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Companies covered: Quarterly Review,
ADR, AXP, LBT

	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)	-2.6%
Cumulative Gain	738%
Av. Annual gain (14 yrs)	17.4%

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

Extract from Bioshares –

Stock Update

LBT Innovations' APAS Installed at First Hospital Site

LBT Innovations (LBT: \$0.315) has installed its first APAS Independence instrument in Melbourne, at St Vincent's Hospital. The site will be the first commercial hospital that will trial the product, which will be sold for around US\$300,000.

LBT is aiming to have several commercial sites operational over the next 12 - 18 months, which will serve as reference sites for other customers. While the instrument has shown a 98% sensitivity in detecting bacteria correctly on agar plates (compared to 96% with manual assessment) in a trial involving over 10,000 samples, its operational efficiencies will need to be confirmed in commercial settings (reference sites).

The company is preparing for sales to start in Australia in January, where LBT is the distributor. In Europe (and the US) the plan is to sell the product through distributors, with distribution discussions currently underway. Previously the company had planned to secure distribution arrangements by the end of Q1 FY1018.

LBT finished FY2017 with \$3.5 million in funds. Additional funds were raised in July through a share purchase plan (\$0.5 million) and \$4.35 million is expected to be received from R&D tax rebates.

The first instrument the company developed was the MicroStreak, which was sold through bioMerieux previously. Between 450 - 500 instruments were sold globally, with rights having been returned to LBT. The company has recently decided to write down intangible assets relating to MicroStreak, following a review of potential sale of licensing opportunities for this residual asset.

LBT Innovations is capitalised at \$45 million.

Bioshares recommendation: Speculative Hold 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

Corporate Subscribers: Cogstate, Bionomics, Impedimed, LBT Innovations*, Viralytics, Opthea, RHS, Innate Immunotherapeutics, Anantara Life Sciences, ResApp, Pharmaxis, Starpharma, Dimerix, Cyclopharm, Adalta, Immuron, Medibio, Phylogica
*LBT was inadvertently deleted from this list from edition 688 onwards

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