



July 21-22, 2017
Queenstown · New Zealand

**48 ASX LS Companies &
24 ANZ Private Biotechs
Attending**

Companies covered: LBT, IMC, IPD,
Sienna Cancer Diagnostics IPO

	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 - May '13)	3.1%
Year 13 (May '13 - May '14)	26.6%
Year 14 (May '14 - May '15)	23.0%
Year 15 (May '15 - May '16)	33.0%
Year 16 (May '16 - May '17)	16.8%
Year 17 (May '17 - Current)	-2.3%
Cumulative Gain	741%
Av. Annual gain (14 yrs)	17.4%

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Bioshares

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

Extract from Bioshares –

LBT Innovations APAS Reaches Self Certification

LBT Innovations (LBT: \$0.245) has completed the self-certification process for CE Marking for its APAS Independence instrument that will be launched by year's. The company believes that its product meets all of the requirements for CE Mark certification. The product can be CE Marked once a Declaration of Conformity is signed by the manufacturer. The product gained FDA clearance in October last year.

Reference Site in Melbourne

St Vincent's Hospital in Melbourne will be the first site to trial the instrument, which will sell for around US\$300,000. Reference site data from such sites will be provide important information around the practical introduction of the APAS system for its customers.

In Australia and New Zealand the product will be distributed by LBT Innovations. The product is being commercialised through a 50/50 joint venture with Hettich Holding in Germany. Distribution partners are being selected for other regions, with multiple distribution deals expected according to CEO Brent Barnes who said it is important to maintain leverage and control of the product.

Currently the APAS instrument is being made by Planet Innovation in Melbourne. It's expected that manufacture will be transferred to Hettich once volumes increase. Profit from the JV will be shared equally between LBT and Hettich.

The target market for LBT is the medium sized labs that process between 400 – 1,000 agar plates a day. The APAS instrument can analyse 200 agar plates per hour. There are approximately 12,000 of these mid-sized laboratories worldwide. Barnes believes that LBT is around two years ahead of any competition.

The first application is testing for bacterial presence in urine samples, which makes up around half of all pathology samples. Of these 70% are on average negative and can be independently removed from the system with the LBT instrument. The payoff period for the instrument is expected to be around two years. In a US trial on 5,500 urine samples, the APAS instrument was found to be 98% sensitive in detecting bacterial presence, surpassing the 96% average sensitivity achieved by microbiologists.

LBT is currently manufacturing eight APAS systems, three of which will be installed at reference sites.

The company is currently capitalised at \$34 million. It had \$6.3 million in cash at the end of March.

Bioshares recommendation: Speculative Buy Class A

Bioshares

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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