

CBio Limited (ASX:CBZ)

Awaiting pivotal phase IIa trial results...

Rheumatoid Arthritis affects nearly 1% of the world's population.

There is currently no cure for Arthritis in which a person's immune system attacks its own healthy tissues leading to inflammation of the joints. Treatments are usually very expensive and it is possible for patients to suffer side effects from the prescription drugs. The most widely used drugs work by suppressing the immune system and thus shutting down the inflammation caused by it. However, a suppressed immune system leaves the body open for opportunistic infections. CBio's drug XToll[®], is currently in phase IIa trials, and is aiming to capture a slice of the lucrative arthritis market through offering a higher safety record and very competitive cost of goods.

XToll[®] works by balancing the immune response. CBio uses a derivative of the naturally occurring human protein called chaperonin 10 which can help lower inflammation. In disease states, levels of chaperonin 10 are not high enough to control inflammation. XToll[®] seeks to increase the level of chaperonin 10 and help balance the immune response. This differentiates the product from competitors by not compromising the immune system. The patient is thus less likely to suffer the side effects which are possible if using other competing products.

XToll[®] currently being tested in phase IIa trials. CBio is currently conducting phase IIa trials in 155 patients across sites in Australia, New Zealand and Europe. These trials are via subcutaneous injections which is a commercially acceptable method. Results from these trials are expected to be available in the second quarter of this year. In our view positive results may re-rate the share price

Option agreement with Novo Nordisk provides significant upside.

Novo Nordisk is a large Denmark based health care company which will be closely watching the results of the phase IIa trials. Novo has signed an option agreement with CBio to gain an exclusive license over CBio's IP portfolio. Successful phase IIa trial results will likely result in Novo exercising its option, which would likely result in the conclusion of a licensing deal with terms including milestone payments and double digit royalties on commercial sales of the therapeutic. Novo has the financial capabilities to complete the next trial phase and conduct an expensive marketing campaign should FDA approval be granted. CBio may also consider licensing its IP portfolio to a number of other big pharma companies who have requested the final data from the phase IIa trial.

Valuation of \$1.47 provides significant upside. We have valued CBio using the assumption Novo Nordisk exercises its option and pays US\$111m in milestone payments in 3 separate payments over 5 years and pays a royalty of 11% with first sales starting in 2016. Further assumptions are that Novo captures 5% on the market initially and is able to double this the following year and keeping their market share steady thereafter. Since XToll[®] is currently in phase IIa trials, we have applied a 50% probability of commercial success. A discount rate of 15% has been applied to all cash flows. Based on this we have placed a speculative buy on the company. The main risks are that the current RA phase IIa trials disappoint which may result in Novo Nordisk not exercising its option agreement, or CBio does not license its portfolio to another pharma company.

20-02-2011

Target: \$1.47

SPEC BUY

Analyst: Sven Restel
svenr@wise-owl.com

Board of Directors & Management

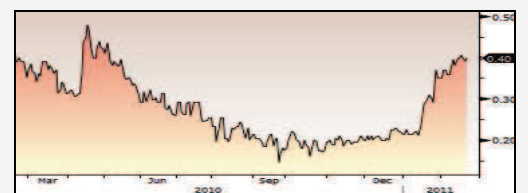
Exec Chairman	Stephen Jones
Managing Director	Jason Yeates
Exec Director	James Greig
Non-Exec Director	Dr. Göran Ando
Non-Exec Director	Dr. Thomas Lönngren
Non-Exec Director	Dr. Terje Kalland
Non-Exec Director	Pr. John Funder
Non-Exec Director	Dr. Peter Corr Dr. Michael Monsour
Non-Exec Director	Stephen Streeter

Major Shareholders

Dr. Michael Monsour	6.78%
The Himstedt Family	5.97%
Top 20 holders in total	37.5%

Share Data

Sector	Biotech
Share Price	\$0.40
Shares on issue	143.6m
Options on issue	35.2m
Fully Diluted Market Cap	\$71.5m



CBZ Daily Chart
Source: Bloomberg

Background

CBio's roots trace back to the year 2000. The company's technology is derived from research by the University of Queensland. Preclinical studies in 2001 identified chaperonin 10 as a protein able to down regulate the innate immune response in patients. Further research suggested chaperonin 10 plays a key role in early stages of an inflammatory process.

CBio subsequently registered chaperonin 10, under the name XToll®, although it is an altered form of the natural occurring protein.

Arthritis

Rheumatoid Arthritis (RA) is an autoimmune disease that causes pain and swelling of the joints. Autoimmune diseases cause a person's immune system to start attacking their own healthy tissues. In RA, the lining of the joints get attacked, which causes inflammation and joint damage. Joints such as hands, feet, hips and knees are most commonly affected. RA affects around 400,000 Australians and worldwide about 1% of the population are believed to have RA.

Currently there is no cure for RA, and at different stages of the disease different treatments are used. The treatments used fall within four main categories.

- non-steroidal anti-inflammatory drugs (NSAIDs)
- corticosteroid medicines or injections
- disease-modifying anti-rheumatic drugs (DMARDs)
- biological DMARDs, such as tumor necrosis factor (TNF) medicines

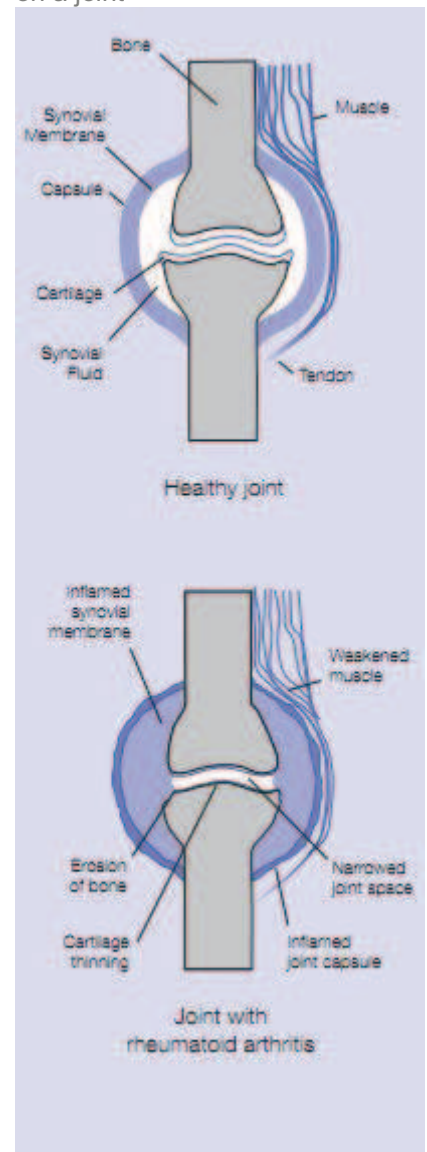
After being diagnosed with arthritis, doctors initially prescribe treatments using steroids and DMARDs. DMARDs aim to alter the course of the disease and promote disease remission. If patients are not responding adequately their treatments may be moved to biological DMARDs. Although DMARDs are reasonably effective and safe, surprisingly, biological DMARDs account for more than 75% of total sales of the RA drug market. XToll® falls under the biological DMARD's banner and is intended to be used for later stages of RA.

XTOLL®

XToll® uses a derivative of the naturally occurring human protein chaperonin 10 for the treatment of autoimmune diseases, including RA. Chaperonin 10 is released locally by activated or damaged cells in response to danger signals and decreases inflammatory immune responses. In a disease state, levels of chaperonin 10 may not be high enough to efficiently decrease and control inflammation. The use of XToll® may help to increase levels of chaperonin 10 which can help decrease excessive immune responses and help balance the immune system. In this sense XToll® seeks to differentiate itself from other biological DMARDs.

Other biological DMARDs include industry leading drugs 'Enbrel', 'Remicade' and 'Humira'. They aim to decrease the effects of RA by blocking the immune system response. This can heighten the risk of

Figure 1: Effects of rheumatoid arthritis on a joint



Source: Australian Institute of Health and Welfare

“Three most popular RA drugs have combined revenue of US\$11bn”

some cancers and other infections taking hold. These drugs generate combined revenue of US\$11bn, however 30%-40% of RA sufferers don't respond to them. In addition, there are indications the market is ready to move away from drugs with such potential side effects. In 2009 the FDA stated that children and adolescents face an increased risk of lymphoma and other cancers when using these drugs. In response the FDA required updated warning texts on prescription packages. Despite these added health warnings, the leading drugs have not suffered any sales setbacks. The likely reason is that sufferers of RA see these side effects as acceptable in order to rid themselves of the pain RA causes. At the same time patients are not oblivious to these side effects, and should an alternative become available, it is likely many would want to switch.

Competing products Humira, Enbrel and Remicade

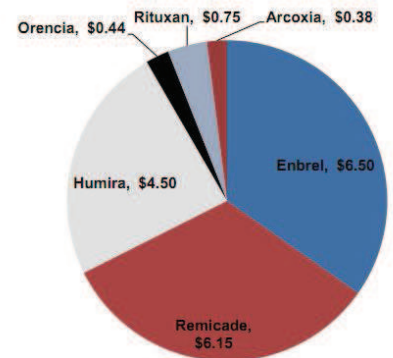
HUMIRA stands for 'Human Monoclonal Antibody in Rheumatoid Arthritis' and is marketed by Abbott Laboratories. Humira works by suppressing inflammatory cytokines, which are actually part of the immune system, hence shutting down the inflammation caused by arthritis. This can cause latent infections to reactivate and the immune system may be unable to fight new infections. Enbrel and Remicade work very much the same way as Humira. Enbrel is marketed by Amgen and Pfizer. Remicade is marketed by Centocor in the USA and Schering-Plough elsewhere.

XToll® trials to date

CBio has completed 8 trials to date and one of them was for Rheumatoid Arthritis. The most recently completed trial was in 2006 which aimed to establish if chaperonin 10 is safe and effective in the treatment of RA. The trial was performed as a multicentre and double-blinded study (meaning results were not available until the end of the study) and administered through intravenous injections. 23 patients with moderate to severe RA received chaperonin 10 twice weekly for 12 weeks at various doses. In general, improvements were seen from day 14 to day 84. By the end of the study, a 20% improvement of core disease measures were seen in six, a 50% improvement in four, and a 70% improvement in three out of 23 patients. During the study three patients dropped out. Adverse effects observed included exacerbation of RA and upper respiratory tract infection. Long term benefits are still unknown and CBio is currently conducting another round of phase IIa trials via subcutaneous injections, i.e. commercially acceptable in RA patients.

The current phase IIa trial has recruited 155 patients across centers in Australia, New Zealand and Europe. The trial is a double-blinded study. The last patient dose is expected in March this year with results expected in the second quarter.

Figure 2: Leading RA therapies in 2008, sales in US\$bn



Source: CBZ

“XToll® is currently in phase IIa trials on 155 patients in Australia, New Zealand and Europe”

Figure 3: Previous completed trials

Year/Status	Phase	Indication	Route	Total patients	XToll patients	Doses	Details
2003/complete	1a	Healthy volunteers	IV/SC	19	14	1, 2.5, 5, 10mg IV 5mg SC	1 placebo in each cohort
2004/complete	1b	Multiple Sclerosis	IV	12	9	2.5 or 5mg x 5	1 placebo in each cohort
2005/complete	2a	Multiple Sclerosis	IV	50	39	5mg 1x - 2x/weekly	11 subjects received placebo 2x weekly
2005/complete	2	Ulcerative Colitis	IV	8	8	5mg	Terminated early
2005/complete	2a	Plaque Psoriasis	IV	24	24	5, 7.5 or 10 mg 2x/weekly	No placebo
2005/complete	2a	Rheumatoid Arthritis	IV	23	23	5, 7.5 or 10 mg 2x/weekly	No placebo
2006/complete	1a	Healthy volunteers	SC	24	16	10,30,60,100mg	Single dose 2 placebo in each cohort
2006/complete	1b	Healthy volunteers	SC	22	17	30, 60, 60x2, 80mg	Multiple dose 1 placebo in each cohort
2008/ongoing	2a	Rheumatoid Arthritis	SC	150	100	25mg, 75mg	First patient injected June 2008 Placebo controlled 73 of 150 patients recruited 62 patients completed
Total				332	250		

Source: CBZ

Novo Nordisk option agreement

The result of the current RA phase IIa trial will have profound impact on CBio, which has signed an option agreement with Novo Nordisk. Novo Nordisk is a large Denmark based health care company with a market capitalization of US\$76bn. Novo Nordisk acquired an exclusive option concerning the future development of XToll® in May 2008. If Novo Nordisk exercises its option it is likely that it will gain an exclusive license of CBio's IP portfolio.

The agreement provides for upfront payments, and should the option get exercised, any finalised license agreement would include milestone payments and royalties. CBio must first complete the phase IIa trial, results of which are likely to influence Novo Nordisk's decision. If the option is exercised the two parties will move into a negotiation period which will not exceed 120 days. During this time CBio is still free to negotiate with other parties. If, after that period, both parties cannot agree then CBio is free to license with other parties.

An option fee totaling US\$3m has been paid to CBio. Milestone payments totaling US\$111m have been pre-agreed upon for up to four clinical indications. Any license agreement would also include double digit royalties on commercial sales of the therapeutic.

“Milestone payments totalling US\$111m have been pre-agreed upon with Novo Nordisk”

Patents

CBio has 75 patents (registered or licensed) in six patent families and a further 93 patents pending across nine families in key international markets. These patents revolve around the chaperonin 10 protein and most expire in the mid-2020's. CBio is the exclusive licensee of patent families 1-3.

Patent Family 1: Chaperonin 10

Patent Family 2: Antagonists to Chaperonin 10

Patent Family 3: Chaperonin 10 and beta-interferon therapy of multiple sclerosis.

Patent Family 4: Chaperonin 10 immunosuppression

Patent Family 5 (pending): Chaperonin 10 modulation of toll-like receptor-inducible cytokine and chemokine secretion

Patent Family 6 (pending): Chaperonin 10 induced immunomodulation

Patent Family 7 (pending): Modified Chaperonin 10

Patent Family 8 (pending): Treatment of Hypersensitivity

Patent Family 9 (pending): Regulation of immune responses by modulation of the function of antigen presenting cells

Patent Family 10 (pending): Modified Chaperonin 10 and PRR signaling

Patent Family 11 (pending): Chaperonin 10 variants

Patent Family 12 (pending): Prevention and treatment of cutaneous lupus erythematosus

Valuation

We have derived a valuation of \$1.47 per share for CBio based on a net present value (NPV) of \$210m. This assumes a successful outcome to the current phase IIa trials and Novo Nordisk exercising its option based on these results. We further assume Novo Nordisk will then inject US\$111m across three separate milestone payments in 2011, 2013 and 2015.

Further assumptions:

- Initial market size of US\$12bn, growing at 4% p.a., this being half of industry estimates.
- Novo Nordisk to pay a royalty of 11% to CBio.
- Initial launch in 2016 with Novo achieving initial market penetration of 5%, doubling to 10% the following year while thereafter retaining this percentage of market share.
- 50% probability of success, i.e. XToll® receiving FDA approval after phase IIa trials, and discount rate of 15%.
- CBio has patents extending to 2023 in Europe and 2026 in the USA. We have modeled sales until 2025 to take into account the different years patents expire.
- Research and Development expense remaining elevated with the assumption that CBio will continue developing other drugs for the autoimmune disease market.
- Figures in \$US millions
- Assumes no further capital raisings required after Novo exercises its option agreement.

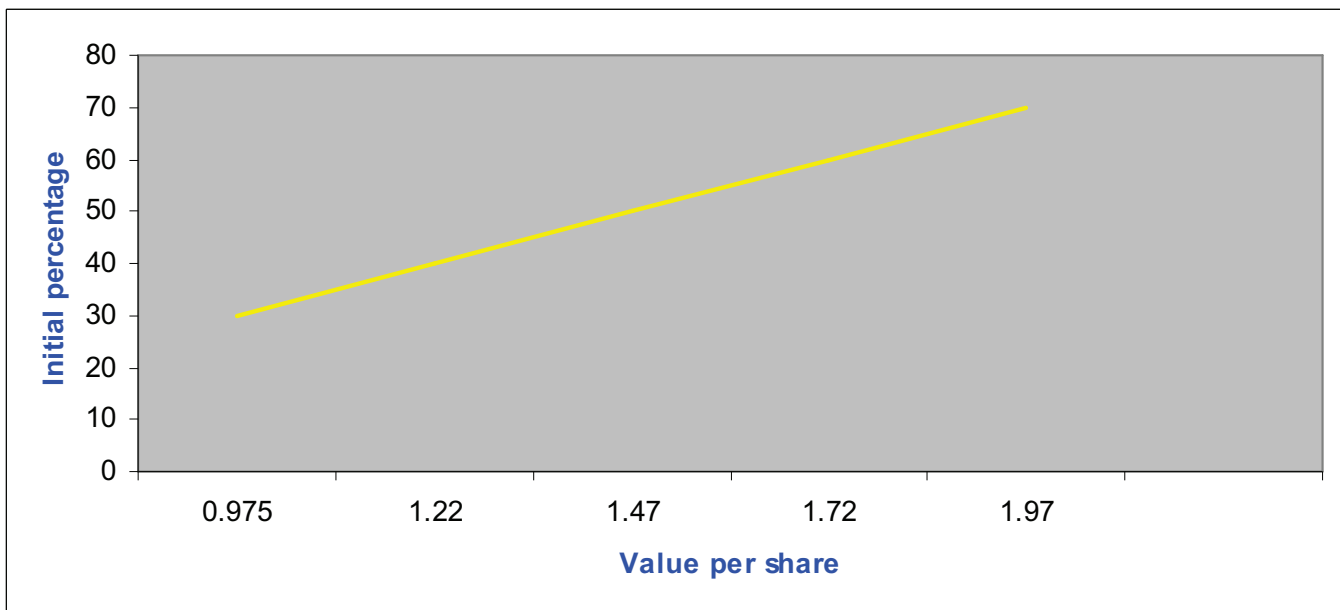
XToll® is currently in phase IIa trials and will need to undergo further trials and approval processes before reaching the market. We have conducted a sensitivity graph depicting various probabilities of success of the drug reaching the market.

Table 1: Discount Cash Flow model

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Market size	\$12.5bn	\$13bn	\$13.5bn	\$14bn	\$14.6bn	\$15.2bn	\$15.8bn	\$16.4bn	\$17.1bn	\$17.8bn	\$18.5bn	\$19.2bn	\$20bn	\$20.8bn	\$21.6bn
Market growth	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Market share						5.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Revenue						\$759	\$1,579	\$1,642	\$1,707	\$1,776	\$1,847	\$1,921	\$1,998	\$2,078	\$2,161
Probability						50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Risked Revenue						\$379	\$789	\$821	\$853	\$888	\$923	\$960	\$999	\$1,039	\$1,080
Royalty						11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Milestones Revenue	\$37		\$37		\$37										
						\$41	\$86	\$90	\$93	\$97	\$101	\$105	\$109	\$114	\$118
Marketing expenses		\$0.14	\$0.15	\$0.153	\$0.161	\$0.169	\$0.177	\$0.2	\$0.2	\$0.2	\$1.2	\$2.2	\$3.2	\$4.2	\$5.2
Admin	\$4.6	\$2.3	\$2.4	\$2.5	\$2.6	\$2.7	\$2.8	\$2.8	\$2.9	\$3.0	\$3.1	\$3.2	\$3.3	\$3.4	\$3.5
R&D Expenses	\$5.5	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$3.0	\$4.0	\$5.0	\$6.0	\$7.0
Occupancy	\$0.6	\$0.5	\$0.59	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6
Total	\$10.7	\$5.1	\$5.2	\$5.2	\$5.4	\$5.5	\$5.5	\$5.6	\$5.7	\$5.8	\$7.9	\$10.0	\$12.1	\$14.3	\$16.3
Total Revenue	\$37		\$37		\$37	\$41	\$86	\$90	\$94	\$97	\$101	\$105	\$109	\$114	\$118
NPBT	\$26.3	-\$5.1	\$31.8	-\$5.3	\$31.6	\$36.3	\$81.3	\$84.7	\$88.2	\$91.8	\$93.6	\$95.6	\$97.7	\$100	\$102.5
Tax at 30%	\$6.7		\$22.3		\$22.1	\$25.4	\$56.9	\$59.3	\$61.7	\$64.3	\$65.5	\$66.9	\$68.4	\$70	\$71.7
Discount factor		0.87	0.76	0.66	0.57	0.50	0.43	0.38	0.33	0.28	0.25	0.21	0.19	0.16	0.14
Discounted cash flow	\$26.3	-\$4.4	\$16.8	-\$3.5	\$12.6	\$12.6	\$24.6	\$22.3	\$20.2	\$18.3	\$16.2	\$14.4	\$12.8	\$11.4	\$10.1
Total NPV		\$210													
Shares		143													
NPV/share		\$1.47													

Source: Wise-owl

Figure 4: Sensitivity to probability of the drug reaching the market



Source: Wise-owl

The Bulls & The Bears



The Bulls Say

- XToll® differentiates itself from other RA drugs by not compromising a person's immune system.
- Phase IIa trial results may confirm the safety and functionality of XToll®.
- Novo Nordisk exercising its option and finalisation of a licensing deal with Novo, or another pharma company, would provide immediate upside for CBio.
- XToll® may also be used in other autoimmune diseases such as Psoriasis and Lupus, with further research to follow.
- Valuation of \$1.47, based on potential milestones and future royalties, suggests upside.



The Bears Say

- Phase IIa trial results may not meet expectations which may result in Novo Nordisk and other pharma companies walking away.
- Although XToll® may be feasible for other auto-immune diseases it would be a major setback if the drug's current trials do not meet expectations.

Board of Directors

Stephen Jones – Executive Chairman

Stephen Jones is a founding director of CBio and was appointed its chairman in 2000. Mr Jones has extensive hands-on management experience in corporate recovery and reconstruction – including for International Card Systems Australia Limited (a credit card provider); Greyhound Pioneer Australia Limited (transport and tourism); and Bresagen Limited (biotechnology). He has been involved with several public capital raisings totalling in excess of \$100,000,000 and was a director of Fortune Advanced Technologies Pty Ltd, Retirewise Capital Australia Ltd, Ingot Capital Management Pty Ltd, and other funds management and venture capital companies.

Mr Jones has served on the Boards of several listed public companies including Greyhound Pioneer Australia Limited, Analytica Limited, Psiron Limited and Bresagen Limited, and is a non-executive director of Injet Digital Aerosols Ltd and ABIL, and is chairman of Australian Technology Innovation Fund Limited, one of CBio's single largest shareholders.

Jason Yeates – Managing Director & Chief Executive Officer

Jason Yeates has direct responsibility for the continued transition of CBio Limited from a medical research company to a listed early-stage drug development company. In particular, Jason oversees the strategic planning involved in the commercial and clinical development of CBio's key product XToll® and its targeted use as a treatment for chronic autoimmune diseases such as rheumatoid arthritis.

Jason joined CBio in 2004 and soon after was named Chief Operating Officer before being appointed CEO in 2006. A year later he was named Managing Director. Jason has held senior financial and commercial positions in Australia, Europe, and Asia with significant experience gained in mergers and acquisitions, fundraising, commercialisation, sales & marketing and business management. Before joining CBio, he was Asia-Pacific Finance Director with MCI Limited during the company's successful expansion into Asia and held the same position at Asia Global Crossing Limited. Earlier commercial management and accounting expertise was gained in the United Kingdom in roles at Harrods, Paramount/Universal and Rutland Trust. Jason holds a Bachelor of Business from Queensland University of Technology.

James Greig – Finance Director

James Greig joined CBio as Financial Controller in February 2006 and was appointed Chief Financial Officer in November 2006. James is a Chartered Accountant who gained insight into business as an auditor with Peat Marwick, now KPMG. Subsequently undertaking commercial roles, he now has over 20 years commercial experience in senior financial and commercial manager positions, and has specialised in facilitating the growth of small and medium sized businesses. James has experience across a broad range of industries including property, oil and gas, insurance and biotechnology.

Dr. Göran Ando – Non-Executive Director

Dr Göran Ando is the former Executive Vice President and President of Research & Development of Pharmacia Corporation which was acquired by Pfizer Inc. in 2003. In April 2003, he accepted the appointment as Chief Executive Officer with CellTech Group PLC in the United Kingdom until its acquisition in 2004 by UCB. Dr Ando is currently Chairman of Novoxel SA, Paris, Vice Chairman of Novo Nordisk A/S, Copenhagen, and Vice Chairman of S*Bio Pty Ltd, Singapore. In addition, Dr Ando is presently a Member of the Board of Directors of the following companies: Novo A/S, Copenhagen, Nicox SA, France, EUSA Pharma, United Kingdom, Bio*One Capital Pte Ltd, Singapore, CBio Ltd, Brisbane and Albea Pharmaceuticals AG, Switzerland. Dr Ando also serves as a Senior Advisor to Essex Woodlands Health Ventures UK Ltd.

In addition, Dr Ando is Chairman of the Scientific Advisory Board, Southwest Michigan First (SWMF). Dr Ando is a Specialist in General Medicine and is a Founding Fellow of the American College of Rheumatology in the US.

Dr. Thomas Lönngren – Non-executive Director

Dr Thomas Lönngren served as the Executive Director of the European Medicines Agency (EMA) from 2001 through to his retirement in December 2010. He qualified as a pharmacist from the University of Uppsala in 1976 and holds an MSc in social and regulatory pharmacy. From 1976-78 he was a lecturer at Uppsala University, Sweden. He served with the Swedish National Board of Health and Welfare from 1976-90 with responsibilities including herbal medicines, cosmetics, medical devices, narcotics and contraceptives. During 1982-94 he acted as senior pharmaceutical consultant for the Swedish International Development Agency's health cooperation programme in Vietnam. In 1990 he was appointed Director of Operations of the Swedish Medical Products Agency, later becoming Deputy Director-General of the Agency. He was an Honorary Member of the Royal Pharmaceutical Society of Great Britain in 2003 and made an Honorary Fellow of the Royal College of Physicians in 2004. He was granted an Honorary Doctorate from the University of Uppsala in and received Drug Information Association's Distinguished Career Award in 2008.

Dr. Terje Kalland – Non-Executive Director

Dr Terje Kalland, MD, PhD, is a former professor of tumour immunology and has served 22 years in the pharmaceutical industry. He is the retiring senior vice president of the Biopharmaceuticals Research Unit at Novo Nordisk. His leadership has been with a focus on discovery and preclinical development, and he also has experience in phase I/II clinical development. He has brought more than 40 large and small molecule-based drug candidates into development. Prior to his appointment at Novo Nordisk, Dr Kalland was Chief Scientific Officer at Biovitrium AB in Stockholm, Sweden. From 1988 to 2001, he worked at Pharmacia, where he spent the last seven years of his appointment as the global head of Oncology Research.

Professor John Funder – Non-Executive Director

Professor John Funder, AO, was Director of the Baker Institute from 1990-2001, and is currently Professor of Medicine at Monash University, Senior Fellow at Prince Henry's Institute of Medical Research, and a Professorial Associate at the Centre for Neuroscience at the University of Melbourne. He holds an Honorary Appointment at the Institute for

Molecular Bioscience, University of Queensland. Professor Funder has worked for over 40 years in endocrinology, with particular interests in steroid hormones and receptors, in hormonal mechanisms in hypertension and heart failure. He has been a member of advisory panels, including PIIP and P3, for the Commonwealth Government, and has had a number of roles in Victoria, including chairing the Victorian Health Promotion Foundation and the Hospitals Admission Risk Program (HARP). He maintains an active research program, with collaborations in Melbourne, Sydney, San Francisco, St. Louis and Toronto, and acts as a consultant for a number of international pharmaceutical firms in the US, Europe, Japan and Australia.

Dr. Peter Corr – Non-Executive Director

Peter B. Corr, PhD., is General Partner, Celtic Therapeutics Management Company L.L.P., a private equity firm focused on the development of innovative therapeutics, alliances that advance solutions for diseases of the developing world, and global advocacy for biomedical innovation. Dr. Corr retired from Pfizer Inc in 2007, where he served as Senior Vice President, Science & Technology. Previously, he was Executive Vice President, Pfizer Global Research & Development, and President, Worldwide Development. Prior, Dr. Corr was President of Pharmaceutical Research and Development at Warner Lambert/Parke Davis until the merger with Pfizer) and he previously served as Senior Vice President, Discovery Research, at Monsanto/Searle.

Dr. Corr also spent 18 years as a researcher in molecular biology and pharmacology at Washington University in St. Louis, where he was Professor of Medicine Cardiology and Professor of Pharmacology and Molecular Biology. His research has been published in more than 160 scientific manuscripts. Dr. Corr serves on the Board of Governors of the New York Academy of Sciences (immediate past Chairman), the Board of Regents of Georgetown University, and several other non-profit and for-profit boards. He also is a member of the IOM's Forum on Drug Discovery, Development, and Translation.

Dr Michael Monsour – Non-executive Director

Dr Michael Monsour is a medical practitioner with business interests in Queensland medical centres. He operates a medical management company that provides management support to medical practitioners, and is also one of Australia's leading providers of software systems for Occupational Health & Safety and Medical Accounting. Dr Monsour is the chairman of Analytica Limited and Injet Digital Aerosols Limited. Dr Monsour is also a board member of the Australian Technology Innovation Fund Limited (ATIF), and the Australia Biofund Investment Limited (Hong Kong)

Stephen Streeter – Non-Executive Director

Stephen Streeter is an Institutional Stockbroker with seventeen years experience. He has been Director and Head of Sales for a number of broking firms including James Capel Australia, E L & C Baillieu, CIBC World Markets and ABN Amro Australia. Mr Streeter is holds the position of Executive Director Equities, Novus Capital Limited, and is also a non-executive Director of Australian Technology Innovation Fund Limited (ATIF). Mr Streeter has had extensive exposure to ECM, Equity Capital markets, and has built a very strong client base in this area.

Analysts

Sven Restel	+61 2 8198 7220	svenr@wise-owl.com
Imran Valibhoy	+61 2 8198 7246	imranv@wise-owl.com
Tim Morris	+61 2 8198 7214	timm@wise-owl.com

Wise-owl.com recommendation system

Care has been taken to define the level of risk to return associated with a particular company. Our recommendation ranking system is as follows:

Spec Buy

We forecast strong earnings growth or value creation that may achieve a return well above that of the broader market. These companies also carry a higher than normal level of risk.

Buy

Companies with 'Buy' recommendations have been cash flow positive for some time and have a moderate to low risk profile. We expect these to outperform the broader market.

Hold

A sound well managed company that may achieve market performance or less, perhaps due to an overvalued share price, broader sector issues, or internal challenges.

Sell

Risk is high and upside low or very difficult to determine. We expect a strong underperformance relative to the market and see better opportunities elsewhere.

Contact wise-owl.com

Level 6
233 Castlereagh St
Sydney NSW 2000
Phone: 1300 306 308
Fax: 1300 304 306
www.wise-owl.com

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