies	-13%	195%	\$0.065
Consegna Group	CGP	8	Asset development company, with interests in Vibrovein and BreatheAssist and investment in Imugene.	133%	-79%	\$0.007
Genera Biosystems	GBI	8	Develops, manufactures and distributes advanced molecular diagnostic tests, with a particular focus on women's health.	-21%	-50%	\$0.095
Cordlife	CBB	8	Rolling out tissue banking services in Australia and Asia	16%	-5%	\$0.052
Cyclopharm	CYC	7	A nuclear medicine company that markets the Technegas lung imaging system	-29%	-33%	\$0.120
Resonance Health	RHT	5	Marketing the FerriScan technology, a non-invasive tool for measuring liver iron levels	-17%	0%	\$0.015
Biodiem	BDM	5	Focused on the development of LAIV influenza vaccines	-14%	-60%	\$0.036
LBT Innovations	LBT	5	Developed the MicroStreak technology for the automation of microbiology laboratory processing. Now developing an Automated Optical Plate Sorting system.	-18%	-11%	\$0.047
Advanced Surgical Design & Manufacture	AMT	4	A developer and manufacturer of prosthetic implants and medical devices	0%	-56%	\$0.105
Medical Australia	MLA	4	Manufacture and supply of medical devices and equipment. Not previously included in these tables. Previously known as BMDI Tuta and IMD Group	13%	-36%	\$0.009
NeuroDiscovery	NDL	4	Acquiring Enigma Therapeutics	52%	19%	\$0.038
Holista Colltech	HCT	3	Has developed a novel technology for the extraction of collagen from sheepskins	-11%	-43%	\$0.065
Immuron	IMC	2	Sales and development of hyper-immune bovine colostrum products for therapeutic use	-40%	-79%	\$0.006
Bioxyne	BXN	2.4	Acquiring Vitality Devices	7%	0%	\$0.015
Acuvax	ACU	2	Has acquired Biolife, which is developing a vaccine immunotherapy to treat Her2 positive cancers. 1:200 share reconstruction to occur.	0%	0%	\$0.001

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/03/12
Imugene	IMU	2	Now a drug delivery technology company. Has acquired Linguet asset from CGP	-18%	13%	\$0.009
Actinogen	ACW	2	Early stage developer of antibiotics that show activity against MRSA and VRE bacteria	110%	0%	\$0.021
Bone Medical	BNE	2	Developing treatments for bone and joint degenerative diseases such as arthritis and osteoporosis.	0%	-85%	\$0.002
Medigard	MGZ	1	Developed retractable syringe technology and other safety medical products.	-6%	0%	\$0.015
Agenix	AGX	1	Developing a compound to treat Hepatitis B, AGX1009. Also seeking a partner in China to develop Thromboview, an imaging agent. Completed 1:25 share consolidation	-96%	-93%	\$0.022
Healthlinx	HTX	1	Detecting novel functions of known and new protein and peptides for therapeutic purposes.	-50%	-89%	\$0.001
Capitalisation Total		9,036				

Listed Biotech Investment Funds or Companies

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/03/12
Biotech Capital	BTC	3	The entity is engaged in the orderly sale of assets.	-3%	-48%	\$0.034
Capitalisation Total		3				
Capitalisation Total - All Indices		49,422				

How Bioshares Rates Stocks

For the purpose of valuation, Bioshares divides biotech stocks into two categories. The first group are stocks with existing positive cash flows or close to producing positive cash flows. The second group are stocks without near term positive cash flows, history of losses, or at early stages of commercialisation. In this second group, which are essentially speculative propositions, Bioshares grades them according to relative risk within that group, to better reflect the very large spread of risk within those stocks. For both groups, the rating “Take Profits” means that investors may re-weight their holding by selling between 25%-75% of a stock.

Group A

Stocks with existing positive cash flows or close to producing positive cash flows.

- Buy** CMP is 20% < Fair Value
 - Accumulate** CMP is 10% < Fair Value
 - Hold** Value = CMP
 - Lighten** CMP is 10% > Fair Value
 - Sell** CMP is 20% > Fair Value
- (CMP–Current Market Price)

Group B

Stocks without near term positive cash flows, history of losses, or at early stages commercialisation.

Speculative Buy – Class A

These stocks will have more than one technology, product or investment in development, with perhaps those same technologies offering multiple opportunities. These features, coupled to the presence of alliances, partnerships and scientific advisory boards, indicate the stock is relative less risky than other biotech stocks.

Speculative Buy – Class B

These stocks may have more than one product or opportunity, and may even be close to market. However, they are likely to be lacking in several key areas. For example, their cash position is weak, or management or board may need strengthening.

Speculative Buy – Class C

These stocks generally have one product in development and lack many external validation features.

Speculative Hold – Class A or B or C

Sell

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