

In this edition...

The players' bench in the biotech sector sees lots of rotation with the result that an apparently less well known performer can run into the play and move investment sentiment forward, compensating for the hits and misses that previously dragged down performance. Sirtex Medical is one such star performer but its rise comes as no surprise to readers of Bioshares who have been advised on this stock since *Bioshares 5* (March Quarter 2001). There were some other surprising out-performers amongst the small cap biotech stocks in the third quarter. However, the correlation between the Bioshares Large Cap Index and the Nasdaq Biotech Index over the last 12 months reflects demand for counter-cyclical stocks that can sustain earnings in the face of a weakening global economy.

Companies Covered: AHZ, 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)	-11.8%
Cumulative Gain	204%
Av. annual gain (11 yrs)	17.8%

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Bioshares

28 September 2012
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Delivering independent investment research to investors on Australian biotech, pharma and healthcare companies.

Quarterly Review

Strong Gains in Sirtex Medical Drive Growth in the Bioshares Index

Exceptional interest in Sirtex Medical helped push the **Bioshares Index** into positive territory in the September quarter, which rose 5.5% from the previous quarter. Shares in Sirtex Medical rose 56% for the quarter, placing a capitalisation of \$530 million on the company. The increase in the Sirtex share price accounted for 40% of the movement in the Bioshares Index. Sirtex shares were also 121% higher from September 30, 2011. Sirtex Medical has now garnered the interest of brokers who cover the larger life science and healthcare stocks. The company also announced the payment of a 10 cent dividend, up from 7 cents.

The **Bioshares Large Cap Index** continued to outperform, posting a 15.8% increase for the quarter. This was the index's fourth consecutive quarter of growth and is 47.3% higher from the same point in time a year ago. The Bioshares Large Cap Index includes CSL (Cap: \$23 billion; +17%), Resmed (Cap: \$ 5.5 billion; +25%), Cochlear (Cap: \$3.8 billion; +2%) and Sigma Pharmaceuticals (Cap: \$759 million; +5%).

The **Nasdaq Biotech Index** rose 10% in the September quarter. Its 53.3% increase from a year ago correlates with the performance of the Bioshares Large Cap Index. The Nasdaq Biotech Index includes an influential number of revenue and profit generating companies in addition to a greater number of development stage biotech and medtech stocks.

The growth trends in the Nasdaq Biotech Index and the Bioshares Large Cap Index are indicative of a flight towards stocks with protected and non-cyclical earnings. In contrast, the **ASX 300 Index** posted a more modest gain of 9% for the last 12 months.

Capital Raisings

Capital raised by ASX-listed life science companies totalled \$53 million for the September quarter 2012, 17% below the \$64 million raised in the June quarter 2012. The cumulative total for CY2012 stands at \$130 million, compared to \$397 million for the first three quarter of CY 2011.

The largest capital raising for the quarter was conducted by Unilife (US\$20/A\$20.3 million) and Sunshine Heart (US\$20.125/A\$19.7 million), followed by pSivida (US\$5.36/A\$5.24 million). If Prana Biotech's \$1.42 million is included, then 88% of capital raised in the quarter was obtained through US investment banking conduits.

Index performances by Quarter

	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Bioshares Index	-14.0%	-6.6%	9.2%	-12.8%	5.5%
Nasdaq Biotech Index	-12.5%	11.9%	18.1%	5.5%	10.0%
Bioshares Large Cap Index	-11.3%	5.6%	11.8%	7.8%	15.8%
ASX 300 Index	-13.1%	1.5%	6.7%	-5.9%	7.1%

Out-Performers

The top-performing ASX-listed life science stock for the September quarter was Eastland Medical (EMS: 3.5 cents) which increased by 169%. The company has been conducting a trial of a sub-lingual dose form of an antimalarial drug (Artimist), addressing the pediatric market in Africa. The company completed enrolment in its Phase III 150 patient trial and expects to announce results in the fourth quarter of this year.

Dental products company SDI Limited regained support for its stock with a 124% increase over the quarter. A 63% increase in net profit and a 49% increase in EBIT galvanised interest in the stock, with a 21% growth in US exports also playing a key role despite the impact of a dollar largely on parity with the US dollar.

Imugene shares surged 113% for the quarter, albeit off a low base, to finish at 1.7 cents at the close. The company is now a drug delivery company seeking to commercialise the Linguet sub-lingual assets vended in by Cosegna Group (CGP). Perth-based Forrest Capital was involved with the transaction and restructuring. Another company that has been an investment focus of Forrest Capital is Patrys (3.8 cents). Patrys stock rose 73% over the quarter. Patrys completed a placement (last quarter) and SPP (this quarter) at 2 cents, raising \$2.8 million.

Sunshine Heart stock gained momentum in the quarter as new US-based investors came on board and effectively re-capitalised the company. Sunshine Heart is now capitalised at \$74 million. Sunshine Heart shares rose 90% over the quarter.

Shares in Progen Pharmaceuticals increased 86% for the quarter. Progress in recruitment of the company's Phase III trial of PI-88

(partnered to Medigen) in China, South Korea and Taiwan is likely to have increased investor confidence in the stock.

Other strong performers for the quarter included USCOM (16.5 cents; +76%), Prima Biomed (19.5 cents; +70%) and Medical Developments (\$1.25; +58%).

Under-Performers

The worst performing stock in the September quarter was Bone Medical (0.3 cents), a long standing underperformer. Its shares fell 40% over the quarter. An absence of clinical progress in the face of ongoing dilutionary convertible note finance explains in part this stock's under-performance.

Shares in Reva Biomedical (68 cents) fell 38% over the quarter. Slower than expected progress in its RESTORE trial and the need to make improvements to its REZOLVE drug eluting bioresorbable scaffold contributed to price weakness with this stock. (see *Bioshares* 473)

GI Dynamics shares fell 35% over the September quarter as the market digested the news that the FDA approved the pivotal trial of the company's Endobarrier device but required 500 patients to be enrolled, a figure higher than the 300-400 estimated in its August 2011 prospectus.

Bioxyne (3 cents) shares slumped 30%. The company reported late last quarter that its Phase II trial of H1610V for COPD failed to deliver a positive overall result, although signs of efficacy in a population sub-group were obtained. The company is now subject to several shareholder actions.

Bioshares

Selected Clinical Trial Developments - Q3 2012

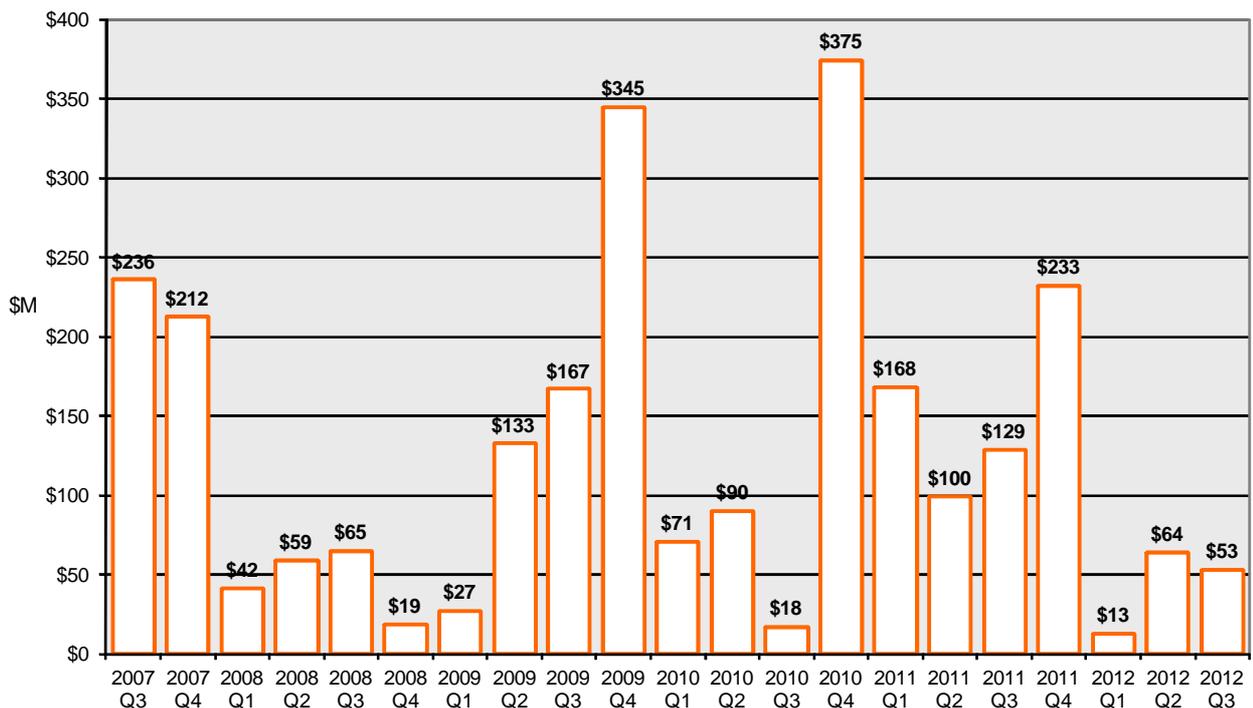
Company	Code	Product/Therapeutic	Event
Alchemia	ACL	HA-Irinotecan (mCRC)	Reported 216 of 390 pts recruited into Phase III trial; 82 pts have received 10 cycles or more treatment
Calzada	CZD	NovoSorb BTM	Implanted first patient with Novosorb bioresorbable temporising matrix in flap clinical trial
Calzada	CZD	NovoSorb BTM	Reported 12 out of 24 implanted in VAC trial; one pt withdrawn due other issues
Eastland Medical Systems	EMS	Artimist (sub-lingual spray) (malaria)	Enrolment completed in Phase III open label trial; 150pts; 28 day follow up completed; results due Q4 2012
GI Dynamics	GDY	EndoBarrier (obesity, diabetes)	Received FDA authorisation for 500 pt, 25 site, trial of Endobarrier in obese pts with diabetes
Reva Medical	RVA	REZOLVE (drug eluting coronary bioresorbable scaffold)	Completed enrolment in first part of feasibility trial; 26 pts of 50 pts. No major adverse coronary events reported to date.
Progen Pharm.	PGL	PI-88 (Hepatocellular cancer)	Enrolled 150 pts in Phase III PATRON trial; 500 pts, 23 sites in Taiwan, China and South Korea
Living Cell Tech.	LCT	DIABECCELL (encapsulated porcine islet cells) (Type 1 diabetes)	Reported results from NZ Phase I/IIa trial; 14 pts; 1 dose; stat. sig. reduction in unaw are hypoglycaemic events at doses of 5,000 and 10,000 IEQ/Kg
Living Cell Tech.	LCT	DIABECCELL (encapsulated porcine islet cells) (Type 1 diabetes)	Argentine Phase I/IIa trial; 8 pts; 2 doses; informal analysis reveals reductions in HbA1c, unaw are hypoglycaemia and insulin dose
Prana Biotech	PBT	PBT (Alzheimers disease) (imaging study)	Reported 40% of patients in dosing in IMAGINE trial; 40 pts; 3 pts reached 24 weeks of dosing
Prana Biotech	PBT	PBT (Huntington disease)	Reported 14% of patients in dosing in Reach2HD trial; 100 pts
Starpharma Holdings	SPL	Vivagel (bacterial vaginosis)	Reported 100% and 90% enrollment in two concurrent Phase III trials of Vivagel for the treatment of bacterial vaginosis; each trial enrolling ~220 pts
Viralitics	VLA	CAVATAK (oncolytic immunotherapy)	8 pts enrolled in 63 pt (54 evaluable) Phase II study; 1 pt completed 6 months treatment

Capital Raisings by Australian-listed Biotech Companies Q3 2012

Company	Investment Manager or Investor	Type of raising	Funds raised (\$M)
Unilife	Jefferies & Company and Leerink Swann LLC	Placement	\$20.30
Sunshine Heart	Canaccord Genuity		\$19.73
pSivida	Rodman & Renshaw	Placement	\$5.24
Prana Biotech		At-The-Market Facility	\$1.42
USCOM		Placements	\$1.10
Isona	Patersons Securities/ Investment Holdings Pty Ltd (Bruce Mathieson)	Placement	\$1.05
Optiscan Imaging		Placement	\$1.00
Tissue Therapies		Placement	\$1.00
Patrys		SPP	\$0.758
Nanosonics		SPP	\$0.38
Bone Medical	La Jolla Cove Investors Inc	Convertible Note (part conversion)	\$0.34
Agenix	Fortrend Securities	Draw downs	\$0.285
Healthlinx	La Jolla Cove Investors Inc	Convertible Note (part conversion)	\$0.26
Atcor Medical		Placement (Part B)	\$0.18
Total			\$53.0

Total raised in Q3 2012	\$53.0
Total raised in Q2 2012	\$64.1
Total raised in Q1 2012	\$12.6
Total - 2012 (CY YTD)	\$129.8

ASX Listed Life Science Stocks – Capital Raised by Quarter – 2007 Q3 - 2012 Q3 (\$M)



Bioshares Model Portfolio (28 September 2012)

Company	Price (current)	Price added to portfolio	Date added
Nanosonics	\$0.490	\$0.495	June 2012
Osprey Medical	\$0.33	\$0.40	April 2012
QRxPharma	\$0.68	\$1.66	October 2011
Mayne Pharma Group	\$0.370	\$0.435	September 2011
Somnomed	\$0.82	\$0.94	January 2011
Phylogica	\$0.030	\$0.053	September 2010
Biota Holdings	\$0.70	\$1.09	May 2010
Tissue Therapies	\$0.40	\$0.21	January 2010
Bionomics	\$0.38	\$0.42	December 2007
Cogstate	\$0.380	\$0.13	November 2007
Sirtex Medical	\$9.50	\$3.90	October 2007
Clinuvel Pharmaceuticals	\$1.57	\$6.60	September 2007
Pharmaxis	\$1.16	\$3.15	August 2007
Universal Biosensors	\$0.86	\$1.23	June 2007
Alchemia	\$0.520	\$0.67	May 2004

Portfolio Changes – 28 September 2012**IN:**

No changes

OUT:

No changes

Allied Gets Approval for CardioCel Under Authorised Prescriber Scheme

Allied Healthcare Group (AHZ: 2.3 cents) has been granted approval for use in Australia of its CardioCel product under an Authorised Prescriber Scheme. CardioCel will be used for the repair of congenital heart defects, usage supported by positive 36 month safety and efficacy data from a pediatrics trial in South Africa.

The first hospital to be able to access the new product is the Mater Hospital in Brisbane, following an application by surgeon Tom Karl, who is also a scientific advisor to the company.

In June this year the company filed the product for approval in Europe via a CE Mark application. The company is also seeking to gain marketing approval in Australia and is expecting to finalise its FDA submission towards the end of this year.

Existing cardiac patches sell for between \$500-\$750, and the company will be looking to charge a premium once it receives marketing approvals.

Use in repairing heart defects is only the initial application. Other applications being investigated include pelvic floor reconstructions, hernia repairs, and a major area in heart valves. In July this year, the company signed a research collaboration with CSIRO to look at using its ADAPT treat tissue scaffolds as a delivery vehicle for adult mesenchymal stem cells in the area of heart failure treatment.

The company's ADAPT technology is a process by which animal tissue is re-engineered for implants in people. The company has shown that its process delivers a lower calcification rate, allowing tissue flexibility to be maintained.

DNA Vaccine Program

Allied has also invested in a DNA vaccine program, in a company called Coridon. It currently has a 44.4% stake in Coridon and will be looking to increase its stake to over 50%. The first clinical trial is expected to start late this year or in early 2013, using a vaccine for the prevention and also treatment of the herpes virus (HSV2).

Management and Board

Peter Turvey, formerly a senior executive with CSL, has joined the board of Allied Healthcare Group. Allied has built up its management team as well, adding former Avexa CEO, Julian Chick, as Chief Operating Officer and former Clinical Cell Culture CEO, Bob Atwill, as CEO of the company's regenerative medicine business.

Financial Result

For FY2012, Allied generated revenue of \$6.4 million from its operating businesses which sell medical equipment products in Australia. The net loss for the company was \$10.2 million, which includes a \$5.4 million impairment of goodwill following the acquisition of bioMD. Its net cash outflow for the year was \$3.5 million. The company had just over \$2.0 million in cash at the end of June. Allied is capitalised at \$18 million.

Bioshares recommendation: **Speculative Buy Class B**

Bioshares

The Australian Listed Life Sciences Sector

September 28 (September 30), 2012: Capitalisation \$42.3 billion, 96 companies

Bioshares Large Cap. Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/9/12
CSL	CSL	23,149	Manufactures pharmaceutical products including vaccines and human plasma fractions	17%	55%	\$46.00
Resmed Inc.	RMD	5,468	Manufactures diagnostic and treatment equipment for sleeping disordered breathing	25%	31%	\$3.85
Cochlear	COH	3,826	Manufactures cochlear hearing implants	2%	45%	\$67.15
Sigma Pharmaceuticals	SIP	759	Pharmaceutical manufacturing and wholesaling	5%	-2%	\$0.64

Capitalisation Total 33,202

Bioshares Index

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/9/12
Mesoblast	MSB	1,912	Developing therapies based on mesenchymal pre-cursor stem cells, with applications in cartilage regrowth and heart and bone repair.	9%	-17%	\$6.72
Heartware International	HIN	1,297	Developing a mechanical heart pump (LVAD)	4%	36%	\$2.57
Acrux	ACR	533	Developer of the transdermal drug products Axiron, Evamist/Ellavie and Recuvyra	-24%	0%	\$3.20
Sirtex Medical	SRX	530	The company's core technology uses radioactive particles to irradiate tumours in the liver. Approved for use in most major regions.	56%	121%	\$9.50
Blackmores	BKL	522	Manufactures vitamin, mineral and herbal supplements and skin & hair products in Australia and N.Z.	19%	3%	\$31.13
Starpharma Holdings	SPL	425	Developer of pharmaceutical applications of chemical scaffolds known as 'dendrimers'.	9%	40%	\$1.50
Pharmaxis	PXS	357	Markets the lung function test, Aridol. Bronchitol, for the treatment of treat cystic fibrosis, now approved in Europe.	13%	60%	\$1.16
Reva Medical	RVA	225	Developing a bioresorbable coronary stent	10%	13%	\$0.68
Unilife Corporation	UNS	221	Developer of retractable syringes	-27%	-34%	\$0.48
API	API	210	Pharmaceutical wholesaler	23%	91%	\$0.43
Prima Biomed	PRR	208	Developing the CVac immunotherapy.	70%	18%	\$0.20
GI Dynamics	GID	205	Commercialising the Endobarrier, an implantable polymer liner for the management of obesity and diabetes	-35%	-11%	\$0.72

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/9/12
Alchemia	ACL	146	Biopharmaceutical company with a revenue generating product, generic fondaparinux. Lead product HA-Irinotecan in a pivotal Phase III trial for colorectal cancer.	16%	44%	\$0.52
Universal Biosensors	UBI	137	Development, manufacture and commercialisation of a range of in vitro diagnostic tests for point-of-care use	37%	-7%	\$0.86
Bionomics	BNO	137	Developing drugs to treat cancer and CNS diseases, and has also developed a gene diagnostic for epilepsy.	25%	-22%	\$0.38
Nanosonics	NAN	128	Developing a novel disinfection technology, the first product is a point of care ultrasound probe disinfection unit	-4%	-6%	\$0.49
Phosphagenics	POH	128	Commercialising a platform technology (alpha-tocopherol) that improves the delivery of pharmaceutical and other products across the skin.	-17%	-17%	\$0.13
Biota	BTA	127	Developer of anti-infective drugs, including the flu drug Relenza. Inavir, developed with Daiichi Sankyo, a long acting flu drug is approved in Japan.	1%	-14%	\$0.70
QRxPharma	QRX	98	Developing a 'dual opioid' drug to treat moderate to severe pain.	16%	-42%	\$0.68
Clovercorp	CLV	88	Development and production of omega-3 food additives from tuna oil.	41%	78%	\$0.54
Sunshine Heart	SHC	74	Developing the C-Pulse heart assist device. The C-Pulse wraps around and compresses the aorta, increasing blood flow through the body.	90%	-15%	\$0.04
Prana Biotechnology	PBT	69	Developing drugs to treat CNS diseases such as Alzheimer's and Parkinson's	55%	45%	\$0.23
Tissue Therapies	TIS	68	Developing the VitroGro product for ulcer and wound healing	-17%	-14%	\$0.40
Medical Developments	MVP	67	Commercialising the Pentrox inhaler for temporary pain relief. Used widely in ambulances across Australia.	58%	178%	\$1.25
Mayne Pharma Group	MYX	56	Developing an improved dosing anti-fungal drug, Subazole and operating manufacturing services	6%	0%	\$0.37
Clinuvel Pharmaceuticals	CUV	54	Developing an analogue of the alpha-MSH protein, named Scenesse, as a photo-protective agent	-1%	5%	\$1.57
Genetic Technologies	GTG	51	Provides DNA paternity testing services and holds broad patents relating to the use of non-coding DNA.	-8%	-31%	\$0.11
Anteo Diagnostics	ADO	45	Developer of a biological coatings technology that can be applied to immunoassays, bio-separations, drug delivery and other medical devices	-20%	0%	\$0.06
Bioniche	BNC	41	Developing a bladder cancer treatment and food safety vaccine; sale of veterinary products	-1%	-43%	\$0.40
pSiVida	PVA	37	Developing drug delivery technologies, with a special focus on ophthalmic applications	-27%	-64%	\$1.60
Avita Medical	AVH	36	Markets ReCell, a skin repair product	-27%	42%	\$0.14

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/9/12
Somnomed	SOM	35	Markets an oral device for the treatment of sleep apnea and snoring.	-7%	-27%	\$0.82
Osprey Medical	OSP	33	Developing the CINCOR system to limit the incidence of contrast induced nephropathy.	-18%		\$0.33
Neuren Pharmaceuticals	NEU	32	Developing neuroprotective therapeutics	23%	80%	\$0.03
Impedimed	IPD	31	Develops devices that aid the diagnosis of secondary lymphoedema, muscle wasting and other disorders	-35%	-62%	\$0.17
Cogstate	CGS	29	Marketing cognitive performance diagnostic products	27%	138%	\$0.38
SDI	SDI	28	Manufacture & distribution of amalgam (fillings) & other dental materials and product R&D.	124%	81%	\$0.24
Antisense Therapeutics	ANP	27	Developing antisense compounds to treat multiple sclerosis and acromegaly	6%	111%	\$0.02
Scigen	SIE	25	Developer and manufacturer of biopharmaceuticals. Company is based in Singapore and was spun out of Sonic Healthcare in 2002.	0%	-34%	\$0.05
Vita Life Sciences	VSC	25	Development, manufacture and distribution of prescription and OTC medicines as well as complementary and alternative medicines, dietary supplements and health foods	13%	52%	\$0.43
Brain Resource Corp	BRC	23	Development and commercialisation of functional brain analysis techniques	4%	16%	\$0.25
Invion	IVX	22	Formerly Cbio. Evaluating Xtoll biologic for lupus and developing an approved heart drug, Nadalol, for COPD and asthma.	-5%	-71%	\$0.06
Bluechiip	BCT	22	Development, manufacture and commercialisation of a tracking system for biological samples	0%	67%	\$0.25
Eastland Medical Systems	EMS	21	Developing the anti-malarial product ArTiMist.	169%	150%	\$0.04
Viralytics	VLA	20	Developing a cancer treatment based on the application of viruses (oncolytic virus technology)	0%	-95%	\$0.27
ITL	ITD	20	Develops and distributes medical devices such as safety equipment to prevent needle stick injuries and sterile preparation kits.	3%	135%	\$0.20
Patrys	PAB	19	Developing human antibody therapies for the treatment of lung, pancreatic, gastric and colon cancers	73%	-30%	\$0.04
Allied Health Group	AHZ	18	Diversified medical products group. Investor in Coridon, a vaccine technology company.	28%	-28%	\$0.02
Probiotec	PBP	18	Manufacturer, marketer and distributor of a range of over the counter (OTC) pharmaceuticals, complementary medicines and speciality ingredients	30%	0%	\$0.35
Living Cell Technologies	LCT	18	Developing cell therapies for diabetes, haemophilia and Huntington's disease	2%	-7%	\$0.05

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/9/12
Circadian Technologies	CIR	17	Developing drugs, including antibodies, around the VEGF C and VEGF D targets	3%	-23%	\$0.36
Asian Ctr for Liver Diseases and Transpl.	AJJ	17	Manages liver treatment centres in Asia. Not previously included in these tables. Made a backdoor listing through Costarella Design in 2009.	-18%	0%	\$0.09
Avexa	AVX	17	Developing an HIV drug, apricitabine	11%	-52%	\$0.02
OBJ	OBJ	16	Developing transdermal drug delivery technologies	-7%	-13%	\$0.01
Calzada	CZD	16	Holds a 100 % stake in PolyNovo, a polymer chemistry company.	-23%	-23%	\$0.05
Progen Pharmaceuticals	PGL	16	A developer of cancer therapeutics, including PI-88 and PG545	86%	93%	\$0.26
Benitec Biopharma	BLT	16	R&D company focusing on gene silencing, specifically DNA delivered RNAi, technology	-6%	-20%	\$0.02
Ellex Medical Lasers	ELX	14	Develops, manufactures and markets solid state ophthalmic lasers used to treat secondary cataracts and retinal disorders.	48%	55%	\$0.17
Optiscan Imaging	OIL	14	Manufacture of confocal microscopes for clinical diagnosis	0%	0%	\$0.09
Cryosite	CTE	14	Provides specialised storage services, especially for umbilical cord blood	38%	190%	\$0.29
Solagran	SLA	13	Developing complementary medical compounds called Bioeffectives. Suspended from trading.	0%	-44%	\$0.04
Phylogica	PYC	13	Developing peptide compound libraries for use in human therapeutics.	-32%	-47%	\$0.03
Biotron	BIT	13	Developing compounds to treat HCV and HIV.	-14%	-8%	\$0.09
Consegna Group	CGP	13	Asset development company, with interests in Vibrovein, Linguet, BreatheAssist and Aspen Medisys.	-19%	-32%	\$0.01
Analytica	ALT	12	A medical devices company that has developed a retractable syringe	24%	5%	\$0.02
Genera Biosystems	GBI	11	Develops, manufactures and distributes advanced molecular diagnostic tests, with a particular focus on women's health.	-14%	15%	\$0.15
Compumedics	CMP	11	Develops, manufactures and markets sleep diagnostic and monitoring equipment.	9%	-4%	\$0.07
USCOM	UCM	10	Marketing a non-invasive heart output function monitor	76%	14%	\$0.17
IDT Australia	IDT	10	Manufacturer of pharmaceutical ingredients to international standards for major pharmaceutical groups.	-6%	-35%	\$0.23

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/9/12
Cyclopharm	CYC	9	A nuclear medicine company that markets the Technegas lung imaging system	28%	14%	\$0.21
Atcor Medical	ACG	9	Markets the SphygmoCor device, a noninvasive technology that provides information regarding the functioning of the cardiovascular system	0%	-8%	\$0.06
Isonoa	ISN	9	Respiratory and pulmonary devices company. Recently completed 1:20 share consolidation.	8%	-78%	\$0.07
Cellmid	CDY	8	Developing therapies that target the midkine protein. Recently launched a range of hair loss products.	-6%	-21%	\$0.02
Cordlife	CBB	8	Rolling out tissue banking services in Australia and Asia	-29%	-29%	\$0.05
Novogen	NRT	7	Developing analogues of naturally occurring phenolic hormones to treat cancers and other conditions.	-8%	-50%	\$0.07
Immuron	IMC	7	Sales and development of hyper-immune bovine colostrum products for therapeutic use	-6%	-70%	\$0.02
NuSep Holdings	NSP	6	Manufacture and sale of protein separations technologies	14%	-48%	\$0.06
Biodiem	BDM	6	Focused on the development of LAIV influenza vaccines	3%	-30%	\$0.06
Medical Australia	MLA	5	Manufacture and supply of medical devices and equipment. Not previously included in these tables. Previously known as BMDI Tuta and IMD Group	0%	-43%	\$0.01
LBT Innovations	LBT	5	Developed the MicroStreak technology for the automation of microbiology laboratory processing. Now developing an Automated Optical Plate Sorting system.	9%	22%	\$0.05
Advanced Surgical Design & Manufacture	AMT	5	A developer and manufacturer of prosthetic implants and medical devices	-7%	-10%	\$0.14
Bioxyne	BXN	4.6	Developing an immunotherapeutic (HI164 OV) to treat COPD.	-30%		\$0.03
Imugene	IMU	4	Now a drug delivery technology company. Has acquired Linguet asset from CGP	113%	-15%	\$0.02
Resonance Health	RHT	3	Marketing the FerriScan technology, a non-invasive tool for measuring liver iron levels	-25%	-40%	\$0.01
Actinogen	ACW	3	Early stage developer of antibiotics that show activity against MRSA and VRE bacteria	13%	55%	\$0.03
Holista Colltech	HCT	3	Has developed a novel technology for the extraction of collagen from sheepskins	0%	-59%	\$0.06
Agenix	AGX	3	Developing a compound to treat Hepatitis B, AGX1009. Also seeking a partner in China to develop Thrombview, an imaging agent.	-25%	-81%	\$0.003
NeuroDiscovery	NDL	3	Focusing on pain drug development following management buyout of electrophysiology business	18%	-21%	\$0.03

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/9/12
Acuvax	ACU	2	Acquired Biohealth, a complementary medicines company	0%	0%	\$0.001
Bone Medical	BNE	1	Developing treatments for bone and joint degenerative diseases such as arthritis and osteoporosis.	-40%	-81%	\$0.00
Medigard	MGZ	1.0	Developed retractable syringe technology and other safety medical products.	-27%	-58%	\$0.01
Healthlinx	HTX	1.0	Detecting novel functions of known and new protein and peptides for therapeutic purposes.	-33%	-90%	\$0.002
CathRx	CXD	0.7	Developing novel modular cardiac catheters for the diagnosis and treatment of abnormal heart rhythms	-20%	-97%	\$0.004
Capitalisation Total		9,078				

Listed Biotech Investment Funds or Companies

Company	Code	Cap. \$m	Principal Activities	Change - Quarter	Change - Year	Price 28/9/12
Biotech Capital	BTC	3	The entity is engaged in the orderly sale of assets.	0%	-56%	\$0.04
Capitalisation Total		3				
Capitalisation Total - All Indices		42,282				

NOTICE

The 3rd Australian Small Caps Conference

The 3rd Australian Small Caps Conference is being held in Melbourne at the Sofitel on Collins on Tuesday the 16th and Wednesday the 17th of October.

Bioshares subscribers can obtain a discounted registration to attend the conference.

To register, subscribers should go to www.microcapconferences.com and enter the discount code of BIOSHARES2012.

Bioshares subscribers will be able to attend the conference for the discounted fee of \$375 (inc GST), a saving of \$220 off the normal registration fee of \$595.

Registration includes attendance at the two day conference, all catering, networking drinks held at the conclusion of each day, as well as conference program and information on the companies presenting.

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

Corporate Subscribers: Pharmaxis, Starpharma Holdings, Cogstate, Bionomics, Biota Holdings, Impedimed, QRxPharma, LBT Innovations, Mesoblast, Tissue Therapies, Viralytics, Phosphagenics, Immuron, Phylogica, Bluechiip, pSivida, Antisense Therapeutics, Benitec BioPharma, Allied Healthcare Group, Genetic Technologies, Calzada, Bioniche, Atcor Medical, Invion

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