

In this edition...

Investment sentiment towards biotech stocks is holding firm despite clinical trial failures and corporate setbacks affecting a number of stocks. The Bioshares Index posted a respectable 6.3% gain in the March quarter, driven by a number of positive developments at several very focused and well run companies. Biotech stocks are event driven, and with a solid timetable of events going forward into 2007, positive news flow should see the Bioshares Index remain in positive territory.

Elsewhere, we note welcomed developments at Acrux and suggest readers continue to pay attention to this stock. And finally, Progen, a stock that has had a stellar run, is set to announce full results from its Phase II liver cancer trial.

The editors**Companies covered: ACR,PGL**

	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)	16.0%
Cumulative Gain	223%
Average Annual Gain	26.6%

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Bioshares

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

Quarterly Review**Biotech Sector Maintains Positive Gains**

The Australian listed life sciences sector stayed in positive territory in the March Quarter 2007, with the Bioshares Large Cap Index posting a 12.5% gain and the Bioshares Index marking out a respectable 6.3% gain, on the back of a very strong 20.4% gain in the previous quarter.

An emerging trend in the biotech sector is the increase in the number of smaller cap companies capitalised at more than \$100 million, with 25 companies in this category at the end of the March quarter, compared to 19 a year ago.

Outperformers

Biotech stocks can perform quite rationally at times; if a company delivers on positive clinical trial results its share price will go up, if it fail, its share price will plummet. **Avexa** was the star performer for the quarter increasing by 143% following positive Phase II results from its HIV trial. The company is now preparing for a Phase III trial after raising \$15 million post results through a placement, with another \$60 million to follow from a rights issue. **Progen** was up 24% for the quarter following the release of positive interim results from its liver cancer study and is up 124% for the last 12 months.

Acrux had an exceptionally strong quarter after an extended period of share price malaise, jumping 78% in the last three months. The company has delivered on two collaborative deals with **Organon**, soon to be acquired by **Schering Plough**. **Clinuvel Pharmaceuticals** has also done well, up 68% for the quarter and up 213% for the last 12 months following positive Phase II results from its lead product CUV1647 for the treatment of condition resulting in severe light sensitivity (called Erythropoietic Protoporphyrria). It also received the go ahead to commence a Phase III trial with the same compound in another condition, called Polymorphous Light Eruption, which results from sun poisoning from UV radiation.

Also generating a stellar result for the quarter was **Avastra**, which is now acquiring sleep diagnostic centres in the US. The stock was up 81% for the quarter and 261% for the last year. **Chemgenex Pharmaceuticals** was up 32% for the quarter, with expectations of positive results from its lead compound in treating Chronic Myeloid Leukemia in patients who have become Gleevec resistant. And Benitec was up 77% after **Pfizer** gained access to the company's technology through its licensee **Sigma-Aldrich**. The company's shareholder base has also been improving with Sigma-Aldrich and Promega

*Cont'd over***Index performances for last four quarters**

	Q2 2006	Q3 2006	Q4 2006	Q1 2007
Bioshares Index	-18.3%	5.2%	20.4%	6.3%
Nasdaq Biotech Index	-11.7%	1.5%	5.9%	-2.7%
Bioshares Large Cap Index	-1.3%	2.1%	14.4%	12.5%
ASX 300 Index	-1.1%	1.6%	10.4%	5.6%

Capital Raisings by Australian-listed Biotech Companies Q1 2007

Company	Investment manager/Investor	Type of raising	Funds raised (\$M)
Fermiscan	-	Private placement	\$22.50
ChemGenex	ABN Amro Morgans	Non-renounceable Rights Issue and Private Placement	\$21.00
Avexa	-	Private Placement	\$15.00
pSvida	-	Private placement	\$11.50
Polartech	-	Convertible Note	\$6.50
Phosphagenics	BBY	SPP	\$5.50
Progen Pharmaceuticals	eG Capital	SPP	\$5.40
Benitec	Findlay & Co	Rights Issue	\$5.30
Agenix	-	Private placement	\$3.50
Tissue Therapies	ABN Amro Morgans	Rights Issue	\$3.37
Xceed Biotech	SG Growth Equities	Rights Issue	\$2.75
Rockeby Biomed	Novus Capital	Private placement	\$2.28
Medical Therapies	-	Convertible Note	\$1.75
Dia-B tech	-	SPP	\$1.65
Healthlinx	-	Rights Issue	\$1.64
BioProspect	-	Private placement	\$1.00
Advanced Ocular Systems	-	Private placement	\$0.94
Eiffel Technologies	Queensland Biocapital Funds	Private placement	\$0.77
Eqitx	-	Convertible Notes	\$0.68
Norwood Abbey	Global Emerging Markets Inc	Equity Drawdown	\$0.54
KarmelSonix	Patersons Securities	Private placement	\$0.40
Probiomics	-	Private placement	\$0.40

Total raised in Q1 2007

\$114.4

and other private investors taking a strong interest in the company.

Fermiscan Holdings increased by 106% over the quarter and is now capitalised at \$426 million (including intrinsic value of outstanding options). The company is commercialising a breast cancer diagnostic test that uses synchrotron technology to detect presence of the disease. And a number of smaller companies generated strong gains, including **Dia-B Tech** (up 127% for the quarter), **Bone Medical** (up 125%) and **Solagran** (up 112%).

Underperformers

Five companies experienced falls in excess of 50% over the quarter. **Metabolic Pharmaceuticals** fell by 82% after its Phase II obesity trial failed in a Phase II study. **Chemeq** was down 64% as it continues to battle for survival. **Genetic Technologies** plummeted by 57% after ASIC began investigations into share trading in the company's shares. The company's CEO has announced that he will be retiring from his position. **Clinical Cell Culture** fell by 51% as the company continues to fail to achieve sales traction with its products. And **KarmelSonix** was also down 51% over the first quarter of 2007.

Capital Raisings and IPOs

The level of capital raisings, including IPOs, eased in the March quarter, with a total of \$125 million in funding being obtained by 24 companies. This figure, while down on the December quarter sum of \$195 million, is still higher than the March quarter figure for 2006 of \$70 million. **Fermiscan Holdings** raised the larg-

est sum, organising \$22.5 million through a placement, followed by **ChemGenex** which raised \$21 million. **Avexa** raised \$15 million and will raise a further \$60 million this quarter.

On the IPO front, only one new listing occurred, that of **CycloPharm**, a profitable nuclear medicine company, which raised \$11 million, with proceeds being used to retire debt of \$3.7 million.

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Bioshares Model Portfolio (13 April 2007)

Company	Price (current)	Price added to portfolio
Acrux	\$1.40	\$0.83
Alchemia	\$1.08	\$0.67
Biodiem	\$0.31	\$0.29
Biota Holdings	\$1.58	\$1.55
Cytopia	\$0.65	\$0.46
Chemgenex Pharma.	\$0.80	\$0.38
Optiscan Imaging	\$0.46	\$0.35
Neuren Pharmaceuticals	\$0.44	\$0.70
Peplin	\$0.75	\$0.83
Peptech	\$1.90	\$1.31
Phylogica	\$0.32	\$0.42
Probiotec	\$1.04	\$1.12
Progen Pharmaceuticals	\$9.15	\$3.40
Sunshine Heart	\$0.17	\$0.19
Tissue Therapies	\$0.58	\$0.58

Acrux – A Standout Investment Opportunity

One biotech that is emerging as a standout investment opportunity is Acrux (ACR: \$1.40). Acrux has long been viewed as an undervalued stock although over the last few months its investment appeal has been steadily recognized by the market. Perhaps the clearest indicator of the potential value within this company was highlighted recently when **KV Pharmaceutical Company** acquired only US rights to one application of this technology for US\$150 million.

Acrux had licensed the use of its drug delivery technology to **Vivus Inc** for delivering hormone replacement therapy in the US, in a product called Evamist. This product has been successfully tested in Phase III trials and the FDA is expected to assess its New Drug Application in the second half of this year. Under the terms of the KV Pharmaceutical deal, Vivus has essentially sold its rights to this product for US\$10 million up front and a further US\$140 million when the NDA is approved by the FDA. Vivus may also receive up to US\$30 million in additional milestone payments based on sales of the product. Acrux's royalty rights remain unchanged, which are estimated at around 10% on the sliding scale based on sales.

Validation

The deal validates the change in management that occurred in Acrux last year, with the controversial and surprising replacement of the former CEO Igor Gonda with the current CEO, Richard Treagus. Treagus and his management team can be credited with increasing the commercialisation tempo within Acrux. The sale of the Evamist product to KV Pharmaceutical was initiated by Acrux, which first met with KV Pharmaceutical in the fourth quarter of 2006. KV Pharmaceutical conducted due diligence on the Acrux technology and its intellectual property position in Melbourne before acquiring the product rights from Vivus.

KV Pharmaceutical appears to be a very suitable licensor for the technology, with a 285 person sales team in the US and a strong women's health franchise. It has a market capitalisation of US\$1.2 billion and generated sales in the last year of US\$380 million. KV Pharmaceutical is also a good choice because the Evamist product may become that company's largest selling product, ensuring that product does not lose priority within the KV portfolio. KV is estimating annual peak sales of US\$125 million for Evamist for the US market.

More to emerge?

There may be more to emerge with the Evamist product as a distributor for Europe has yet to be assigned. Regulatory approval in Europe has yet to be received and this depends on Acrux or KV accessing the Phase III clinical data from Vivus to support European regulatory approval. Although KV does not have a direct sales presence in Europe, it does have established relationships with multiple distributors in that regions for its existing product range.

On approval of Evamist in the US, Acrux will receive US\$3 million from Vivus and will then receive royalty payments quarterly from KV Pharmaceutical once sales begin, as early as late 2007.

A wide portfolio of other products in development

The appeal of Acrux is that it can expect to begin receiving an increasing royalty stream over the next 12 months and has a wide portfolio of other products in development that provide a solid pipeline of future revenue opportunities.

Acrux is capitalised at \$200 million and had \$17 million in cash at the end of last year.

Bioshares recommendation: **Speculative Buy Class A**

Bioshares

Progen Pharmaceuticals Set to Deliver Full Phase II Results

Progen Pharmaceuticals (PGL: \$9.15) is due to report the full results from its Phase II liver cancer study with its lead compound PI-88 at a conference in Barcelona (at the European Association for the Study of Liver) on Saturday 14 April, and also next week at the American Association for Cancer Research conference in Los Angeles. The company's share price has seen a strong run this week in expectation of positive results, which should be the case.

In December last year Progen released preliminary results from the same study at 30 weeks in 168 evaluable patients. Final results will measure time to tumour recurrence at 48 weeks (the preliminary result was 30 weeks for tumour recurrence for the PI-88 treated group and 17 weeks for the untreated group). Details of disease free rates at 48 weeks will also be released. The preliminary result was a 79% chance in the treated group of being disease free at 30 weeks versus 65% chance of being disease free in the untreated group.

Progen has wisely chosen a disease area in which there are limited treatment options to apply PI-88 as a chemical therapeutic. PI-88 will be moving into a 1000 patient Phase III study later this year. These patients will have undergone liver resection for their liver cancer for which there are no well established pharmaceutical treatment options. The control group in these trials therefore is no treatment at all and a positive result should be readily welcomed by regulators and the market.

Progen is capitalised at \$421 million with \$35 million in cash at the end of last year (including \$5.36 million raised in February this year). A further capital raising to fund the Phase III trials can be expected in near future.

Bioshares recommendation: **Speculative Hold Class A**

The Australian Listed Life Sciences Sector

March 31, 2007: Capitalisation \$34.5 billion, 126 Companies

Bioshares Large Cap. Index

Company	Code	Cap. \$m	Principal Activities	Change - Qtr	Price 31/03/07
CSL	CSL	15,069	Manufactures pharmaceutical products including vaccines and human plasma fractions.	26%	\$82.37
Resmed Inc.	RMD	4,745	Manufactures diagnostic and treatment equipment for sleeping disordered breathing.	-1%	\$6.24
Cochlear	COH	3,555	Manufactures cochlear hearing implants.	12%	\$64.72
Sigma Pharmaceuticals	SIP	2,401	Pharmaceutical manufacturing and wholesaling.	-16%	\$2.51
API	API	540	Pharmaceutical wholesaler.	-5%	\$2.10

Capitalisation Total 26,310

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Qtr	Price 31/03/07
Pharmaxis	PXS	571	Marketing a lung function test, Aridol, and developing a treatment, Bronchitol, for bronchiectasis and COPD.	8%	\$3.22
Cellestis	CST	354	Marketing a diagnostic for latent tuberculosis.	-3%	\$3.70
Blackmores	BKL	353	Manufactures vitamin, mineral and herbal supplements and skin & hair products in Australia and N.Z.	22%	\$22.00
Progen Pharmaceuticals	PGL	342	Developing oncology therapeutics, including an anti-angiogenesis compound.	24%	\$7.34
Clinuvel Pharmaceuticals	CUV	338	Developing an analogue of the alpha-MSH protein as a photo-protective agent	68%	\$1.22
Peptech	PTD	308	Develops treatments for animal health care products using peptides. Holds patent relating to anti-inflammatory compound.	16%	\$1.88
Fermiscan Holdings	FER	303	Commercialising the use of x-ray diffraction to aid in the screening of breast cancer.	106%	\$2.14
Avexa	AVX	290	Developing antiviral therapies for HIV and Hepatitis B and a novel antibiotic.	143%	\$0.73
Biota	BTA	281	Commercialised Relenza anti-flu drug and flu diagnostic kits. Now developing an improved version.	-4%	\$1.56
Ventracor	VCR	244	Developer of VentrAssist, an artificial heart assist device.	-14%	\$0.93
Novogen	NRT	238	Developing analogues of naturally occurring phenolic hormones to treat cancers and other conditions.	-6%	\$2.45
Mesoblast	MSB	230	Developing therapies based adult stem cells called mesenchymal stem cells, with applications in cartilage regrowth and bone repair.	16%	\$2.14
AcruX	ACR	193	A Pooled Dev. Fund commercialising a drug delivery technology that uses sunscreen penetration enhancers to aid transdermal drug delivery.	78%	\$1.35
Sirtex Medical	SRX	191	The company's core technology uses radioactive particles to irradiate tumours in the liver. Approved for use in most major regions.	27%	\$3.42
Phosphagenics	POH	169	Commercialising a drug delivery technology improving the delivery of vitamin E and existing pharmaceutical products through phosphorylation.	-18%	\$0.28
Universal Biosensors	UBI	152	Development, manufacture and commercialisation of a range of in vitro diagnostic tests for point-of-care use.	6%	\$1.19

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Qtr	Price 31/03/07
ChemGenex Pharmaceuticals	CXS	147	Genomics/theranostics company with projects in obesity, diabetes, oncology and hypertension.	32%	\$0.79
Peplin	PEP	144	Developing a plant derived compound, PEP005, to treat non-melanocytic skin cancers and other systemic cancers such as leukemia.	-11%	\$0.78
Alchemia	ACL	138	Commercialising a new solid phase carbohydrate synthesis technology and the HYACT technology.	22%	\$0.98
Heartware	HTW	135	Developing a mechanical heart pump (LVAD).	8%	\$0.73
Life Therapeutics	LFE	133	R&D of industrial and research grade protein, DNA and viral separation equipment. Acquired Seralogicals plasma therapeutics business in 2004.	-9%	\$1.26
pSiVida	PSD	125	Developing and marketing drug delivery technologies, with a special focus ophthalmic applications.	10%	\$0.27
Evogenix	EGX	118	Commercialising a next generation antibody optimisation and humanisation technology.	18%	\$0.87
Solagran	SLA	115	Developing complementary medicinal compounds called Bioeffectives.	112%	\$0.73
Southern Dental Industries	SDI	106	Manufacture & distribution of amalgam (fillings) & other dental materials and product R&D.	6%	\$0.90
GenePharm Australasia	GAA	92	An generic pharmaceutical manufacturer and distributor.	-34%	\$0.66
Institute of Drug Technology	IDT	84	Manufacturer of pharmaceutical ingredients to international standards for major pharmaceutical groups.	-4%	\$1.95
Apollo Life Sciences	AOP	74	Developing portfolio of protein drugs to treat various disorders and diseases using human proteins and treatment of effects of ageing.	-15%	\$0.39
Starpharma Holdings	SPL	74	Developer of pharmaceutical applications of chemical scaffolds known as 'dendrimers'.	-6%	\$0.44
Lipa Pharmaceuticals	LIP	71	A contract manufacturer of complementary healthcare products.	-5%	\$0.74
CathRx	CXD	67	Developing novel modular cardiac catheters for the diagnosis and treatment of abnormal heart rhythms	-12%	\$2.20
Neuren Pharmaceuticals	NEU	66	Developing therapeutics in area of neuroprotection and metabolic disorders.	25%	\$0.50
ITL	ITD	59	Develops and distributes medical devices such as safety equipment to prevent needle stick injuries and sterile preparation kits.	6%	\$0.55
Avastra	AVS	56	Consolidating sleep disorder centres in the USA	81%	\$0.65
Portland Orthopaedics	PLD	55	Developer, manufacturer and marketer of surgical hip and knee implants	-17%	\$0.35
Genetic Technologies	GTG	54	Provides DNA paternity testing services and holds broad patents relating to the use of non-coding DNA.	-57%	\$0.15
Ellex Medical Lasers	ELX	53	Develops, manufactures and markets solid state ophthalmic lasers used to treat secondary cataracts and retinal disorders.	-3%	\$0.85
Prana Biotechnology	PBT	53	Developing drugs to treat CNS diseases such as Alzheimer's and Parkinson's.	-10%	\$0.35
Scigen	SIE	52	Developer and manufacturer of biopharmaceuticals. Company is based in Singapore and was spun out of Sonic Healthcare in 2002.	14%	\$0.10
Bionomics	BNO	52	Developing drugs to treat cancer and CNS diseases, and has also developed a gene diagnostic for epilepsy.	15%	\$0.27

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Qtr	Price 31/03/07
Cytopia	CYT	52	Small molecule drug development company. Has PDF status until June 2007.	10%	\$0.70
Probiotec	PBP	49	Manufacturer, marketer and distributor of a range of over the counter (OTC) pharmaceuticals, complementary medicines and speciality ingredients	-7%	\$1.06
Optiscan Imaging	OIL	47	Manufacture of confocal microscopes for clinical diagnosis including endoscopes through alliance with Pentax.	-1%	\$0.47
Unilife Medical Solutions	UNI	46	Developer of retractable syringes.	27%	\$0.29
Phylogica	PYC	46	Developing phylomer (protein fragment shapes) compound libraries for use in human therapeutics.	-17%	\$0.38
Cyclopharm*	CYC	46	A nuclear medicine company that markets the Technegas lung imaging system	-9%	\$0.34
Metabolic Pharmaceuticals	MBP	44	Developing therapies for pain and metabolic diseases.	-82%	\$0.15
Polartech	PLT	43	Develops and commercialises medical instruments to diagnose pre-cancer and cancer, in particular cervical cancer and melanomas.	42%	\$0.36
Proteome Systems	PXL	39	Developing proteomics hardware and software for drug development and diagnostic applications.	-12%	\$0.25
Giaconda	GIA	36	Developed novel (patented) combinations of registered drugs for the treatment of gastrointestinal disorders.	2%	\$0.49
Bone Medical	BNE	35	Developing treatments for bone and joint degenerative diseases such as arthritis and osteoporosis.	125%	\$0.45
Benitec	BLT	34	R&D company focusing on gene silencing, specifically DNA delivered RNAi, technology.	77%	\$0.15
Medical Developments	MVP	34	Commercialising the Penthrax inhaler for temporary pain relief. Used widely in ambulances across Australia.	-6%	\$0.60
Imugene	IMU	33	Developing animal products such as antibiotic alternatives used in the stock feed industry using a vaccine and gene therapy approach.	0%	\$0.26
Sunshine Heart	SHC	31	Developing the C-Pulse heart assist device. The C-Pulse wraps around and compresses the aorta, increasing blood flow through the body.	-27%	\$0.18
Brain Resource Corp	BRC	30	Development and commercialisation of functional brain analysis techniques.	25%	\$0.33
Cordlife	CYN	28	Rolling out tissue banking services in Australia and Asia	24%	\$0.36
Biotron	BIT	26	Developing anti-viral therapies and cancer screening technologies.	26%	\$0.29
Agenix	AGX	25	Manufacture and sale of diagnostics and animal health products. Developing Thrombview, a blood clot diagnostic imaging agent	-22%	\$0.11
Brainz	BZI	25	Develops non-invasive brain monitors for the detection of brain injury designed for use at the patient's bedside. A NZ company.	-21%	\$0.41
Clinical Cell Culture	CCE	24	Development of skin treatment products for use in burns and other skin damage. Lead product is CellSpray.	-51%	\$0.06
Living Cell Technologies	LCT	23	Developing cell therapies for diabetes, haemophilia and Huntington's disease.	-16%	\$0.16
Viralytics	VLA	23	Developing a cancer treatment based on the application of viruses (oncolytic virus technology).	-33%	\$0.10
Antisense Therapeutics	ANP	22	Developing antisense compounds to treat multiple sclerosis and acromegaly.	5%	\$0.04

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Qtr	Price 31/03/07
PanBio	PBO	22	Develops and markets vector born infectious diseases diagnostic eg Dengue fever.	14%	\$0.36
Anadis	ANX	22	Specialises in R&D of bovine colostrum products for therapeutic use in animals and humans.	-25%	\$0.22
Labtech Systems	LBT	22	Developing the MicroStreak technology for the automation of microbiology laboratory processing	30%	\$0.26
Compumedics	CMP	20	Develops, manufactures and markets sleep diagnostic and monitoring equipment.	-9%	\$0.15
USCOM	UCM	20	Marketing a non-invasive heart output function monitor.	-44%	\$0.53
Norwood Abbey	NAL	19	A drug delivery company that uses laser skin ablation technology. Holds an investment in Norwood Immunology.	62%	\$0.09
Biodiem	BDM	18	Has partnered nasal flu vaccine and is developing other technologies emanating from the St Petersburg Instit. of Exp. Medicine, Russia	23%	\$0.35
Clovercorp	CLV	18	Development and production of omega-3 food additives from tuna oil.	-15%	\$0.11
Atcor Medical	ACG	18	Markets the SphygmoCor device, a noninvasive technology that provides information regarding the functioning of the cardiovascular system	-8%	\$0.18
Dia-B Tech	DIA	18	Developing therapeutics and diagnostics in the area of diabetes.	127%	\$0.13
Eastland Medical Systems	EMS	17	Developing retractable syringes and other surgical products.	-12%	\$0.11
Rockeby Biomed	RBY	17	Research, development and marketing of rapid testing technologies for infectious diseases in animals and humans.	12%	\$0.03
Occupational & Medical Innovations	OMI	17	Developing safety devices used in the healthcare industry, including safety syringes.	2%	\$0.52
Advanced Ocular Systems	AOS	16	Developing a steroid - triamciolone acetamide - for treatment of back of the eye diseases.	-29%	\$0.08
Tissue Therapies	TIS	15	Commercialising growth factors for spray-on skin product, other wound healing and in research and industrial cell growth applications.	2%	\$0.55
Virax Holdings	VHL	14	Bio-pharmaceutical R&D company developing a therapeutic and prophylactic vaccine for HIV.	-21%	\$0.15
IM Medical	IMI	14	Markets the Intelliheart Cardiovascular Diagnostic System	-40%	\$0.02
Avantogen	ACU	14	A developer of various cancer therapeutics.	0%	\$0.05
Biosignal	BOS	13	Developing compounds that interrupt the colonisation of bacteria. Applications in contact lenses and anti-fouling for marine paints.	-21%	\$0.13
Medec	MAA	13	Developing energy medicine products, including the Medec Pulse to alleviate localised pain.	3%	\$0.18
PharmAust	PAA	13	Its subsidiary, Epichem, provides chemistry services to biotech and pharma companies. Developing a drug discovery program.	-4%	\$0.12
Somnomed	SOM	12	Commercialising an oral device for the treatment of sleep apnea and snoring.	19%	\$0.03
Colltech	CAU	11	Has developed a novel technology for the extraction of collagen from sheepskins.	-21%	\$0.08
Medical Monitors	MDM	11	Develops and manufactures cardiac monitoring and diagnostic devices.	-19%	\$0.13

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Qtr	Price 31/03/07
BioProspect	BPO	10	Developing insecticides from naturally occurring molecules	60%	\$0.03
Medical Therapies	MTY	10	Developing therapies to treat inflammatory diseases, using copper- and zinc- indomethacin	12%	\$0.19
Narhex Life Sciences	NLS	10	Developed a low cost protease inhibitor for treatment of HIV in Chinese market.	-26%	\$0.06
Solbec Pharmaceuticals	SBP	9	Developing plant-based compounds for the treatment of melanomas and asbestos related lung cancers.	8%	\$0.04
Prima Biomed	PRR	9	Commercialising research from the Austin Research Institute, Melbourne, relating to auto-immune diseases and cancer.	-6%	\$0.05
BioMD	BOD	9	Acquired an interest in a tissue engineering technology company, Celxcel.	9%	\$0.12
Ambri	ABI	9	Developing rapid diagnostic tests bases on mimicking natural biological sensing processes	-30%	\$0.04
Stirling Products	STI	9	Commercialising a production animal growth promotant and meat finisher.	-11%	\$0.09
RiTract	RTL	9	Developing a safety needle and needle sleeve.	-15%	\$0.09
Biolayer	BLS	8	Developer of a biological coatings technology that can applied to immunoassays, bio-separations, drug delivery and other medical devices.	-15%	\$0.11
Probiomics	PCC	8	A probiotics company that has launched a range of products to aid management of irritable bowel syndrome, diarrhoea and intestinal health.	-18%	\$0.05
Cogstate	CGS	8	Marketing cognitive performance diagnostic products.	-18%	\$0.18
NeuroDiscovery	NDL	8	Provides electrophysiology services to biotech and pharma, and is developing range of compounds for treating neuropathic pain.	20%	\$0.21
Chemeq	CMQ	8	Manufactures and markets antimicrobials for use in livestock industry.	-64%	\$0.08
Resonance Health	RHT	8	Marketing the FerriScan technology, a non-invasive tool for measuring liver iron levels	-9%	\$0.02
Genesis Research & Development Corp.	GEN	7	Developing RNAi based therapeutics. Interests in agricultural biotechnologies.	-9%	\$0.25
Biopharmica	BPH	7	Managing cancer treatment and detection and bacterial DNA diagnostic projects. Portfolio investment approach.	5%	\$0.12
Eqitx	EQX	7	Developing therapeutic drugs for chronic diseases and disorders affecting the aged patients.	15%	\$0.15
Eiffel Technologies	EIF	7	Undertaking a strategic review of investment opportunities	29%	\$0.02
Visiomed Group	VSG	6	Marketing asthma spacer devices.	-8%	\$0.01
Medigard	MGZ	6	Developed retractable syringe technology and other safety medical products.	-5%	\$0.10
Select Vaccines	SLT	6	Development and commercialisation of infectious diseases diagnostics, vaccines and therapeutics specialising in area of hepatitis diseases	29%	\$0.03
Healthlinx	HTX	6	Detecting novel functions of known and new protein and peptides for therapeutic purposes.	20%	\$0.02
Cryosite	CTE	6	Building a business in the provision of services for storing umbilical cord blood through cryopreservation and ultracold technologies.	-3%	\$0.17

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Qtr	Price 31/03/07
Analytica	ALT	5	A medical devices company that has developed retractable syringe.	-7%	\$0.03
KarmelSonix	KSX	4	Respiratory and pulmonary devices company. Acquired technologies from PulmoSonix and Karmel Medical Acoustics Technologies.	-51%	\$0.03
Inctive	ICV	3	Development of compounds to to treat cancers and auto-immune diseases.	-41%	\$0.08
Acuron	AVP	2	Development and marketing of wound-care products	-33%	\$0.01

Capitalisation Total 8,118

Price change for CYC is from close on first day of listing

Listed Biotech Investment Funds

Company	Code	Cap. \$m	Principal Activities	Change - Qtr	Price 31/03/07
Circadian	CIR	56	Management and funding of R&D projects with Australian and NZ universities. Holds investments in Optiscan, Metabolic Pharmaceuticals, Antisense Therapeutics, Avexa and Vegenics.	-10%	\$1.40
Biotech Capital	BTC	35	A Pooled Development Fund investing in unlisted Australian biotech companies or in public biotechs, including Starpharma, Prima Biomed, Clinical Cell Culture, Phylogica and Stem Cell Sciences.	1%	\$0.40
Xceed Biotech	XBL	17	Holds an 60% stake in Polynovo, which is developing biodegradable polyurethane-based polymers. Also operates Boron Molecular, a chemistry services company.	-15%	\$0.17
Premier Bionics	PBI	16	A listed venture capital group that invests in medical device companies but is expected to focus wholly on its Medec Vision investment in the near future.	-22%	\$0.18
Genesis Biomedical	GBL	6	Venture capital company with an investment in a fertility diagnostic	-34%	\$0.03

Capitalisation Total 124

Capitalisation Total - All Indexs 34,552

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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