

In this edition...

Biotech stocks gave back some of the 25% of gains made in the first nine months of FY2011 by falling 9% in the June quarter. However, there have been some stunning gains over the year, from stocks such as Genetic Technologies (up 500%), Mesoblast (up 368%), Starpharma (up 178%) and Prima Biomed (up 176%).

Capital continues to flow into the sector at a moderate rate, with \$100 million raised in the quarter. And IPOs are dribbling out, with one IPO in each of the last three quarters.

The Editors

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)	70.0%
Year 4 (May '04 - May '05)	-16.3%
Year 5 (May '05 - May '06)	77.8%
Year 6 (May '06 - May '07)	17.3%
Year 7 (May '07 - May '08)	-36%
Year 8 (May '08 - May '09)	-7.3%
Year 9 (May '09 - May '10)	49.2%
Year 10 (May '10 - May '11)	45.4%
Year 11 now commenced	-10.3%
Cumulative Gain	277%
Av Annual Gain (10 yrs)	21.2%

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Bioshares

1 July 2011

Edition 414

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

Quarterly Review

Bioshares Index Falls 9% in June Quarter

Stock prices for small cap companies in the Australian life sciences sector generally weakened in the June quarter 2011, retreating from some of the gains made in the previous three quarters. The **Bioshares Index** fell steeply in the June quarter, decreasing by 9.4% from the previous quarter. The Bioshares Index is a weighted index of 101 ASX-listed life science companies.

The negative decline was mirrored by a 7.2% decline in the **Bioshares Large Cap Index**, which is a weighted index that includes CSL, Resmed, Cochlear and Sigma Pharmaceuticals. The ASX 300 index fell by 5% in the June quarter.

Biotech investment sentiment was, in contrast much more positive on the key North American technology stock exchange, the Nasdaq, where the **Nasdaq Biotech Index** rose 6.5% for the June quarter, posting a fourth solid quarter. In June 2010, the Nasdaq Biotech Index stood at 800 points, whereas at June 30, it had reached 1,108 points.

Out-performers

One quarter of the 106 stocks in both Bioshares indices posted positive gains for the quarter. Leaders included **Genetic Technologies** (up 139%), **Viralytics** (+66%) and **Atcor Medical** (+58%).

The increase in Genetic Technologies' share price has been driven by the launch of its new breast cancer diagnostic Brevagen in the US. The test is suitable for women who don't have a family history of breast cancer, and uses both genetic and non-genetic information. The test was obtained through the acquisition of a bundle of assets acquired from Perlegen, a US biotech firm which had managed the investment of at least an estimated US\$100 million in the product but became a casualty of the GFC.

Index performances by Quarter

	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Bioshares Index	-11.9%	1.9%	19.3%	3.9%	-9.4%
Nasdaq Biotech Index	-14.8%	11.9%	8.4%	7.3%	6.5%
Bioshares Large Cap Index	-6.4%	-0.9%	8.7%	-3.1%	-7.2%
ASX 300 Index	-11.8%	6.8%	3.8%	1.9%	-5.0%

Bioshares Biotech Summit

July 22-23, 2011 · Queenstown · New Zealand

The Essential Australian Biotech Investment Event

3 Weeks to Go!

www.bioshares.com.au/queenstown2011.htm

After failing on its first attempt with its Investigational New Drug application with the US FDA, Viralytics was achieved the green light with its second attempt last month. The company can now commence its Phase II trial of its novel oncolytic virotherapy CAVATAK in the US. Interest in virotherapy was boosted by the acquisition of Biovex by Amgen in January for an up-front payment of US\$425 million and a contingent payment of US\$575 million.

Atcor Medical, which markets the non-invasive central blood pressure measurement tool, Sphygmocor, has benefited from sustained interest by a select number of institutional investors. Atcor continues to generate revenue income from service arrangements with pharmaceutical firms, with a continuous flow of clinical research evidence of central measurement of blood pressure also supporting this growth story.

One surprising performer for the quarter was **Optiscan Imaging** (+31%), which appointed the LA-based Cappello Capital Corporation to assist with a review of strategic options.

Under-performers

The most notable under-performer for the June quarter was **Pharmaxis**, which saw its share price decline 69% in the quarter. Pharmaxis' marketing authorisation submission to the European Medicines Agency for Bronchitol for the treatment of cystic fibrosis was rejected on the grounds that the effectiveness and benefits of Bronchitol had not been established. Pharmaxis considers that it has appropriate grounds to contest the decision.

Singapore-based cord blood company **Cordlife** posted a 69% decrease in its share price for the quarter. The company has announced a demerger of its Singapore-based assets from the principal entity.

Capital Raisings and IPOs

Following a strong March quarter, in which \$171 million was raised by listed life science firms for working and development capital purposes, the June quarter saw \$100 million flow into the sector.

However, the June quarter figure compares favourably to the March quarter figure if \$105 million raised by Mesoblast through its deal with Cephalon is excluded.

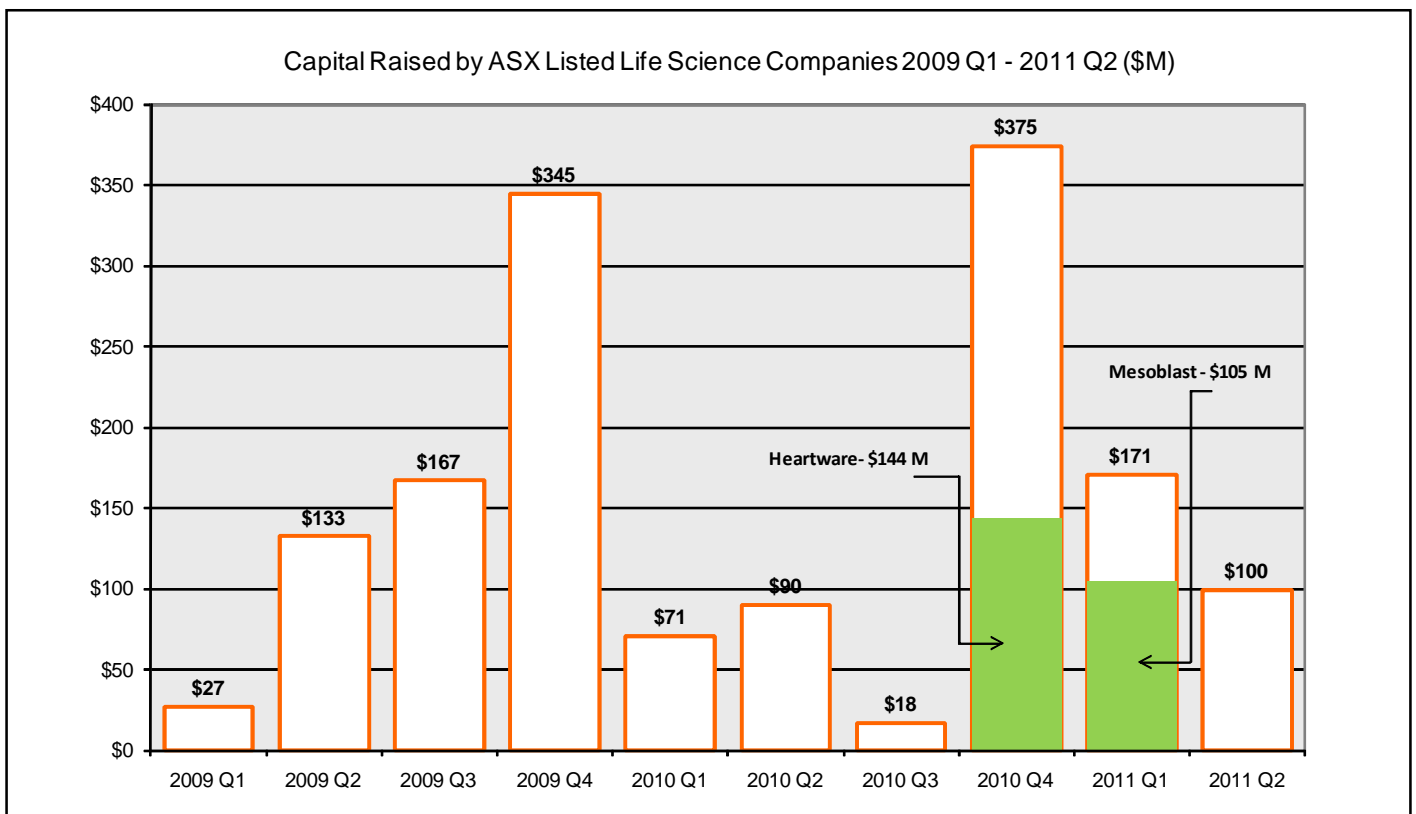
The largest capital raisings for the June quarter were conducted by **Prima Biomed**, which raised \$21 million through a placement and \$20.25 million through an SPP. These raisings were led by **Deutsche Bank** and **Ord Minnett**. The company is now in a position to commence its Phase III trial of its CVac immunotherapy in ovarian cancer patients.

Wound healing company Tissue Therapies completed a rights issue that raised \$9 million. Two companies that have previously accessed convertible note finance, **Avita Medical** and **Benitec**, managed to secure \$9 million and \$8 million respectively using other financing channels; **Wilson HTM** led a placement for Avita Medical, whereas Benitec conducted a rights issue.

One IPO took place in the quarter, that of **Bluechiip** (ASX:BCT), a company that is developing tracking and identification systems for biological samples. Bluechiip raised \$3 million, expecting to raise a minimum of \$3 million and a maximum of \$6 million when it filed its prospectus in November 2010.

The merger of **BioMD** with the privately-held Andrew Forrest backed **Allied Medical** was also completed in the quarter. The merged entity is now known as **Allied Health Group** (ASX: AHZ), and was capitalised at \$46 million at June 30.

Bioshares



Capital Raisings by Australian-listed Biotech Companies Q2 2011

Company	Investment Manager or Investor	Type of raising	Funds raised (\$M)
Prima Biomed	Deutsche Bank/ Ord Minnett	SPP	\$20.25
Prima Biomed	Deutsche Bank/ Ord Minnett	Placement	\$21.00
Tissue Therapies	RBS Morgans	Rights Issue	\$9.36
Avita Medical	Wilson HTW Australian Ethical	Placement	\$9.00
Benitec		Rights Issue	\$8.09
Benitec	La Jolla Cove Investors	CN - part conversion	\$0.40
CBio		Placement	\$5.10
Brain Resource Company	Och-Ziff Capital Management Group	Convertible Bonds	\$5.00
Living Cell Technologies	Springtree Spec. Opp. Fund	Conv. Loan Funding	\$3.54
Avita Medical		SPP	\$2.80
Genera Biosystems		Rights Issue	\$2.45
Healthlinx	Springtree Spec. Opp. Fund	Conv. Loan Funding (T17,T18,T19)	\$2.20
Neuren Pharm.	Taylor Collison/Southern Cross Eq./ Lang Walker	Placement	\$2.0
Neuren Pharm.	Springtree Spec. Opp. Fund	Conv. Loan Funding (T13, T14,T15)	\$0.52
Biotron		Placement	\$1.70
Viralytics		CN - part conversion	\$1.10
Stirling Products		SPP	\$0.63
Antisense Therapeutics	Tempo Capital	Placement	\$0.50
Bone Medical	La Jolla Cove	Convertible Notes (tranches)	\$0.20
Immuron		Placement	\$0.14
		Total	\$96.0
		IPOs	\$3.0
Total raised in Q2 2011			\$99.8
Total raised in Q1 2011			\$170.7
Total - 2010 (to date)			\$270.5

Bioshares Model Portfolio (1 July 2011)			
Company	Price (current)	Price added to portfolio	Date added
Acrux	\$3.44	\$3.37	June 2011
Psivida	\$4.00	\$3.95	May 2011
Bioniche	\$0.90	\$1.35	March 2011
Somnomed	\$1.25	\$0.94	January 2011
Phylogica	\$0.072	\$0.053	September 2010
Sunshine Heart	\$0.053	\$0.036	June 2010
Biota Holdings	\$0.98	\$1.09	May 2010
Tissue Therapies	\$0.61	\$0.21	January 2010
Atcor Medical	\$0.16	\$0.10	October 2008
Impedimed	\$0.55	\$0.70	August 2008
Patrys	\$0.09	\$0.50	December 2007
Bionomics	\$0.54	\$0.42	December 2007
Cogstate	\$0.17	\$0.13	November 2007
Sirtex Medical	\$4.95	\$3.90	October 2007
Clinuvel Pharmaceuticals	\$1.72	\$6.60	September 2007
Starpharma Holdings	\$1.47	\$0.37	August 2007
Pharmaxis	\$0.94	\$3.15	August 2007
Universal Biosensors	\$1.10	\$1.23	June 2007
Alchemia	\$0.59	\$0.67	May 2004

Portfolio Changes – 1 July 2011

IN:
No changes.

OUT:
No changes.

Selected Clinical Trial Developments - June Quarter 2011

Company	Code	Product/Therapeutic	Event
Antisense Therapeutics	ANP	ATL1103	Commenced Phase I trial in healthy adult males
Biota	BTA	CS-8958/Laninamivir	Partner Daiichi Sankyo released preliminary data from Phase III prophylaxis study. Trial did not achieve pre-set risk reduction rate of 70% (actuals were 43.7% and 42.3%)
Eastland Medical Systems	EMS	Artimist (sub-lingual spray) (malaria)	Dosing in trial commenced in Rwanda; 150pts; 50 pts treated in Rwanda; 50 to be recruited in Burkina Faso; approvals pending in Tanzania and Uganda
Living Cell Technologies	LCT	DIABECCELL	Enrolled first two patients in 8 pt Phase II trial in Argentina
Mesoblast	MSB	Mesenchymal pre-cursor stem cells	Received FDA approval to commence Phase II trial for the treatment of degenerative disc disease (lower back pain)
Mesoblast	MSB	Mesenchymal pre-cursor stem cells	Reported interim, sub-set, Phase II results in 22/60 congestive heart failure pts, with reduced baseline myocardial blood flow. At 6 months, 51% reduction in myocardial ischaemia reported. No change in blood flow for control reported.
Neuren Pharm.	NEU	NNZ-2566 (Traumatic Brain Injury)	Completed Phase II, cohort 1, 30 pts with moderate to severe brain injury. Drug appears to be safe and well tolerated. [Cohort 2, 30 pts, cohort 3, 200 pts]
Novogen	NRT	GLYC-101 (wound healing)	Subsidiary Glycotex reported Phase II results in pts needing wound closure following skin resurfacing; 12 pts; compd was well tolerated
Novogen	NRT	GLYC-101 (wound healing)	Subsidiary Glycotex reported Phase II results in pts needing wound closure following skin resurfacing - lower eyelid area; 26 pts; at day 12, 94% and 84% of treatment subjects (0.1% and 1% gel respectively) healed, compared to 64% for placebo
Progen Pharm.	PGL	PG11047	Completed enrolment in Phase Ib, 172 pt, 7 arm combination study [Note, compd is to be divested.]
QRxPharma	QRX	MoxDuo IR	Completed Phase III trial [Study 022] in 375 pts with moderate to severe pain following bunionectomy; compared MoxDuo IR to equi-analgesic doses of either morphine or oxycodone alone. Reported clinical advantage of MoxDuo in respect of respiratory depression.
REVA Medical	RVA	ReZolve Bioresorbable Coronary Stent	Received German and Brazilian approvals to begin RESTORE clinical trial (Pilot Study - 50 pts)
Sunshine Heart	SHC	C-Pulse (heart assist device)	Completed implantation in 20 pts

The Australian Listed Life Sciences Sector

June 30, 2011: Capitalisation \$36billion, 106 companies

Bioshares Large Cap. Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 30/6/11
CSL	CSL	17,351	Manufactures pharmaceutical products including vaccines and human plasma fractions	-7%	1%	\$33.06
Resmed Inc.	RMD	4,389	Manufactures diagnostic and treatment equipment for sleeping disordered breathing	-1%	-21%	\$2.87
Cochlear	COH	4,086	Manufactures cochlear hearing implants	-13%	-3%	\$72.00
Sigma Pharmaceuticals	SIP	625	Pharmaceutical manufacturing and wholesaling	8%	26%	\$0.53

Capitalisation Total 26,450

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 30/6/11
Mesoblast	MSB	2,420	Developing therapies based on mesenchymal pre-cursor stem cells, with applications in cartilage regrowth and heart and bone repair.	19%	368%	\$8.65
Heartware International	HIN	994	Developing a mechanical heart pump (LVAD)	-16%	-18%	\$2.04
AcruX	ACR	564	Developer of the transdermal drug products Axiron and Evamist	12%	87%	\$3.39
Blackmores	BKL	445	Manufactures vitamin, mineral and herbal supplements and skin & hair products in Australia and N.Z.	-11%	20%	\$26.70
Starpharma Holdings	SPL	372	Developer of pharmaceutical applications of chemical scaffolds known as 'dendrimers'.	21%	178%	\$1.50
Reva Medical	RVA	328	Developing a bioresorbable coronary stent	-9%	0%	\$1.00
Cellestis	CST	306	Marketing a diagnostic for latent tuberculosis. Under take-over bid from Qiagen.	7%	16%	\$3.18
Unilife Corporation	UNS	288	Developer of retractable syringes	-10%	-31%	\$0.78
Prima Biomed	PRR	284	Developing the CVac immunotherapy.	5%	176%	\$0.29
Sirtex Medical	SRX	273	The company's core technology uses radioactive particles to irradiate tumours in the liver. Approved for use in most major regions.	-8%	0%	\$4.90
QRxPharma	QRX	210	Developing a 'dual opioid' drug to treat moderate to severe pain.	8%	42%	\$1.67
Bionomics	BNO	191	Developing drugs to treat cancer and CNS diseases, and has also developed a gene diagnostic for epilepsy.	7%	106%	\$0.56
Pharmaxis	PXS	190	Marketing a lung function test, Aridol, and developing the Bronchitol product to treat cystic fibrosis, bronchiectasis and COPD.	-69%	-59%	\$0.84

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 30/6/11
Nanosonics	NAN	176	Developing a novel disinfection technology, the first product is a point of care ultrasound probe disinfection unit	-18%	44%	\$0.77
Biota	BTA	173	Developer of anti-infective drugs, including the flu drug Relenza. Inavir, developed with Daiichi Sankyo, a long acting flu drug now approved in Japan.	-9%	-6%	\$0.96
Universal Biosensors	UBI	162	Development, manufacture and commercialisation of a range of in vitro diagnostic tests for point-of-care use	-18%	-34%	\$1.02
API	API	137	Pharmaceutical wholesaler	-13%	-28%	\$0.28
Alchemia	ACL	117	Oncology drug developer. Has partnered a generic anti-coagulant drug with Dr Reddys	-12%	18%	\$0.61
Phosphagenics	POH	103	Commercialising a platform technology (alpha-tocopherol) that improves the delivery of pharmaceutical and other products across the skin.	14%	25%	\$0.13
Bioniche	BNC	92	Developing bladder cancer treatment and food safety vaccine; sale of veterinary products	-34%	0%	\$0.90
Impedimed	IPD	89	Develops devices that aid the diagnosis of secondary lymphoedema, muscle wasting and other disorders	-24%	1%	\$0.57
Cbio	CBZ	88	Drug development company, focus is on Xtoll product for rheumatoid arthritis	-7%	0%	\$0.63
Genetic Technologies	GTG	85	Provides DNA paternity testing services and holds broad patents relating to the use of non-coding DNA.	139%	500%	\$0.21
pSiVida	PVA	83	Developing drug delivery technologies, with a special focus on ophthalmic applications	-1%	13%	\$3.98
Tissue Therapies	TIS	80	Developing the VitroGro product for ulcer and wound healing	-18%	219%	\$0.58
Mayne Pharma Group	MYX	78	Developing an improved dosing anti-fungal drug, Subazole and operating manufacturing services	-21%	-7%	\$0.52
Anteo Diagnostics	ADO	53	Developer of a biological coatings technology that can be applied to immunoassays, bio-separations, drug delivery and other medical devices	0%	30%	\$0.07
Sunshine Heart	SHC	51	Developing the C-Pulse heart assist device. The C-Pulse wraps around and compresses the aorta, increasing blood flow through the body.	19%	35%	\$0.05
Somnomed	SOM	51	Commercialising an oral device for the treatment of sleep apnea and snoring.	14%	57%	\$1.25
Clinuvel Pharmaceuticals	CUV	50	Developing an analogue of the alpha-MSH protein, named Scenesse, as a photo-protective agent	-9%	-26%	\$1.66
Clovercorp	CLV	47	Development and production of omega-3 food additives from tuna oil.	-5%	2%	\$0.29
Prana Biotechnology	PBT	47	Developing drugs to treat CNS diseases such as Alzheimer's and Parkinson's	-22%	26%	\$0.20

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 30/6/11
Allied Health Group	AHZ	46	Formed through the merger of Allied Medical and BioMD. Diversified medical products group.	47%	238%	\$0.08
Solagran	SLA	45	Developing complementary medical compounds called Bioeffectives.	24%	4%	\$0.13
Viralytics	VLA	43	Developing a cancer treatment based on the application of viruses (oncolytic virus technology)	66%	97%	\$0.07
Scigen	SIE	41	Developer and manufacturer of biopharmaceuticals. Company is based in Singapore and was spun out of Sonic Healthcare in 2002.	-32%	-75%	\$0.08
Avexa	AVX	36	Programs suspended. Direction of company being debated by shareholders.	-16%	27%	\$0.04
Brain Resource Corp	BRC	29	Development and commercialisation of functional brain analysis techniques	-10%	49%	\$0.32
Phylogica	PYC	29	Developing peptide compound libraries for use in human therapeutics.	7%	3%	\$0.07
Circadian Technologies	CIR	27	Developing drugs, including antibodies, around the VEGF C and VEGF D targets	-17%	16%	\$0.58
Avita Medical	AVH	26	Markets ReCell, a skin repair product	0%	-4%	\$0.11
Benitec	BLT	26	R&D company focusing on gene silencing, specifically DNA delivered RNAi, technology	0%	-13%	\$0.03
OBJ	OBJ	24	Developing transdermal drug delivery technologies	5%	-5%	\$0.02
Calzada	CZD	23	Holds a 100 % stake in PolyNovo, a polymer chemistry company.	27%	160%	\$0.07
Patrys	PAB	22	Developing human antibody therapies for the treatment of lung, pancreatic, gastric and colon cancers	-22%	-10%	\$0.09
Living Cell Technologies	LCT	22	Developing cell therapies for diabetes, haemophilia and Huntington's disease	-19%	-70%	\$0.07
Southern Dental Industries	SDI	21	Manufacture & distribution of amalgam (fillings) & other dental materials and product R&D.	3%	-3%	\$0.18
Medical Developments	MVP	21	Commercialising the Penthrax inhaler for temporary pain relief. Used widely in ambulances across Australia.	-4%	88%	\$0.41
Immuron	IMC	21	Specialises in R&D of hyper-immune bovine colostrum products for therapeutic use in animals and humans.	-16%	-9%	\$0.06
Atcor Medical	ACG	20	Markets the SphygmoCor device, a noninvasive technology that provides information regarding the functioning of the cardiovascular system	58%	30%	\$0.15
Novogen	NRT	20	Developing analogues of naturally occurring phenolic hormones to treat cancers and other conditions.	-28%	18%	\$0.20

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 30/6/11
Probiotec	PBP	19	Manufacturer, marketer and distributor of a range of over the counter (OTC) pharmaceuticals, complementary medicines and speciality ingredients	-38%	-73%	\$0.36
Asian Ctr for Liver Diseases and Transpl.	AJJ	16	Manages liver treatment centres in Asia. Not previously included in these tables. Made a backdoor listing through Costarella Design in 2009.	-40%	12%	\$0.08
Biotron	BIT	16	Developing a compound to treat HCV	-9%	59%	\$0.11
Vita Life Sciences	VSC	15	Development, manufacture and distribution of prescription and OTC medicines as well as complementary and alternative medicines, dietary supplements and health foods	-5%	15%	\$0.27
Ellex Medical Lasers	ELX	15	Develops, manufactures and markets solid state ophthalmic lasers used to treat secondary cataracts and retinal disorders.	-10%	20%	\$0.18
Institute of Drug Technology	IDT	15	Manufacturer of pharmaceutical ingredients to international standards for major pharmaceutical groups.	-30%	-44%	\$0.35
Cordlife	CBB	15	Rolling out tissue banking services in Australia and Asia	-69%	-73%	\$0.10
CathRx	CXD	15	Developing novel modular cardiac catheters for the diagnosis and treatment of abnormal heart rhythms	-48%	-60%	\$0.11
Progen Pharmaceuticals	PGL	14	A developer of cancer therapeutics	-32%	-43%	\$0.23
Compumedics	CMP	13	Develops, manufactures and markets sleep diagnostic and monitoring equipment.	-25%	-37%	\$0.08
Genera Biosystems	GBI	13	Develops, manufactures and distributes advanced molecular diagnostic tests, with a particular focus on women's health.	-29%	-60%	\$0.18
Analytica	ALT	12	A medical devices company that has developed a retractable syringe	7%	15%	\$0.03
Bluechiip	BCT	12	Developer tracking and receival systems for biological samples	-40%		\$0.15
Eastland Medical Systems	EMS	12	Developing the anti-malarial product ArTiMist.	-31%	-29%	\$0.02
USCOM	UCM	11	Marketing a non-invasive heart output function monitor	-27%	-37%	\$0.22
Cogstate	CGS	11	Marketing cognitive performance diagnostic products	-6%	-32%	\$0.17
Helicon Group	HCG	11	Has acquired Leading Edge Instruments , which is developing a novel vibrating needle technology and a nasal dilation product.	-37%	47%	\$0.02
KarmelSonix	KSX	11	Respiratory and pulmonary devices company	-41%	-44%	\$0.01
Agenix	AGX	10	Developing a compound to treat Hepatitis B, AGX1009. Also seeking a partner in China to develop Thromboview, an imaging agent.	-30%	0%	\$0.01

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 30/6/11
Medical Australia	MLA	10	Manufacture and supply of medical devices and equipment. Not previously included in these tables. Previously known as BMDI Tuta and IMD Group	-23%	59%	\$0.03
ITL	ITD	9	Develops and distributes medical devices such as safety equipment to prevent needle stick injuries and sterile preparation kits.	1%	23%	\$0.07
Cellmid	CDY	9	Developing therapies that target the midkine protein. Recently launched a range of hair loss products.	-8%	21%	\$0.02
Neuren Pharmaceuticals	NEU	9	Developing neuroprotective therapeutics	-13%	-30%	\$0.01
Cyclopharm	CYC	8	A nuclear medicine company that markets the Technegas lung imaging system	-4%	-38%	\$0.05
Optiscan Imaging	OIL	8	Manufacture of confocal microscopes for clinical diagnosis	31%	21%	\$0.06
Biodiem	BDM	8	Focused on the development of LAIV influenza vaccines	-56%	-27%	\$0.08
Advanced Surgical Design & Manufacture	AMT	8	A developer and manufacturer of prosthetic implants and medical devices	-10%	-47%	\$0.23
Austofix	AYX	8	Manufacturer and developer of orthopaedic fixation devices	0%	-42%	\$0.58
Antisense Therapeutics	ANP	8	Developing antisense compounds to treat multiple sclerosis and acromegaly	-38%	-38%	\$0.01
NuSep Holdings	NSP	7	Manufacture and sale of protein separations technologies	-53%	-54%	\$0.10
Resonance Health	RHT	6	Marketing the FerriScan technology, a non-invasive tool for measuring liver iron levels	-29%	0%	\$0.02
IM Medical	IMI	6	Manages imaging facilities	0%	0%	\$0.00
Healthlinx	HTX	5	Detecting novel functions of known and new protein and peptides for therapeutic purposes.	-48%	-70%	\$0.03
Tyrian Diagnostics	TDX	5	Developer of diagnostic products, including the ReadRite-Alpha Amylase test (a wheat quality test)	-17%	-44%	\$0.01
LBT Innovations	LBT	4	Developed the MicroStreak technology for the automation of microbiology laboratory processing	-26%	-31%	\$0.05
Stirling Products	STI	4	Development of a drug inhalation platform and involved in telemedicine	-60%	-67%	\$0.00
Imugene	IMU	4	Developing animal products such as antibiotic alternatives used in the stock feed industry using a vaccine and gene therapy approach	-19%	-12%	\$0.03
Cryosite	CTE	4	Provides specialised storage services, especially for umbilical cord blood	-15%	-29%	\$0.09

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 30/6/11
Holista Colltech	HCT	4	Has developed a novel technology for the extraction of collagen from sheepskins	-17%	-35%	\$0.08
NeuroDiscovery	NDL	4	Focusing on pain drug development following pending management buyout of electrophysiology business	-9%	11%	\$0.04
Leaf Energy	LER	4	Merged with Farmacule BioIndustries (11-8-2010), a plant genetic technologies business; divested algae farm assets. 1:20- reconstruction 9-6-2010.	-8%		\$0.12
Virax Holdings	VHL	4	Developing a therapeutic and prophylactic vaccine for HIV	-26%	-70%	\$0.02
Probiomics	PCC	3	Proprietary ownership of a unique probiotic strain	-10%	-18%	\$0.01
Atos Wellness	ATW	3	Business under review.	17%	-22%	\$0.01
Medigard	MGZ	3	Developed retractable syringe technology and other safety medical products.	-30%	-78%	\$0.03
Genesis Research & Development Corp.	GEN	2	Operations suspended	74%	60%	\$0.04
Acuvax	ACU	2	Holds interests in various therapeutics and vaccines	0%	-75%	\$0.001
Bone Medical	BNE	2	Developing treatments for bone and joint degenerative diseases such as arthritis and osteoporosis.	-60%	-84%	\$0.01
Actinogen	ACW	2	Early stage developer of antibiotics that show activity against MRSA and VRE bacteria	-35%	15%	\$0.03
OMI Holdings	OMI	1	Reinstated 5-11-2010. Commercialising a safety syringe.	-63%	-94%	\$0.00
Capitalisation Total		9,588				

Listed Biotech Investment Funds or Companies

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 30/6/11
Biotech Capital	BTC	9	The entity is now engaged in the orderly sale of assets.	12%	-33%	\$0.12
Capitalisation Total		9				

Capitalisation Total - All Indices
36,047

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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