

In this edition...

The Bioshares 20 index shot up 5.9% this week, due to gains made in two stocks. Progen released preliminary data from its Phase II liver cancer trial, which on the face of it looked promising, although final results available in March Quarter 2007 should report the appropriate measures of statistical significance. Progen is now on the verge of becoming a Tier-I biotech.

Peptech, following last week's announcement of its Domantis investment windfall, made a solid gain once trading resumed this week. It looks however, that there is still significant unrecognised value in the stock.

The editors

Companies covered: PGL, PTD

	Bioshares Portfolio
Year 1 (May '01 - May '02)	21.2%
Year 2 (May '02 - May '03)	-9.4%
Year 3 (May '03 - May '04)	70.0%
Year 4 (May '04 - May '05)	-16.3%
Year 5 (May '05 - May '06)	77.8%
Year 6 (from 5 May '06)	5.0%
Cumulative Gain	192%
Average Annual Gain	24.7%

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Bioshares

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

Progen Releases Preliminary Data from PI-88 Liver Cancer Trial

Progen Industries (PGL: \$6.79) surprised many biotech sector watchers this week with the unexpected release of preliminary data from a Phase II trial the company has been conducting with its partner, **Medigen Biotechnology Corporation**, in Taiwan.

The trial was designed to assess the safety and efficacy of PI-88 administered in two different doses (160mg and 250mg) to liver cancer patients who had surgery (resection) to remove tumours. The preliminary data analysis was conducted in 168 evaluable patients at the 30th week of a 48 week protocol. The 48 week protocol includes 36 weeks of treatment followed by 12 week follow up period.

The preliminary results indicate that the most effective dose of PI-88 is likely to be 160mg. More patients dropped out of the protocol from the 250mg arm (12 patients) than from the 160mg arm (3 patients), with the 250mg group recording two severe adverse events to compared to none in the 160mg group.

A second finding from the study was that the patients in the 160mg treatment group had an 80% chance of disease recurrence at 30 weeks, compared to a 80% chance of recurrence at 17 weeks in the control arm (no treatment). Put another way, patients in the control arm had a 65% chance of remaining disease free after 30 weeks of treatment, compared to an 80% chance of remaining disease free after 30 weeks of treatment for the 160mg treatment arm.

PI-88 works by inhibiting the growth of tumour blood vessels. It falls into a class of emerging cancer therapeutics known as angiogenesis inhibitors, of which the most successful is **Genentech's** monoclonal antibody Avastin (bevacuzimab). This week Genentech reported that bevacuzimab in combination with a paclitaxel and carboplatin, achieved a median survival of 12.3 months in lung cancer patients, versus 10.3 months for the paclitaxel and carboplatin control arm. The study enrolled 878 patients. Previously a US study group, the **Eastern Cooperative Oncology Group**, had conducted studies of four platin based drugs in two, two drug regimes in 1100 patients with lung cancer and achieved 8 months median survival. With this in mind, the latest result from this study of Genentech's Avastin further supports for the use of angiogenesis inhibitors in treating cancer. (Progen is releasing its Phase II lung cancer trial data in mid-2007.)

The Commercial Opportunity

Liver cancer represents an attractive initial market for Progen to target with PI-88. Globally, upwards of 600,000 patients are diagnosed with liver cancer each year. There is a 50% chance of recurrence within 12 -15 months of liver cancer for patients who have had surgery. There are no drugs approved specifically for the treatment liver cancer post-resection, although various regimes of cytotoxic drugs have been developed by oncologists, but with poor clinical outcomes.

Apart from surgery, tumour ablation with

Cont'd over

radio waves, cryotherapy and the application of technologies such as **Sirtex Medical's** SirSpheres (where radiated microspheres are inserted so they lodge in and destroy liver tumour blood vessels), there is no established effective therapy for the treatment of liver cancer post surgery. Although the liver is particularly challenging in this regard, developing a drug that can stabilise the disease may mean that other drugs with different modes of action may work more effectively.

There are very few compounds in late stage development for liver cancer. Nexavar, being developed by **Onyx Pharmaceuticals** and **Bayer**, is an orally available kinase inhibitor, which is already approved for the treatment of renal cancer. Bayer has completed enrolment of one Phase III trial for Nexavar patients with advanced liver cancer and is enrolling patients in two Phase III trials of patients with advanced liver cancer, one of which is located in Japan. **Eximias Pharmaceuticals** is conducting a Phase III trial of THYMITAQ, a thymidylate synthase inhibitor, and **TTY Biopharma**, from Taiwan, is evaluating thalidomide in a Phase III trial.

There are as many 17 compounds in Phase II trials, and 12 compounds in Phase I trials for the treatment of liver cancer. However, only a much smaller number represent newer approaches (eg Genentech's Avastin and Tarceva) to the treatment of cancer.

Phase III program

Progen has received a Special Protocol Assessment by the FDA to allow it to advance PI-88 into a Phase III trial for liver cancer. This is expected to commence in the second half of 2007, with 400 to 600 patients to be enrolled in the control arm and a similar number in a treatment arm. Importantly, Progen could stand to receive accelerated approval based on disease free survival measures. However, after approval the trial would probably continue run for up to five years in total to evaluate overall survival benefit.

Risks

Until the full results are presented some time in the first quarter of 2007, investors can not be sure of the statistical validity of Progen's Phase II liver cancer results.

The company would do well to refresh the skills and capabilities of the board with new members, as it looks set to mature into a Tier-I biotech.

License obligations

We remind investors once again that Progen has an 8.5% of revenue license obligation to the **Australian National University** pertaining to PI-88. Under its alliance agreement with Medigen Biotechnology Corporation, Progen is required to pay 15% of future PI-88 revenues generated from sales of PI-88 in oncology or cardiovascular applications. (Progen holds a 19.9% stake in Medigen.)

Progen is capitalised at \$275 million. The company has cash resources in the order of \$11 million. The company will be looking to raise funds to support its planned Phase III program and other activities. We estimate that company's capital requirements for the next three years to be in the order of \$75 million. However, it is more likely that an initial raising of \$50 million will be conducted.

Bioshares recommendation: **Speculative Hold Class A**

Bioshares

The Bioshares 20 Index

Change from June 30, 2005 **3.3%**
 Change from June 30, 2006 **23.9%**
 Change - week ago **5.9%**

Nasdaq Biotech Index

Change from June 30, 2005 **18.5%**
 Change from June 30, 2006 **10.1%**
 Change - week ago **-1.5%**

Bioshares Model Portfolio (15 December 2006)

Company	Price (current)	Price added to portfolio
AcruX	\$0.79	\$0.83
Alchemia	\$0.86	\$0.67
Avexa	\$0.29	\$0.15
Bionomics	\$0.21	\$0.210
Biosignal	\$0.17	\$0.22
Cogstate	\$0.21	\$0.18
Cytopia	\$0.70	\$0.46
Chemgenex Pharma.	\$0.62	\$0.38
Evogenix	\$0.63	\$0.47
IDT Australia	\$1.90	\$1.80
Optiscan Imaging	\$0.46	\$0.35
Mesoblast	\$1.70	\$1.27
Metabolic Pharmaceuticals	\$0.77	\$0.53
Neuren Pharmaceuticals	\$0.37	\$0.70
Peptech	\$1.56	\$1.31
Prima Biomed	\$0.052	\$0.09
Progen Industries	\$6.79	\$3.40
Sirtex Medical	\$2.65	\$1.95
Sunshine Heart	\$0.18	\$0.19

An Exceptional Year for Peptech

It's been an exceptional year for Peptech (PTD: \$1.56). With two acquisitions completed, a listing on the AIM market in the UK and the sale last week of its investee company, **Domantis**, Peptech management has shown that it's serious about building a mid size biopharmaceutical company.

The market's response to sale of the Domantis asset has been somewhat strangely mute. However the strategic significance of this development should not be underestimated, aside from the \$170 million of net sale proceeds that Peptech will receive.

As outlined in last week's edition of *Bioshares*, **GlaxoSmithKline** will buy Domantis, a single domain antibody engineering company based in Cambridge UK, for A\$575 million. Of interest to note is that originally, GSK wanted to secure a strategic alliance with Domantis. However, a bid by a rival major pharmaceutical company for Domantis set the sale in process.

Peptech will receive 90% of the sale proceeds up front with 10% held in escrow for 12 months. The sale figure represents a net profit for Peptech of about \$138 million. There may be further positive news for shareholders in that capital gains tax may not be applicable although this will need to be ratified by the ATO.

Peptech currently has cash assets of about \$40 million, and a further \$100 - \$130 million is anticipated in royalty payments over the next four years. With future payments discounted to present value, Peptech currently has cash and future cash assets of between \$287 - \$309 million, or \$1.75 - \$1.88 per share. This assumes no capital gains tax is payable, which can not be guaranteed at this stage.

These figures do not consider the value in Peptech's drug development pipeline. Peptech's agreement with Domantis remains, under which Domantis/GSK is required to provide Peptech with four single domain antibodies. Two have already been selected against TNF-alpha.

The jewel in Peptech's R&D portfolio, is the single domain antibody, PN061, which is expected to move into Phase I clinical testing in the second quarter of 2007. It should be remembered that antibody drugs historically have much higher probability of clinical success than small molecule compounds. The difficulty with antibody drugs comes before they enter the clinic, in manufacturing the compounds. Coupled with the point that at this stage they are not subject to generic competition, perhaps goes some way to explain the interest in the antibody space that is interesting almost every major pharmaceutical company, including our own **CSL** (through the acquisition of **Zenith Therapeutics**).

Another positive feature of Peptech's lead program is that it is working with a very well validated target, TNF-alpha. Peptech has also manufactured sufficient quantities of PNO621 for Phase I

and II trials. The smaller single domain antibody potentially offers cost advantages against full antibody drugs such as Humira and Remicade and preclinical studies have shown the drug is more effective than current drugs on the market.

The two acquisitions completed this year give depth to Peptech's preclinical pipeline. PMX53, accessed through the **Promics** acquisition is being repositioned for the treatment of wet AMD, and there are 200 analogues of this drug also available together with four other compounds. The acquisition of **Scancell** assets delivered Peptech about 20 antibody compounds in the area of oncology, with two leads being advanced.

Another unconsidered asset is a protein engineering platform technology that has been developed in house. The specific technology details have not been announced, as the company secures its intellectual patent position, although it may offer the company freedom to operate in the antibody space. There are also animal health assets within the company, which may be divested over the next two years.

Summary

Peptech shares will begin trading today on the AIM market, which is excellent timing for the company given its recent success with Domantis. Moving forward, the company will seek to build later stage clinical programs, which are clearly lacking, through acquisition. Peptech is targeting companies/programs with Phase II stage antibodies/peptides in development in the area of oncology and inflammation.

Peptech's recent windfall places it in an extremely strong position to acquire new programs with a strong scrip and sufficient capital to fund development. (It is unlikely that proceeds from the Domantis sale will be distributed to shareholders.) It is also in a position to take its lead compound through to completion of Phase III studies without a partner and build itself into a billion dollar biotech company in years to come. The company's management has delivered on all fronts this year and investors should be confident that the company has the appropriate assets to continue to deliver strong value for shareholders.

Bioshares recommendation: Speculative Buy Class A

CEO/MD Remuneration 2005/2006 – Selected Companies

SSOB: Salary (or Cons. Fee) (inc Dir. Fee), Superannuation, Other, Bonuses or Incentives or Termination Payments

Top Five Packages

Companies with market capitalisation > \$100 M

Company	CEO Remuneration (SSOB)
Life Therapeutics	\$976,924
Novogen	\$666,249
Ventracor	\$620,000
Metabolic	\$428,223
Mesoblast	\$396,874
Ave.	\$617,654

Top Five Packages

Companies with market capitalisation \$50 M - \$100 M (Exc. termination payouts)

Company	CEO Remuneration (SSOB)
Inst Drug Tech	\$588,316
GroPep	\$465,217
Starpharma	\$465,135
Genepharma	\$431,898
Chemgenex	\$427,698
Ave.	\$475,653

Top Five Packages

Companies with market capitalisation <\$50 M

Company	CEO Remuneration (SSOB)
Circadian	\$634,472
Norwood Abbey	\$617,947
Scigen*	\$608,506
ITL	\$490,000
Prana Biotechnology	\$468,000
Ave.	\$587,731

Companies with a change in SSOB >20%

Company	CEO Remuneration (SSOB)	% SSOB change
Solagran	\$155,287	114%
Life Therapeutics	\$976,924	66%
ITL	\$490,000	62%
Avexa	\$319,894	51%
Phylogica	\$311,250	45%
Ave.	\$450,671	

Companies with a change in SSOB >20% and decrease in capitalisation over FY2006

Company	CEO Remuneration (SSOB)	% SSOB change	% Cap'n change
ITL	\$490,000	62%	-57%
Anadis	\$375,000	36%	-42%
Eqitx	\$222,103	42%	-24%
Ave.	\$362,368		

*reported in \$\$, converted to \$A

Bioshares last covered CEO/MD remuneration in edition 150 (December 23, 2005). This survey includes 102 companies that report on a June 30 basis. It ignores a number of companies, such as Advanced Ocular Systems, Brainz Instruments, Heartware, Neuren Pharmaceuticals, Phosphagenics, Peptech and Select Vaccines that operate under different reporting periods. In addition Avastra, Meditech Research, Denx and Avantogen are not included, because they were merged, restructured or were in a hiatus period. The survey also ignores Inctive that has listed this year, and Clovercorp, which for almost all of FY2006 was without a CEO.

The median base salary paid to Australian biotech CEOs/MDs in FY 2005/2006 was \$205,011 with an increase of 4.0% from the year before. The median remuneration packages (excluding the value of options and shares) paid to CEOs/MDs was \$244,947, a decrease of 5.9% from the previous year.

The highest remuneration package of \$976,924 was paid to the CEO of Life Therapeutics, Dr. Hari Nair. The next highest remuneration package of \$666,249 was paid to Christopher Naughton, the CEO of Novogen. The third highest package was paid to Leon Serry, MD of Circadian Technologies, who received a package of \$634,472.

Amongst the companies with an increase of more than 20% in remuneration packages paid to CEOs, there were three companies with a decline in their capitalisation, from June 30, 2005 to June 30, 2006. Those companies were ITL (SSOB, +62%; Cap'n, -57%), Anadis (SSOB, +36%; Cap'n, -42%) and Eqitx (SSOB, +42%; Cap'n, -24%).

– E.R

Bioshares

CEO/MD Remuneration 2005/2006 – Selected Companies

CEO/MD Remuneration
Selected Healthcare and Biotech Companies 2005/2006

Code	Company	Salary (or Cons. Fee) (inc Dir. Fee)	Super	Other	Bonuses / Incentives / Term. Pmts	Total SSOB	SSOB % change	Notes	Options (Num.)	Shares (Num.)	Cap'n Jun 30 2006 (\$M)	Cap'n % change
		S	S	O	B							
1	LFE Life Therapeutics	\$576,872	\$12,028	\$119,387	\$268,637	\$976,924	66%			162,800	\$163	191%
2	NRT Novogen	\$518,835	\$100,587	\$46,827		\$666,249	10%			633,511	\$231	-49%
3	CIR Circadian	\$582,084	\$52,388			\$634,472	0%		500,000	2,100,000	\$43	-10%
4	VCR Ventracor	\$399,412	\$100,588		\$120,000	\$620,000	13%			58,334	\$174	-34%
5	NAL Norwood Abbey	\$519,405	\$46,747	\$51,795		\$617,947	12%			21,310,000	\$42	-29%
6	SIE Scigen*	\$377,735	\$9,658	\$183,367	\$37,746	\$608,506	Not app.		8,379,311		\$28	45%
7	IDT Inst Drug Tech	\$413,499	\$10,800	\$164,017		\$588,316	-1%		200,000	5,830,313	\$51	-36%
8	ITD ITL	\$240,081	\$98,882	\$11,037	\$140,000	\$490,000	62%		250,000	22,335,000	\$34	-57%
9	PBT Prana Biotechnology	\$334,545	\$33,455		\$100,000	\$468,000	Not app.		1,000,000	17,055,000	\$24	20%
10	GRO GroPep	\$303,441	\$11,776		\$150,000	\$465,217	29%		900,000	800,000	\$75	21%
11	SPL Starpharma	\$258,500	\$96,215	\$110,420		\$465,135	6%			5,381,689	\$62	14%
55	CYT Cytopia	\$195,273	\$19,122	\$45,454	\$177,328	\$437,177	Not app.	Rsgn - 9/6/06	750,000	215,000	\$60	85%
12	GAA Genepharm	\$321,298	\$20,600		\$90,000	\$431,898	43%		1,800,000	12,480,000	\$81	6%
13	MBP Metabolic	\$350,158	\$34,934	\$5,131	\$38,000	\$428,223	Not app.		1,500,000	20,000	\$111	-27%
14	CXS Chemgenex	\$379,097	\$27,973	\$20,628		\$427,698	-6%		3,800,000		\$64	-23%
15	MSB Mesoblast	\$249,426	\$22,448		\$125,000	\$396,874	Not app.	Exec. Ch.	1,100,000	204,000	\$143	255%
16	PXS Pharmaxis	\$270,500	\$24,345		\$92,400	\$387,245	39%		2,230,000		\$364	57%
17	PEP Peplin	\$225,064	\$21,697		\$136,239	\$383,000	27%		2,224,914	92,000	\$83	286%
18	CMQ Chemeq	\$348,622	\$32,082			\$380,704	-29%				\$34	-72%
19	BLT Benitec	\$379,395				\$379,395	Not app.	Rsgn - 22/6/06	3,050,000	1,075,000	\$7	-40%
20	ANX Anadis	\$272,644	\$99,748	\$2,608		\$375,000	36%		750,000	3,454,413	\$21	-42%
21	CMP Compumedics	\$341,550			\$33,000	\$374,550	10%		292,645	89,803,103	\$7	-76%
22	UNI Unilife	\$360,000		\$12,393		\$372,393	0%		7,000,000	6,500,000	\$27	-51%
23	SHC Sunshine Heart	\$365,435				\$365,435	17%		3,934,923		\$10	-49%
24	PRR Prima Biomed	\$256,233	\$85,987	\$14,743		\$356,963	17%		1,533,334	411,544	\$12	-29%
25	VHL Virax	\$355,111		\$598		\$355,709	4%		1,316,667	1,420,000	\$6	-68%
26	ACL Alchemia	\$279,617	\$24,999	\$46,135	\$4,764	\$355,515	4%		1,609,781	1,130,168	\$151	178%
27	SRX Sirtex Medical	\$229,358	\$28,999		\$91,743	\$350,100	Not app.	CEO from 26/5/05			\$129	68%
28	IMU Imugene	\$181,308	\$20,642	\$48,050	\$100,000	\$350,000	17%		2,500,000	6,400,001	\$14	-16%
29	ACG Atcor	\$260,000	\$11,286	\$78,053		\$349,339	11%				\$20	Not app.
30	BOS Biosignal	\$254,982	\$27,524		\$50,836	\$333,342	1%		3,937,500		\$14	19%
31	ABI Ambri	\$250,282	\$61,711		\$21,007	\$333,000	Not app.			850,000	\$6	-70%
32	BNO Biomomics	\$317,861	\$12,139			\$330,000	-8%		3,509,022	494,759	\$27	283%
33	ACR Acrux	\$261,122	\$11,128		\$51,210	\$323,460	Not app.	Rsgn - May 06	12,140,263	26,400	\$100	53%
34	AVX Avexa	\$190,995	\$40,560	\$28,339	\$60,000	\$319,894	51%		1,100,000	625,000	\$32	71%
35	ZTL Zenyth Therapeutics	\$272,246	\$24,502	\$22,139		\$318,887	Not app.	CEO from 15/8/05		14,669	\$59	10%
36	GIA Giaconda	\$260,000	\$13,500		\$42,500	\$316,000	Not app.				\$29	Not app.
37	OIL Optiscan Imaging	\$266,055	\$26,009		\$22,936	\$315,000	0%		1,000,000	100,000	\$48	53%
38	PYC Phylogica	\$179,440	\$60,360		\$71,450	\$311,250	45%		3,333,333	2,654,118	\$70	318%
39	AGX Agenix	\$142,275	\$39,240	\$46,478	\$72,842	\$300,835	Not app.	CEO from 15/12/05	1,675,000	629,000	\$34	-26%
40	GTG Genetic Technologies	\$300,000				\$300,000	0%		2,000,000	150,931,900	\$127	7%
41	PLD Portland Orthopedics	\$232,638	\$16,564	\$9,005	\$30,000	\$288,207	14%			3,360	\$47	Not app.
42	BTA Biota	\$211,244	\$19,012		\$52,500	\$282,756	Not app.	CEO from 9/12/05		35,000	\$217	278%
43	MTY Medical Therapies	\$280,000				\$280,000	31%		3,508,333	25,000	\$14	Not app.
44	ELX Ellex Medical Lasers	\$233,904	\$11,695		\$25,062	\$270,661	Not app.		2,200,000	760,000	\$39	147%
45	EGX Evogenix	\$200,000	\$18,000		\$50,000	\$268,000	21%		275,581	640,427	\$70	Not app.
46	CYN Cygenics	\$258,927	\$6,069			\$264,996	0%			8,729,960	\$12	-40%
47	ANP Antisense Therap.	\$232,681	\$21,759		\$9,089	\$263,529	-1%		2,075,000	199,743	\$12	-19%
48	CUV Clinuvel	\$220,577	\$19,102	\$20,250		\$259,929	Not app.	CEO from Nov 05	2,250,000		\$68	57%
49	SOM Somnomed	\$163,250	\$87,788	\$1,125		\$252,163	Not app.	CEO from 1/10/05	1,500,000	120,000	\$8	-66%
50	EIF Eiffel Technologies	\$210,833	\$18,974	\$15,885		\$245,692	Not app.				\$2	-56%
51	PAA Pharmaust	\$224,039	\$20,162			\$244,201	Not app.		6,094,592	3,533,070	\$13	11%
52	BDM Biodiem	\$191,666	\$48,413			\$240,079	-9%		200,000	946,250	\$19	-43%
53	RTL RiTract	\$220,184	\$19,817			\$240,001	7%		910,000	926,403	\$9	-28%
54	VSG Visiomed	\$74,428	\$15,750	\$118,810	\$30,000	\$238,988	Not app.		9,000,000	1,750,000	\$5	-71%
56	RHT Resonance Health	\$215,189	\$18,089			\$233,278	Not app.	Rsgn - 12/5/06			\$4	-82%
57	RYB Rocky Biomed	\$200,013	\$6,024	\$19,513		\$225,550	1%		4,319,824	35,100,000	\$8	257%
58	STI Stirling Products	\$200,000	\$18,000	\$5,930		\$223,930	0%		2,000,000	20,000	\$9	-55%
59	PSD pSiVida	\$223,218				\$223,218	Not app.		1,324,111	613,200	\$201	-8%
60	AVP Acuron	\$207,608	\$14,800			\$222,408	Not app.		5,000,000		\$2	-74%
61	EQX Equitx	\$210,000	\$12,103			\$222,103	42%		500,000		\$6	-24%
62	CGS Cogstate	\$205,021	\$12,139			\$217,160	Not app.	CEO from 1/12/05	1,260,000	289,015	\$7	93%
63	PBI Premier Bionics	\$50,000		\$158,400		\$208,400	Not app.		2,170,715	5,184,574	\$11	92%
64	BOD BioMD	\$205,000				\$205,000	16%		5,623,344	8,025,938	\$3	3%
65	XBL Xceed Biotech	\$185,647	\$11,129	\$7,989		\$204,765	7%		3,000,000	709,667	\$20	60%
66	CST Cellestis	\$158,000	\$14,000		\$25,000	\$197,000	21%			13,327,190	\$378	34%
67	LCT Living Cell	\$196,822				\$196,822	15%		2,123,300	9,863,142	\$17	-16%
68	OMI Occup.& Medical Innov.	\$177,543	\$15,979	\$3,176		\$196,698	-2%			7,519,896	\$16	36%
69	EMS Eastland Medical Systems	\$192,917	\$3,188			\$196,105	40%		15,625	16,636,251	\$20	5%
70	TIS Tissue Therapies	\$166,000	\$16,284			\$182,284	Not app.		500,000	69,379	\$8	-11%
71	BIT Biotron	\$155,000	\$25,873			\$180,873	11%		2,750,000		\$14	50%
72	IMI IM Medical	\$165,138	\$14,862			\$180,000	17%			60,819,149	\$7	21%
73	MVP Medical Developments	\$160,771	\$14,469			\$175,240	Not app.	CEO from 30/9/05			\$17	-64%
74	PBO PanBio	\$112,802	\$12,402	\$22,456	\$25,000	\$172,660	Not app.	CEO from Dec 05	400,000		\$14	-22%
75	MAA Medec	\$155,166	\$15,690			\$170,856	Not app.	CEO from 1/2/06		8,085,208	\$16	61%

CEO/MD Remuneration 2005/2006 – Selected Companies

CEO/MD Remuneration
Selected Healthcare and Biotech Companies 2005/2006

Code	Company	Salary (or Cons. Fee) (inc Dir. Fee)	Super	Other	Bonuses / Incentives / Term. Pmts	Total SSOB	SSOB % change	Notes	Options (Num.)	Shares (Num.)	Cap'n Jun 30 2006 (\$M)	Cap'n % change
		S	S	O	B							
76	MDM Medical Monitors	\$170,400				\$170,400	-3%			3,904,957	\$16	59%
77	PCC Probiomics	\$150,000	\$13,500	\$1,978		\$165,478	-25%				\$6	-39%
78	BRC Brain Resource Corp	\$150,000	\$13,500			\$163,500	0%		1,000,000	11,356,250	\$20	-19%
79	PXL Proteome Systems	\$110,092	\$9,908	\$40,617		\$160,617	Not app.		2,350,305		\$40	20%
80	CXD CathRx	\$146,812	\$13,213			\$160,025	Not app.		614,308	4,000,000	\$56	Not app.
81	SLA Solagran	\$155,287				\$155,287	114%		1,200,000	7,503,442	\$26	182%
82	UCM USCOM	\$93,284	\$60,716			\$154,000	0%		40,000	6,259,000	\$17	-59%
83	PGL Progen Industries	\$135,526	\$8,707			\$144,233	Not app.	CEO from 1/3/06	30,000	25,000	\$110	0%
84	BNE Bone Medical	\$143,637				\$143,637	Not app.	Exec. Ch. from 7/11/05	200,000		\$18	-14%
85	DIA Dia-B Tech	\$127,397	\$16,023			\$143,420	9%				\$4	-41%
86	CTE Cryosite	\$64,678	\$53,821	\$19,000		\$137,499	6%		312,500	1,034,918	\$4	-40%
87	NLS Narhex Life Sciences	\$126,101	\$11,349			\$137,450	Not app.		500,000	2,300,000	\$15	21%
88	OBJ OBJ	\$133,000				\$133,000	Not app.	Exec. Dir.	4,500,000	79,525,000	\$18	107%
89	AOP Apollo Life Sciences	\$90,000	\$8,100	\$30,000		\$128,100	Not app.			96,968,553	\$60	-62%
90	BGN Bresagen	\$113,395	\$6,605			\$120,000	33%		1,500,000	247,119	\$11	71%
91	ALT Analytica	\$105,164	\$8,303			\$113,467	Not app.	Rsgn - 20/1/06	7,000,000	185,000	\$4	-23%
92	PLT Polartechinics	\$100,833	\$5,883	\$1,815		\$108,531	Not app.	CEO from 17/1/06			\$5	-61%
93	BPH Biopharmica	\$98,000				\$98,000	Not app.	Exec. Ch. and MD	6,988,001	10,031,402	\$7	92%
94	CAU Colltech	\$80,000	\$7,200			\$87,200	0%		2,900,000	6,600,000	\$8	-36%
95	HTX Healthlinx	\$61,875	\$5,569			\$67,444	Not app.	CEO from 17/2/06		27,638,216	\$9	66%
96	SBP Solbec Pharm.	\$61,700	\$3,340			\$65,040	Not app.	MD from 6/10/05		150,000	\$13	-5%
97	MGZ Medigard	\$59,000		\$2,371		\$61,371	-2%			340,416	\$3	-27%
98	PSX Psiron	\$55,240	\$4,972			\$60,212	Not app.	Exec. Ch. 10/4/06			\$31	18%
99	BLS Biolayer	\$47,667	\$4,290			\$51,957	Not app.	CEO from 12/4/06	2,000,000		\$14	816%
100	CCE Clinical Cell Culture	\$38,141	\$3,433			\$41,574	Not app.	CEO from 17/5/06			\$25	-65%
101	BPO BioProspect	\$27,500	\$2,475	\$4,125		\$34,100	Not app.	Gen. Mgr. 10/4/06			\$2	-51%
102	GBL Genesis Biomedical	\$22,820	\$2,054	\$1,096		\$25,970	Not app.	CEO from 22/5/06	4,498,267	4,898,267	\$6	73%

*reported in \$\$, converted to \$A

Median 2006	\$205,011	\$244,947
Median 2005	\$197,114	\$260,317
% change	4.0%	-5.9%
Average 2006	\$215,721	\$275,144
Average 2005	\$224,011	\$271,631
% change	-3.7%	1.3%

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.

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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