Healthcare – Healthcare Equipment

Genera Biosystems Limited
(ASX: GBI)

Overview Report

Equity | Australia
December 17, 2008

VIRIATHUS®

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Company Description:

Genera Biosystems is developing and commercializing novel molecular diagnostic tests based upon a proprietary detection platform for use in the medical pathology industry. In July 2008, the Company introduced its first product PapType, a test which simultaneously detects (in cervical smear specimens) and genotypes the 14 high-risk strains of human papillomavirus (HPV) known to cause cervical cancer. Compared to competitor technologies in the potentially $1 billion HPV testing market, PapType has compelling cost, performance and ease-of-workflow advantages for pathology labs and provides more clinically actionable information for physicians.

The Company has already launched PapType in Australia and has the opportunity to quickly garner market share by introducing the product next year in Southeast Asia and Europe through partnerships with prominent commercial pathology laboratory operators and third party distributors or licensors.

Genera is also developing tests for gonorrhea and Chlamydia and refining an optical detection technology, Q-Sand™, with promising multiple applications in infectious disease detection, cancer screening and other biosensing uses, without the need for extensive biochemical processing.

Overview Report Highlights:

- **PapType is better at detecting higher grade precancerous lesions**

Early studies indicate that PapType may have a greater efficacy in the detection of higher grade precancerous lesions of the cervix than the only FDA-approved HPV test (Qiagen's Hybrid Capture 2™ - HC2). Moreover, the ability of PapType to genotype means that physicians are able to identify those women who are at the highest risk of eventually developing cervical cancer. This may prevent the need for a large number of colposcopies (an invasive examination procedure).

- **PapType™ has attractive process characteristics**

PapType leverages skills and infrastructure already found in most commercial pathology laboratories; no additional equipment or test-specific expertise is required. Processing time and number of handling steps are competitive, (and will improve further with the development of PapType Rapid™, featuring Genera's proprietary solid-phase hybridization biochemistry), and by detecting and genotyping HPV types in one step, PapType provides significant cost, performance and ease-of-workflow advantages which make the product attractive to pathology labs and physicians.

- **Commercial launch in Australia, Southeast Asia and Europe**

Genera has partnered with Gribbles Pathology (part of the Healthscope Group (ASX: HSP), and Australia's third largest commercial pathology provider) to launch PapType in Australia. In addition, the Company has partnered with Polartechnics (ASX: PLT) and Healthscope to introduce PapType in Asia and Europe as part of Polartechnics' Cerviscreen™ self-testing product. The Company also has an agreement with Sonic Healthcare (ASX: SHC), which gives Sonic access to PapType globally. Sonic Healthcare is Australia's largest pathology laboratory, as well as Europe's largest private laboratory and the 3rd largest in the United States.

Financial Data:

Price: .....**AU$0.25**
Market Capitalization (mln): .....**AU$13.3**
Shares Out standing (mln): **51.2**
Float (mln): **38.9**
Institutional Ownership (%): .....**NA**
Avg. Volume (90 day, approx.): **33,064**
52 Week Range: **$0.13-0.47**
Exchange: .....**Australian ASX**

Near-term 2009 Milestones:

- First Quarter 2009:
  Completion of major retrospective validation study.
- Second Quarter 2009:
  GMP certification from the Therapeutic Goods Administration (TGA);
  TGA approval and listing on the Australian Register of Therapeutic Goods;
  Finalization of European distribution partner;
  CE marking and European launch;
- Third Quarter, 09 - Completion of retrospective screening study on Australian population;

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Balance Sheet pro forma: (AUD 000)	June 08
Cash	4,377,069
Working capital	5,487,124
Current Ratio	5.8x
Long-Term Obligations	38,000
LT Debt to Equity Ratio	0.064

P&L Data: (AUD)	Jun 05	Jun 06	Jun 07	Jun 08
Revenues	0.075	0.119	0.059	0.051
Gross Profit	0.075	0.119	0.059	0.051
Operating Profit	(1.070)	(1.143)	(2.883)	(3.240)
Net Profit	(1.070)	(1.143)	(2.883)	(3.240)
EPS	(0.095)	(0.075)	(0.167)	(0.090)

Margin: (%)	Jun 05	Jun 06	Jun 07	Jun 08
Gross Margin	100.0	100.0	100.0	100.0
Operating Margin	NM	NM	NM	NM
Net Margin	NM	NM	NA	NM

Financial Metrics

Healthcare – Healthcare Equipment

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Information Overview

Genera Biosystems was incorporated in 2001 to develop and commercialize potentially high-value technologies originating from three leading Australian medical research organizations: The Walter and Eliza Hall Institute of Medical Research, the Australian Genome Research Facility and the University of Melbourne.

The Company is leveraging these proprietary technologies to develop and market innovative molecular diagnostic products for the multi-billion dollar worldwide molecular diagnostic testing market. Molecular diagnostics is the fastest-growing and most profitable segment of the $33 billion in-vitro diagnostics market. This segment, currently worth approximately $2.4 billion, is comprised mainly of testing for infectious diseases, and is expanding at a 17% annual rate. The Company's development efforts are supported by AU$5.0 million in capital raised through Genera's June 2008 initial public offering.

Molecular diagnostics (MDx) is a technique which uses information about the presence of particular DNA sequences in a patient specimen (blood, urine, cervical smear, etc.) to assist in patient management. All living organisms contain DNA, a complex chemical consisting of multiple combinations of four simpler chemicals known as bases (Adenine – A; Thymine – T; Guanine – G; Cytosine – C). Specific arrangements of A, T, G and C combine to create genes, the principal functional component of DNA. Often, specific combinations of bases are found which are unique to a particular species, or even sub-species.

MDx can be used in several ways. Certain variations within genes have been found to predispose patients carrying those variations to a particular disease. Similarly, gene variations may contribute to determining how well a specific pharmaceutical therapy will work with a particular patient. Finally, the presence of unexpected DNA sequences in a clinical specimen may be indicative of the presence of infectious agents, such as bacteria and viruses.

Genera's first product is PapType, a molecular diagnostic test which simultaneously detects and genotypes, in cervical smear specimens, the 14 types of human papillomavirus (HPV) known to cause cervical cancer.

Genera's first product is PapType, a molecular diagnostic test which simultaneously detects and genotypes, in cervical smear specimens, the 14 different kinds of high-risk human papillomavirus (HPV) known to cause cervical cancer. The Company has begun sales of PapType in Australia via a direct distribution agreement with Gribbles Pathology, Australia's third largest pathology company and part of Healthscope Ltd (ASX: HSP). The Company anticipates introducing PapType in Europe in 2009, both as a stand-alone product competing directly in the HPV testing market, and through its strategic alliance with Polartechnics (ASX:PLT), a biomedical company specializing in products that screen for cervical and skin cancers. PapType will be the HPV test underpinning Polartechnics' Cerviscreen™ HPV self-testing device, a product aimed at the significant percentage of women who prefer not to use the regular Pap screening services. In addition, the Company is in discussions with the FDA regarding a clinical program which could lead to a U.S. launch in 2010. Compared to competitor tests, PapType offers compelling cost, performance and ease-of-workflow advantages for pathology laboratories, and more relevant, clinically actionable data for physicians and their patients.

Technology Overview

Genera has two proprietary technology platforms, AmpSand™ beads and Q-Sand™. The current range of molecular diagnostic tests is based upon the AmpSand platform:

Genera's bead-based technology facilitates the "multiplexing" of tests (detecting more than one pathogen from a single clinical specimen). AmpSand technology creates significant efficiencies for pathology labs.

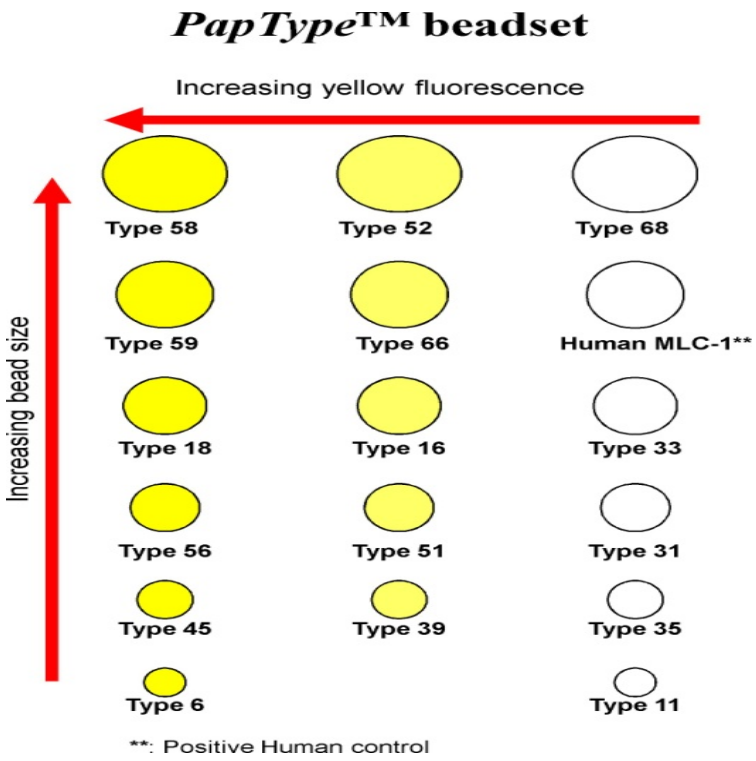
AmpSand beads:

This technology is based upon clusters of microscopic, color-and-size-coded silica beads. The beads in each cluster have been chemically modified to present probes which bind specific target sequences of DNA. In the case of PapType, each cluster of beads presents probes which can bind the DNA from one of the pathogenic types of HPV. Individually identifiable bead clusters are distinguishable from each other by means of a flow cytometer, a standard piece of pathology laboratory hardware, and test results are interpreted by a lab technician using Genera's proprietary QPlots™ software.

AmpSand technology can be used in any DNA-based test. The technology brings together bead clusters, each of which detects a different DNA target, into one multiplexed test capable of simultaneously detecting multiple diseases or pathogens. By facilitating very high level multiplexing, AmpSand technology creates significant efficiencies for pathology laboratories; the potential upper limit for multiplexing on AmpSand is in excess of 150 analytes.

In practical terms, multiple DNA targets per test mean significantly more information for the physician and the patient, results delivered more quickly, and cost savings through efficiencies for pathology laboratories.

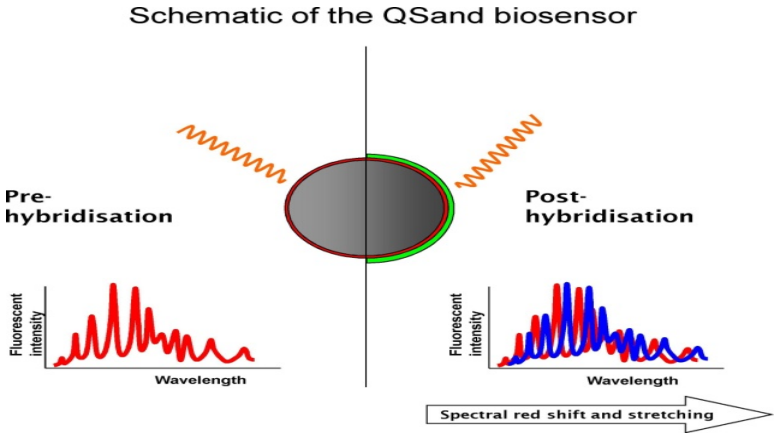
Genera's AmpSand technology has been successfully proven and is the platform on which the Company's PapType test is based. PapType uses approximately 3,500 microscopic silica beads per test, divided into 17 clusters, each identifiable by a unique combination of size and color intensity. Sixteen of the clusters each test for a particular HPV type. One of the clusters seeks out a human-specific sequence of DNA; this "human cellularity control" gives the laboratory technician confidence that the clinical specimen has been collected properly, and that the test has been processed correctly. PapType is the first commercial application for AmpSand technology and proof of Genera's ability to convert proprietary research into a marketable product.



Potentially the more exciting of Genera's technologies, Q-Sand may be able to detect minute numbers of pathogens without the need for extensive biochemical processing.

Q-Sand

Q-Sand is potentially the more exciting of Genera's platform technologies. This highly versatile, ultra-sensitive, laser-based optical detection system may be capable of identifying extremely small numbers of pathogens in a specimen without the need for extensive biochemical processing. Q-Sand is based on technology developed by Genera and the University of Melbourne, and works on the principle of so-called "Whispering Gallery Modes" (WGM). These are characteristic spectra produced by the internal resonance of light in the bead.



A Q-Sand bead presenting probes to a specific target analyte, is flashed with a laser, and the resulting WGM spectrum characterized by a spectrometer. This step produces a bead-specific baseline spectrum. The bead is then brought into contact with a test solution that may or may not contain DNA complementary to that on the Q-Sand beads. After a short time, sufficient

for any DNA hybridization to have occurred, the bead is flashed again. Any complementary DNA in the specimen will have hybridized to the probes on the Q-Sand bead's surface. In doing so, the surface properties of the Q-Sand bead will have changed, such that when the bead is flashed with the laser for a second time, the output spectrum will have altered. Typically, post hybridization spectra are red-shifted and stretched as compared to pre-hybridization spectra. This change in the WGM spectrum is indicative of a hybridization event. Conversely, if pre-and post-hybridization spectra are identical, this is indicative that there is no target analyte in the specimen.

Compared to conventional testing technologies, Q-Sand offers the following potential cost and efficiency advantages in commercial pathology applications:

- No amplification of analyte required;
- No signal amplification required;
- No tagging of analyte required;
- Minimal sample pre-processing;
- Results in less than one hour; and
- Suitable for point-of-care applications

Q-Sand could be used to detect infectious diseases or screen for cancer. It also has potential applications in biological contamination testing and food screening.

In theory, any capture molecule which can be immobilized on the surface of the Q-Sand particle should be able to detect binding to its specific partner by the same mechanism of WGM modulation. These other molecule types might include antibody-antigen binding. In addition, dendrimers or other synthetic binders could be incorporated onto Q-Sand surfaces.

Q-Sand has immense potential as a breakthrough, point-of-care diagnostic platform. For example, Q-Sand could be used to detect infectious diseases or screen for cancer. The technology also has potential applications in biological contamination testing and food screening. Genera is actively pursuing partnership arrangements to fund Q-Sand development but plans to retain full ownership of opportunities to exploit Q-Sand in the medical diagnostics market.

Intellectual Property Portfolio

Genera holds a portfolio of eight patents covering its technology at various stages of prosecution, and filed in various territories, as well as one provisional patent application. In addition to its patents, the Company has considerable knowhow in the manufacture of AmpSand beads and also owns proprietary interpretive software.

Genera may use licensing agreements to fully deploy its technology. Licensing is a common practice in the biotechnology sector since it reduces a company's out-of-pocket costs for bringing new products to market.

Growth Strategy

Genera's AmpSand platform is ideal for the kind of medium-density multiplexing (5-150 analytes) that would be of practical use in a commercial pathology laboratory. The Company plans to exploit this advantage to secure a share of the multi-billion dollar molecular diagnostic test market. The first product launched using the AmpSand platform is PapType, a test which simultaneously detects and genotypes HPV, and other multiplexed assays are in the pipeline.

High potential market for HPV testing

Human papillomavirus (HPV), or to be more precise, fourteen high-risk types of HPV, are now known to be the cause of the vast majority of cases of cervical cancer. Testing for HPV has been part of routine screening for cervical cancer since the mid-1990s, when the first HPV detection assay was approved by the FDA (Qiagen's Hybrid Capture 2 test – HC2). Broadly, there are two major indications: primary screening, where the HPV test is performed adjunctively alongside a traditional smear; and Triage, where the HPV test is used to determine which women returning unsatisfactory smears should go on to receive colposcopy.

The market for HPV testing has grown steadily, and is now worth approximately $250 million. However, it is still relatively immature, with less than 25% penetration of the U.S. market and less than 6% in Europe, and the market remains attractive to second-mover companies, able to present an enhanced product offering to customers. The global market value is eventually expected to exceed $1 billion.

Genera expects to break even on annual sales of 200,000 PapType tests – less than half of one percent of the estimated market opportunity.

Deutsche Bank estimates a total market opportunity for HPV testing of approximately 85 million tests per year; however, these estimates do not take into account the potential for reflex genotyping of positive specimens, or the incremental value that a primary genotyping assay could generate. Based upon these numbers, Genera could be producing sizable revenue and EBITDA growth from PapType at modest market penetration rates. The Company anticipates pricing PapType at around US$15 and targets 75% gross margins on product sales. This gross margin calculation takes into account both cost of sales and necessary royalties to third parties. A penetration of just 0.5% of the 85 million annual HPV test market would provide unit sales of 425,000 PapType tests. Genera's revenues and gross profits would be US$6.4 million and US$4.8 million, respectively. The Company expects to become EBITDA positive at sales of approximately 200,000 units.

PapType: How it works

The step-by-step PapType testing process is described below:

Step 1: The physician takes a cervical smear using a brush-type device.

Step 2: Cervical cells are dislodged from the brush into a vial containing preservative fluid. There are several proprietary liquid-based cytology products on the market (such as Hologic's ThinPrep, and TriPath's SurePath) which would be satisfactory.

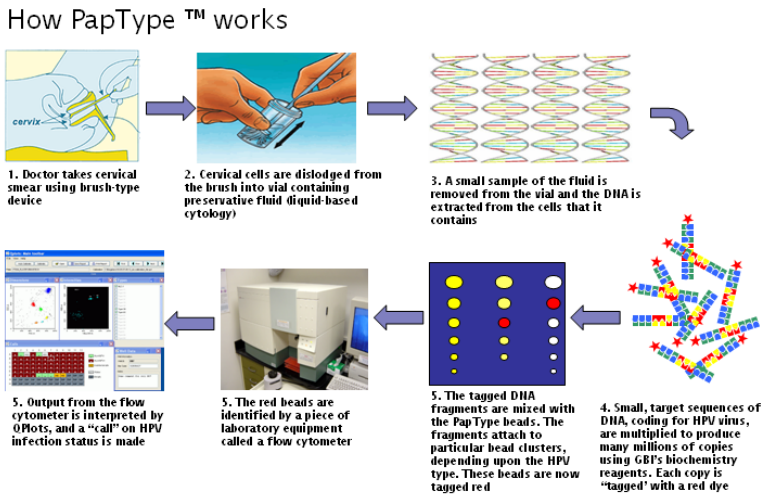
Step 3: A small sample of the fluid is removed from the vial and DNA is extracted from the cells in the sample. This DNA will mostly be human DNA; however, it will also contain some HPV DNA if the patient from whom the smear was taken is infected.

Step 4: Any HPV present in the DNA extract will be present in only very tiny amounts. Genera's proprietary biochemistry amplifies target HPV DNA sequences many millions of times, and also attaches a molecule of red dye to each new DNA fragment.

Step 5: The tagged DNA fragments are mixed with PapType AmpSand beads. The fragments will attach to those bead clusters that have a surface-bound probe which are complementary to their own sequence. HPV fragment-bound beads now glow red because of the red dye.

Step 6: The solution containing the beads is sucked up into a flow cytometer, a machine capable of determining the size and color characteristics of the AmpSand beads. The flow cytometer is thus able to identify which of the bead clusters are glowing red, and therefore which particular HPV type fragments have been bound by beads.

Step 7: Output from the flow cytometer is interpreted using the Company's proprietary QPlots software. The lab technician records the patient's HPV infection status.



PapType is already on sale and in clinical use in Australia, via a direct distribution agreement

Supply agreement with Healthscope, June 2008:
In June 2008, Genera announced a commercial sales agreement for PapType with Gribbles Pathology, part of the Healthscope Group, and Australia's third largest pathology company. Sales commenced in July 2008. While initial volumes have been modest (HPV testing is not yet reimbursed in Australia for any major indication), these sales serve as an important commercial validation of Genera's technology and the PapType test. The Medical Services Advisory Committee (MSAC) of the Australian Department of Health (the authority responsible for making recommendations to government on the reimbursement of medical services) is currently reviewing a submission on the value of HPV testing. A positive recommendation is anticipated within 12-18 months. Genera's agreement with Gribbles continues until 2010, with a five-year contract extension available by mutual agreement.

While PapType is not yet listed on the Australian Register of Therapeutic Goods (ARTG), Gribbles has self-validated PapType for use in their clinical laboratories using guidelines established by the Australian Commonwealth Government's National Pathology Accreditation Advisory Council. Gribbles also participates in the College of American Pathology's Quality Assurance Program for HPV testing by DNA.

Partnership with Polartechnics and Healthscope to launch Cerviscreen™ in Australia, Southeast Asia and Europe:
In September 2008, Genera announced a partnership with Polartechnics and Healthscope for the development and commercial launch of Cerviscreen™, a novel, self-sampling HPV test.

The Cerviscreen™ self-sampling test incorporates PapType technology and will be launched in Australia, Southeast Asia and Europe in 2009.

Cerviscreen targets the huge number of women worldwide who, for a variety of reasons, choose not to use Pap smear testing services. The Cerviscreen kit consists of a specifically designed vaginal self-sampler, transport of the specimen to Healthscope, and Genera's PapType test to identify the presence of high-risk HPV in specimens. Patients with a positive HPV test result will be encouraged to seek a conventional Pap smear. Polartechnics will launch Cerviscreen in Australia, Southeast Asia and Europe during 2009; these markets include an estimated 70 million non-screening women. Cerviscreen could dramatically improve cervical cancer detection rates and patient outcomes by increasing participation in cervical cancer screening.

"Self collection with HPV testing is a promising tool for secondary prevention of cervical cancer."

Phil Castle, National Cancer Institute, USA. Eurogin HPV meeting, November 2008

In the United States, despite recommendations that women undergo Pap smear screening every two years, 16% of women have not been screened within three years. Similarly, in the U.K., 21% of women have not had a Pap smear for five years. These low screening percentages are despite that fact that the vast majority of new cases of cervical cancer (60-80%) are found in women who have not had a recent Pap smear.

Agreement with Sonic Healthcare
In August of 2007, Genera signed a two-part agreement with Sonic Healthcare, the world's third largest private pathology provider. Under the terms of the agreement, Sonic Healthcare is collaborating with Genera on further development of PapType by assisting in certain trials necessary for regulatory approval. At present, Genera is designing the protocol for a Reliability/Reproducibility study which will assess how robust the test is when used by different operators and in a variety of laboratories.

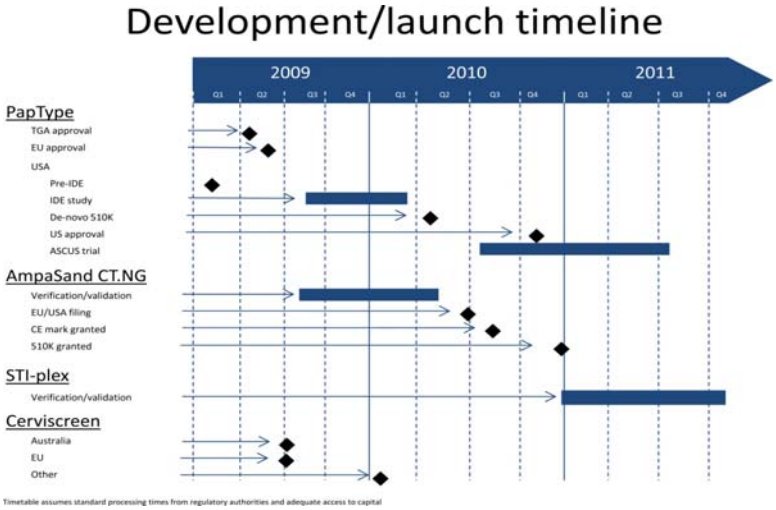
The agreement also gives Sonic Healthcare non-exclusive rights to purchase PapType for use in its laboratories worldwide. Sonic Healthcare has a significant market presence in Australia, the United Kingdom, Switzerland, Germany, the United Sates and New Zealand and Genera believes this agreement will facilitate the commercial success of its product in major world markets.

In 2009, Genera plans to file PapType applications for approval with the TGA and other regulatory agencies worldwide. In addition, as part of its strategy to help drive its business towards profitability over the next 12 months, Genera intends to pursue additional partnerships and commercial supply agreements.

Product pipeline
Genera is also developing AmpSand CT.NG, a proprietary test for gonorrhea and Chlamydia which the Company expects to launch globally over the next 12-24 months. This test will be able to separately identify specific types of Chlamydia (including those of a more pathogenic nature) and provides a test for gonorrhea, which is less susceptible to false positives than current assays. The gonorrhea and Chlamydia testing market is worth in excess of $350 million, and is expected to grow significantly over the next several years as the FDA continues to tighten regulation of so-called "home brew" tests.

Whilst AmpSand CT.NG is expected to be competitive in its own right, it will also be the starting point for a multiplexed sexually-transmitted

infection (STI) test, STI-plex™, which may enter clinical studies in late 2010. STI-plex will use Genera's proprietary multiplexing technology to detect Chlamydia, gonorrhea, Herpes simplex (1 and 2), Trichomonas and Gardnerella in a single test.



Over the short term, the Company's PapType HPV diagnostic test will be the key driver for value creation. In this increasingly competitive market space, Genera's PapType stacks up well against some formidable competitors.

Management Team

Dr. Allen Bollands
Chief Executive Officer

Dr. Allen Bollands

Dr. Bollands has been CEO of Genera since 2005. He brings to the Company extensive experience in the management of life sciences businesses. Prior to joining Genera, he held senior positions in Europe, Australia and the U.S. with SmithKline Beecham and Novartis. Dr. Bollands has an extensive background in marketing, sales, product development and business development. He previously served as CEO of Adelaide-based Repromed, and as an independent consultant to several other Australian biotech companies.

Dr. Karl Poetter
Chief Scientific Officer and Executive Director

Dr. Karl Poetter

Dr. Poetter received his Ph.D. in Molecular Genetics from Ohio State University in 1988. His research accomplishments include genomic mapping and the identification of novel human disease genes. Dr. Poetter is the inventor of SIFT™ technology (an important component of the AmpaSand detection system) and spearheaded the development of the surface chemistry component of AmpSand beads, as well as molecular biology-based applications for the technology. He is also the co-inventor of Q-Sand™ technology.

Ferdinando Careri
Chairman of the Board of Directors

Ferdinando Careri

Mr. Careri has over 25 years of corporate management experience with both public and private companies. His previous management roles include: Chairman and co-founder of Ecotech Group Pty. Ltd; Managing Director of C-Smart Services Pty. Ltd; Chairman of SEGASCO Methane in Power consortium; Chairman of the Brotherhood St. Lawrence Management Review Committee; member of the European Australian Centre for Cooperation; CEO of Metropolitan Transport Trust; CEO of Ausdoc Integrated Services; CEO of On Demand Printing; General Manager of Public Transport Corp.; General Manager of the Stonnington City Council and General Manager of Brambles Cleanaway.

Mel Bridges
Director

Mel Bridges

Mel Bridges has over 30 years experience in the biotechnology and healthcare industries. During this period, Mel founded and managed successful diagnostics, biotechnology and medical device businesses. He co-founded ASX listed companies Panbio Limited and ImpediMed Limited. During the past three years Mel has also served as a director of the following other listed companies: Appointed as director of ImpediMed Limited (September 1999) and subsequently as Chairman (March 2004), Chairman of Incitive Limited (appointed director in November 2007), Non-Executive Director of Benitec Limited (appointed October 2007).

David Symons
Director

David Symons

Mr. Symons has an extensive background in finance and investment banking. He has held roles in private equity (ABN AMRO Capital), corporate development (Promina Group) and providing mergers and acquisitions advice in an investment banking environment (Macquarie Bank and Merrill Lynch). He holds Bachelor of Laws (Hon) and Bachelor of Commerce degrees from the University of Melbourne.

William Tapp
Director

William Tapp

Mr. Tapp brings over 40 years of entrepreneurial and commercial experience to the Company. This has included a key role as one of four partners in the establishment of Dovuro Seeds Pty Limited in 1990. Mr. Tapp has had significant board experience and is currently the Chairman of Ag-Sun India, a 200-employee seed business headquartered in Mumbai with processing plants in southern India.

Clinical Development Advisory Board

Professor Suzanne Garland (Chair)
Professor Garland is Professorial Fellow in the Department of Obstetrics and Gynecology of the Faculty of Medicine at the University of Melbourne. She is also Head of Clinical Microbiology and Infectious Diseases at the Royal Women's Hospital and Senior Consultant for Clinical Microbiology at Royal Children's Hospital in Melbourne. Professor Garland is a globally known researcher specializing in applications for molecular biology in the diagnosis and prevention of sexually transmitted infection, particularly HPV and cervical cancer. She is a consultant to the World Health Organization on sexual health issues and HPV diagnosis and vaccines. In 2005, she chaired a World Health Organization technical workshop on the role of laboratory detection of HPV in global disease prevention and control. Professor Garland is the author or co-author of over 270 publications, including a *New England Journal of Medicine* article on the HPV vaccine published in May 2007.

Professor Ian Frazer
Professor Frazer helped invent the technology which enabled the first HPV vaccine to prevent cervical cancer. This technology has been licensed to CSL Limited, Merck and GSK. He is the Director of the University of Queensland Diamantina Institute at the Princess Alexandra Hospital in Brisbane. His research interests include immuno-regulation and vaccines for HPV-related cancers, for which he has received research funding from several Australian and U.S. sources. He was made a Fellow of the Australian Academy of Science in recognition of his work on a HPV vaccine and was voted "Australian of the Year" in 2006.

Associate Professor Sepehr Tabrizi
Associate Professor Tabrizi is Senior Research Scientist in the Department of Molecular Microbiology at the Royal Women's Hospital and an Associate Professor at the Faculty of Medicine in the Department of Obstetrics and Gynecology at the University of Melbourne. He has contributed to over 100 publications and is a chief investigator on a number of World Health Organization projects.

Professor Michael Quinn
Professor Quinn is a Professor of Obstetrics and Gynecology at the University of Melbourne and Director of Oncology/Dysplasia and Clinical Director of the Gynecological Research Center at the Royal Women's Hospital in Melbourne. A former Chair of the scientific committee for the International Gynecological Cancer Society and its current Secretary/Treasurer, Professor Quinn has published over 180 articles, including two monographs on HPV screening and management.

Professor Gregory Rice
Professor Rice is an NHMRC Principal Research Fellow and Head of Translational Proteomics at the Baker Heart Research Institute. He is also a professor in the Department of Medicine at Monash University; Chief Scientist of the Mercy Prenatal Research Center at Mercy Hospital for

Women; Scientific Director of the Ovarian Cancer Institute at the Women's Cancer Foundation, and an Executive Director of HealthLinx Limited. He is currently President of the International Federation of Placental Association and a past President of the Prenatal Society of Australia and New Zealand. His primary research focus is the application and implementation of translational and multiplex platforms and the development of novel diagnostics. He has published more than 160 scientific papers in peer-reviewed scientific journals.

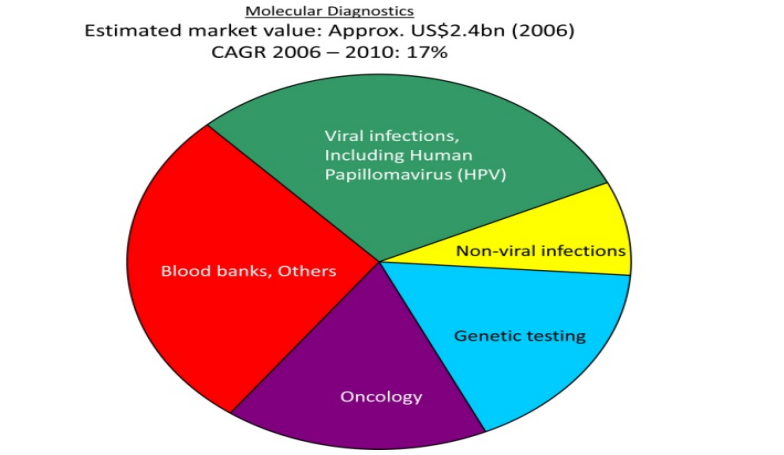
Market Overview

Diagnostic tests influence 60-70% of physician decisions yet represent only 5% of hospital costs.

$2.4 billion molecular diagnostics market

Molecular diagnostics is the fastest-growing and most profitable segment of the $35 billion in-vitro diagnostics market. This segment, comprised mainly of testing for infectious diseases, is expanding at a 17% annual rate. Demand for new diagnostic tools for early disease detection is growing in part due to efforts to ensure more rational medical intervention. Diagnostic tests represent highly efficient healthcare expenditure since these tests influence 60-70% of all physician treatment decisions, yet account for only 5% of hospital costs and less than 2% of Medicare expenditures. Continued double-digit growth in the molecular diagnostic test segment is anticipated, as these tests are increasingly utilized for early disease detection and better patient outcomes. In addition, new diagnostic tools are being introduced that target cancer and other major disease areas.

The Molecular Diagnostics Industry



Diagnostic tests are usually carried out by large commercial pathology laboratories. These laboratories are continually searching for new tools that can help increase operating efficiency and improve margins. One way labs can increase efficiency is to reduce the resources, particularly personnel resources, required to obtain test results. Another way is to increase the amount of information derived from a single test, a process known as multiplexing.

HPV is strongly linked to cervical cancer, the second most prevalent cancer among women.

The role of HPV testing in cervical cancer identification

There are over one hundred and thirty (130) different types of papillomavirus known to affect humans, and approximately thirty of these routinely infect the urogenital tract. In fact, HPV is the most common sexually acquired virus. Typically, HPV viruses are classified as either high-risk or low-risk, depending upon their association with cervical cancer. Clinical studies indicate that 99.7% of all cervical cancers contain DNA from high-risk HPV types; the two highest risk types (16 and 18) have been declared human carcinogens by the World Health Organization (WHO), and a recent study indicated that these two types were approximately 5-7 times more likely to cause cervical cancer than all the other HR HPV types. Each year, there are about 466,000 new cases of cervical cancer globally and some 232,000 deaths from the disease.

The mainstay of cervical cancer screening for many years has been the Papanicolaou (Pap) smear. Pap smear testing involves the removal of cells

from a woman's cervix, which are then examined by a laboratory technician to identify cellular abnormalities consistent with developing cervical cancer. However, despite improvements in Pap smear technique brought about by innovations such as liquid-based cytology (LBC), it is still a relatively insensitive test. Up to 32% of high grade precancerous lesions occur in women who have returned an ostensibly normal Pap smear.

Despite improvements, Pap smear is still a relatively insensitive test. Recent guidelines have introduced a role for HPV genotyping.

HPV testing can be used in two ways to support physicians in cervical cancer identification. In the U.S., HPV testing is used in women under the age of 30 years returning an equivocal smear result (known in the U.S. as Atypical Squamous Cells of Uncertain Significance – ASCUS) to determine the need for progression to colposcopy (visual examination of the cervix). This is the so-called Triage testing. In women over the age of 30 years, HPV testing is used in combination with a Pap smear to improve clinical sensitivity. A combination of Pap smear and high-risk HPV test provides almost 100% negative predictability – i.e., that a patient is at low risk for developing CIN2/3.

Recent guidelines have introduced a role for HPV genotyping. Of the 14 high-risk types of HPV known to cause cervical cancer (Types 16, 18, 31, 33, 35, 39, 45, 51, 52, 56, 58, 59, 66, 68), types 16 and 18 are by far the most likely to progress from infection to disease. A recent study indicated that patients infected with Type 16 had a 17.2% chance of developing very high grade precancerous lesions or invasive cervical cancer within 10 years; for Type 18, the figure is 13.6%. For all other high risk types combined, the figure is 3%. Consequently, the 2006 United States' consensus guidelines for the management of women with abnormal cervical screening tests recommends that women who are cytology negative, but Type 16 or 18 positive, be referred directly for colposcopy. Women who are positive with any other high-risk HPV type are required to return for follow up tests within 12 months. By following these guidelines, physicians can help reduce the number of women being referred for colposcopy and better control overall patient management costs.

Estimates of the worldwide HPV testing market opportunity exceed $1.0 billion.

One billion dollar global HPV detection market

The market for HPV testing has grown steadily, and is now worth over $250 million. However, it is still relatively immature, with less than 25% penetration of the U.S. market and less than 6% in Europe. As such, the market remains attractive to second-mover companies able to present an enhanced product offering to customers. The market opportunity for HPV testing is expected to eventually exceed $1 billion, and possibly as much as $4 billion.

A number of drivers are working together to rapidly grow the HPV testing market:

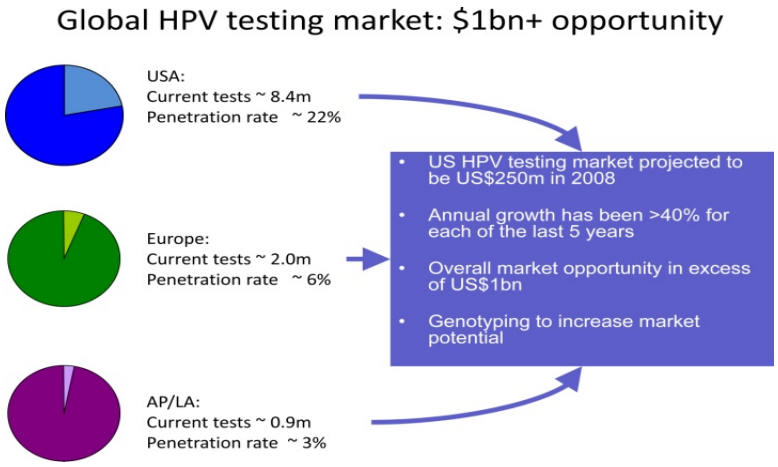
- Increased awareness of the role of HPV in cervical cancer has been driven by those companies (Merck and Glaxo SmithKline) selling HPV vaccines. The vaccines themselves will also create an increasing need for HPV testing; they will eliminate about 70% of cervical cancers, but women will continue to need screening. In an environment of rarer clinical events (i.e. diminished incidence of cervical cancer, brought about by widespread vaccination), HPV testing represents a better screening modality than traditional Pap smears.

- Guidelines continue to evolve and develop as new information on the relative merits of HPV and Pap testing becomes available. In the United States, new guidelines describe a role for HPV genotyping; in the U.K., Triage testing is being introduced via six

sentinel sites around the country; in Germany, the national society for gynecology has recommended an increased role for HPV testing in the cervical screening program.

- Finally, clear clinical evidence is emerging that will eventually lead to HPV replacing Pap as the principal screening methodology.

Deutsche Bank estimates a total market opportunity for HPV testing of approximately 85 million tests per year; however, these estimates do not take into account the potential for reflex genotyping of positive specimens, or the incremental value that a primary genotyping assay could generate.



Genera plans to introduce diagnostic tests for Chlamydia and gonorrhea over the next 12-24 months.

$350 million Chlamydia and gonorrhea test markets

Genera is also developing AmpSand CT.NG, a proprietary test for gonorrhea and Chlamydia which the Company expects to launch globally over the next 12-24 months. The Company estimates its gonorrhea and Chlamydia test will address a $350 million U.S. market. This market is expected to grow significantly over the next several years since the FDA began increasing regulation of so-called “home brew” tests.

Gonorrhea is a sexually transmitted disease caused by bacteria that can grow in the reproductive tract as well as other parts of the body. The U.S. Centers for Disease Control estimate more than 700,000 Americans contract gonorrhea infections each year. Untreated, gonorrhea can cause serious health problems such as pelvic inflammatory disease (PID), which develops in about one million American women annually. PID can cause infertility and/or increase the risk of ectopic pregnancy. In addition, gonorrhea can become life-threatening if the disease spreads to the blood or joints. Once detected, the disease can be treated successfully with antibiotics.

Chlamydia is the most frequently reported sexually transmitted bacterial disease in the U.S. In 2006, more than one million Chlamydia infections were reported to the U.S. Centers for Disease Control. The number of Chlamydia cases is thought to be significantly underreported since about three-quarters of infected women and one-half of infected men display no symptoms. If left untreated, Chlamydia infections can progress to cause serious reproductive and health problems such as PID. In rare cases, Chlamydia can cause arthritis that may be accompanied by skin lesions and inflammation of the eye and urethra (i.e. Reiter’s syndrome).

Competition

Major Competitors
A number of other companies are developing/marketing HPV tests:

Qiagen: Qiagen's HC2 test (originally developed by Digene Inc.) was approved by the FDA in 1996 for use as a confirmatory test following equivocal Pap smear results. In 2003, labeling of the product was expanded to include use of the test in combination with a Pap smear as a screen for cervical cancer in women aged 30 or older. As the only FDA-approved test for cervical cancer screening, the HC2 test has enjoyed a monopoly in the U.S. HPV test market for several years.

Despite being the only HPV test approved by both the FDA and the European Union, Qiagen's HC2 test has a number of exploitable flaws. PapType improves over HC2 in several areas.

PapType: Competitive advantages in the HPV testing market
Despite being the only HPV test approved by both the FDA and European Union, Qiagen's HC2 test is widely regarded as having a number of flaws, exploitable by newer products. Specifically, PapType improves over HC2 in several areas:

- **Genotyping:**
  Fourteen different kinds of High-Risk (HR) HPV are known to cause cervical cancer; however, not all of these are equally dangerous. Types 16 and 18 are known to be collectively responsible for approximately 70% of cervical cancers. Recent U.S. guidelines anticipated the advent of genotyping assays, and made specific recommendations for women infected with those two types.HC2 detects 13 HPV types (it does not detect type 66) but cannot individually genotype the virus found. In contrast, PapType simultaneously detects and genotypes all 14 types of HR HPV, as well as the two Low Risk (LR) types (6 and 11) that cause genital warts.

- **Detection of high grade disease:**
  Pilot clinical studies have indicated that PapType may be better than HC2 at detecting higher grade disease in Triage patients. This is of great value to this group of patients since the value of True Positive tests (i.e. correct diagnosis of cervical pre-cancer) is of paramount importance (in contrast to the screening group of patients, where True Negatives are the most important result).

- **Internal control:**
  HC2 does not contain an internal cellularity control. In practice, this means that a negative test on HC2 could mean one of two things: either the test is genuinely negative, or alternatively no human cellular material was in the test well. In the latter case, a false negative could be recorded. PapType has an internal specimen control, which tells a pathologist whether or not human material was present in a test well. If the internal specimen control test fails, then no results can be drawn from that specimen, and the test must be repeated. In any case, a potential false negative is avoided.

- **Specimen volume:**
  Most HPV tests are carried out from Liquid-Based Cytology (LBC) specimens. The majority of LBC tests use a process which depletes the specimen. PapType requires less than half of the volume of HC2 (800µl compared to 2ml) to complete an assay, meaning that it is less likely to encounter problems of insufficient

residual LBC specimen (generating a so-called "QNS" report – Quantity Not Sufficient).

- **Leverage existing laboratory infrastructure and expertise:** HC2 testing requires a laboratory to purchase equipment specific to the HC2 test. This equipment must also be maintained, calibrated, and requires specific training. Moreover, the test itself is considered time-consuming, labor-intensive, and has many steps that require precise laboratory skills. In contrast, PapType leverages existing laboratory infrastructure (PCR machines, flow cytometers) and expertise.

Based on publicly-available information, HC2 test sales were up 42% year-over-year during the first nine months of FY 2007 to US$135.2 million. The HC2 product sells for around US$21 per test. Qiagen estimates gross margins on product sales in an 86% range. In the last five years, HC2 test sales have grown at a 40% CAGR.

Roche: Roche market two HPV tests: Amplicor HPV™, a non-genotyping assay that detects 13 high risk HPV types (again, type 66 is missed), and Linear Array HPV™, which genotypes 14 high risk and 23 low risk types of HPV. Roche filed for FDA approval for both tests in March 2007; however, it's understood that these applications have subsequently been withdrawn. Both products are available in the European Union.

ThirdWave/Hologic: Third Wave (recently acquired by Hologic) has developed Cervista™, a non-genotyping test which identifies the presence of 14 high-risk types, based upon its proprietary Invader™ biochemistry platform. It also has Cervista HR™, a reflex (follow-on) genotyping test that is used to identify the presence of HPV 16 and 18 in positive specimens. Third Wave filed for FDA approval for both assays in April 2008, and the products are CE marked.

Others: Abbott has developed a real-time PCR-based methodology, which runs on their m2000 system. This test detects all 14 high-risk types and genotypes 16 and 18. Gen-Probe has developed an mRNA detection system which runs on their TIGRIS platform; this product has received European approval. Innogenetics, recently acquired via its acquisition of Solvay, Inno-LIPA, an assay similar to Roche's Linear Array.

Paptype correctly identified 76% of specimens as having moderate to serious cancerous precursors and cancer in situ; HC2 only identified 47%.

PapType Clinical Performance

A recent study examined the performance of PapType in the detection of cervical pre-cancer in 100 women with abnormal smear results – analogous to the Triage (reflex) situation described above.

PapType correctly identified 76% of specimens as having CIN2+ (moderate to serious cancerous precursors, and cancer in situ) compared to HC2 only detecting 47%. PapType's superior performance was even more marked when only the most serious lesions (CIN3 and cancer in situ) were considered. PapType correctly identified 86% of CIN3+, compared to only 55% for HC2. Overall, PapType returned only 7 False Negatives in the study, compared to 27 returned by HC2. In practice, this means that women tested with PapType would have a lower chance of being discharged with unidentified disease than if they were tested with HC2.

PapType™: High level detection of most serious lesions*

	Total	True positive by...	
		PapType	HC2
CIN 3 + ACIS	29	25 (86%)	16 (55%)
CIN 2	22	14 (64%)	8 (36%)
Total CIN 2+	51	39 (76%)	24 (47%)

*In women presenting with previously identified abnormal Pap smears

The genotyping performance of PapType was also compared to an established genotyping assay, Roche's Linear Array HPV. Of the 240 genotypes identified by Linear Array across the 100 specimens, PapType identified 94%. Of perhaps greater importance is the fact that PapType did not return a positive result for any of the Low Risk types identified by Linear Array, indicating a high level of specificity of PapType to the target HPV types.

Hologic's US$580 million acquisition of Third Wave Technologies and other recent transactions indicate the market's continued interest in HPV test technologies.

Acquisition Values

Recent industry acquisitions indicate the market's keen interest in new HPV testing technologies. In October 2008, NASDAQ-listed China Medical Technologies paid US$345 million to acquire an HPV-DNA Biosensor Chip and related analysis system from Molecular Diagnostics Technologies Limited, a private U.S. company. This represents the third HPV test acquisition negotiated so far in 2008. Belgium-based Solvay Pharmaceuticals S.A., a subsidiary of Solvay Group, closed its US$316 million purchase of a Belgium HPV test company, Innogenetics, in October 2008. Solvay's offer for Innogenetics rose from EUR 5.75 per share initially to the final tender offer of EUR 6.50 per share. Innogenetics obtained CE Mark for its expanded HPV genotyping test five months ago. In June 2008, Hologic paid US$580 million to acquire Third Wave Technologies based on the future sales potential of that company's HPV test. Third Wave is not yet EBITDA-positive.

These deals follow the 2007 acquisition of Digene by Qiagen for US$1.6 billion. Qiagen paid approximately 7.3 times revenues and 47.9 times EBITDA for Digene.

The spate of recent corporate transactions focused on HPV test assets, with pricing parameters that can only be justified on the basis of continued strong growth in the HPV testing market, demonstrates the highly strategic role that HPV testing is expected to play in women's health franchises in the future. Despite recent transaction activity, there are a number of major diagnostic product businesses which do not currently have access to HPV assets but are likely to be interested in participating in the HPV diagnostic market. Genera is taking steps to build an international profile, as the Company works towards international product launches in 2009, and it is likely that Genera may become the object of significant corporate interest as global awareness of its HPV assets builds and the achievement of milestones relating to product registration reduce its risks. Based on the prices paid for other HPV-focused companies at a similar stage of commercialization, a potential corporate acquirer would likely be prepared

to offer more than US$100 million for Genera once CE Mark is achieved for PapType.

Strong demand for HPV assets as yet unsatisfied

Date	Acquirer	Target	Notes
June 2007	QIAGEN (Netherlands)	DIGENE (USA)	US$1.6bn deal; 47.9 x LTM EBITDA Gained access to Digene's HPV testing monopoly
June 2008	HOLOGIC (USA)	(USA)	US$580m deal. TWT not EBITDA positive Driven by interest in TWT Cervista HPV portfolio
July 2008	SOLVAY (Belgium)	INNOGENETICS (Belgium)	US$316m deal; 74% uplift on pre-bid value. 2-way competitive bidding
October 2008	China Medical Technologies (USA)	Molecular Diagnostic Technologies Limited (USA)	US$345m deal. Using Surface Plasmon Resonance – unproven in human diagnostics

Third Wave Technology public filings:
Approaches from 12 potential acquirers in 12 months to transaction;
Eight went to due diligence.

Potential partner response to GBI story strongly supports suggestion of ongoing demand for HPV assets.

Milestones

Recent achievements

In October 2008, Genera released the results of a pilot clinical study indicating that, in women with abnormal smear results (analogous to a Triage group of patients), PapType seems to demonstrate an improved precancer detection rate when compared to the only FDA-approved cervical cancer screening test. The difference is particularly marked when detection of only the most serious cases of cervical pre-cancer and cancer in situ is considered. The failure of an HPV test to correctly predict the presence of precancerous lesions can have significant adverse consequences for the patient.

Genera has partnered with others to launch a self-sampling HPV test in Australia, Southeast Asia and Europe, and has signed a commercial sales agreement with Australia's third largest pathology company.

In September 2008, Genera announced an agreement to partner with Polartechnics and Healthscope Limited to develop and launch Polartechnics' Cerviscreen self-sampling HPV test in Australia, Southeast Asia and Europe during 2009. These target markets comprise an estimated 70 million women who do not undergo regular Pap smear screening.

In June 2008, Genera signed a commercial agreement with Gribbles Pathology (part of Healthscope Limited) for commercial sales of its PapType test in Australia. Sales commenced in July 2008. The agreement runs through 2010, with a five-year extension clause by mutual agreement of both parties. Genera's agreement with Gribbles, Australia's third largest pathology company, is an important step in the commercial validation of PapType.

In June 2008, Genera completed an initial offering of 10 million shares at AU$0.50 per share, which generated gross proceeds of AU$5.0 million. The IPO was well received and over-subscribed by investors.

In August 2007, Genera entered into a two-part commercial agreement with Sonic Healthcare, the world's third largest private pathology provider with annual sales of nearly US$1.9 billion. Under the terms of the agreement, the two companies are collaborating on the future development of PapType. Sonic Healthcare is assisting Genera in conducting clinical studies needed for regulatory approval. The agreement also gives Sonic Healthcare the right to purchase PapType on a non-exclusive basis for use in its laboratories worldwide. Sonic Healthcare has laboratories in the U.S., the U.K., Germany, Switzerland, Australia and New Zealand.

Future milestones

1Q 2009
Clinical data: Genera is expecting to release the results of a substantially larger clinical study, again, looking at the Triage population. It's expected that the findings will confirm the results from the pilot study – i.e. that PapType performs better than HC2 in the detection of high grade cervical pre-cancers in this important population of patients.

2Q 2009
Australian Register of Therapeutic Goods Listing: Genera has completed the refit of an Australian manufacturing facility where it plans to produce PapType tests. The Company is now installing equipment and conducting trial production runs. The next step will be validating Genera's manufacturing processes. The Company targets April 2009 as the date for TGA inspection of its manufacturing facility, with a listing on the Australian Register of Therapeutic Goods anticipated shortly thereafter.

European Union approval: The TGA also acts as a notified body for the European Union, so once TGA approval is secured for Genera's manufacturing facility, the Company will be able to self-certify and attach a CE Mark to its product being shipped to Europe.

Finalization of distribution partnerships: The Company expects to announce distribution partnerships at or around the time of the CE Marking of PapType.

Other Milestones
The Company anticipates the achievement of additional important milestones, although the timing on these is not yet determined.

U.S. entry strategy: The Company expects to commence a U.S. clinical study, subject to satisfactory conclusion of discussions with the FDA.

Screening data: The Company is negotiating access to a cohort of specimens reflecting the Australian screening population. This data will give an important indicator of the performance of PapType as a screening assay.

U.K. Triage data: The Company is in the process of negotiating a clinical study to be performed at a number of U.K. hospitals. It's hoped that data from this study will be available around the middle of next year.

AmpSand CT.NG: The Company expects to commence validation and verification of its innovative CT.NG test towards the end of 2009.

Investment Risks

Competition from Qiagen and others
Genera competes with a number of other biotech firms developing diagnostic products for the women's health market. Qiagen was the first to market with a HPV test and has enjoyed a monopoly position for several years. In addition, Genera competes with divisions of large multi-national firms such as Roche which have substantially greater capital resources, scientific staffs and research capabilities. Despite the competitive advantages of PapType, there is no guarantee that Genera will be able to capture a sizable share of the HPV test market.

To be ultimately successful, Genera must secure CE Mark and FDA approval for PapType.

Product development risk
Genera's products are only now becoming commercialized and the risk exists that its tests may prove difficult or too expensive to manufacture on a large scale. Even if its product can be manufactured cost-effectively, Genera's future performance will depend on its ability to manage costs, secure CE Mark and FDA approvals, execute its growth strategies and negotiate agreements with distribution and licensing partners. There is no guarantee that the Company's products will be accepted by consumers or that Genera will achieve profitability.

Genera raised AU$5.0 million through a 2008 IPO but will likely require additional funding.

Funding risk
Genera will likely need to raise significant additional capital to fund its product and technology development programs. The Company may raise funding by issuing additional shares, borrowing money or entering into collaborative agreements. Issuing equity would cause dilution to existing shareholders. Debt financing sometimes contains restrictive covenants and can result in the loss of some or all of the Company's assets, including its intellectual property assets.

Regulatory risk
To obtain marketing approval, Genera's products must undergo formal regulatory review processes with the FDA and other national agencies. The details and complexity of the process varies from country to country. Generally, the fastest route to market is via a European CE Mark, which permits distribution in the European Union as well as certain parts of Latin America and Asia. In the U.S. market, diagnostic tests may be sold in limited quantities prior to full FDA approval under Investigational Use Only provisions. Genera has already begun marketing PapType in Australia and anticipates commercial sales in Europe and Southeast Asia in calendar 2009.

Summary

Genera has worldwide sales agreements, a robust new product pipeline, and an exceptional management team and clinical advisory board.

Genera Biosystems has developed and is commercializing PapType, a diagnostic test which detect high-risk types of human papillomavirus, the pathogen responsible for causing cervical cancer. In a clinical study on women with abnormal cervical smears, PapType outperformed the only FDA-approved test, demonstrating a superior ability to detect serious precancerous lesions in the cervix. In addition to a better diagnostic performance, PapType is more affordable, less labor-intensive and offers significant ease-of-workflow advantages, as well as more actionable clinical data for physicians.

A number of growth drivers are combining to fuel the expansion of HPV detection to a $1 billion-plus worldwide market. Analysts forecast growth in the HPV test market from approximately 11 million tests currently to approximately 85 million tests.

In July 2008, Genera began marketing PapType in Australia through an agreement with Gribbles, Australia's third largest pathology company. The Company is also partnering with Polartechnics and Healthscope to introduce PapType in Australia, Southeast Asia and Europe in 2009 as part of Cerviscreen, a self-sampling HPV test. Genera has also signed an agreement with Sonic Healthcare, the world's third largest private pathology provider. As part of this agreement, Sonic will support clinical trials of PapType and gain access to PapType for use in their own laboratories.

Capturing just 0.5% of the worldwide HPV test market opportunity would provide Genera with US$6.4 million in annualized revenues.

Recent industry acquisitions suggest the market's ongoing interest in new HPV testing technologies, and Genera is well positioned as a potential acquisition target. In addition, Genera is also developing other tests, and the versatile AmpSand platform has considerable value in and of itself. The Company also owns Q-Sand, an optical detection system capable of identifying extremely minute amounts of pathogens in a specimen without the need for extensive biochemical processing. This technology offers potential as a breakthrough, point-of-care diagnostic platform capable of detecting infectious diseases and screening for cancers, and has additional promising applications in biological contamination detection and food screening.

Income Statement

For the Fiscal Period Ending *Currency*	12 months Jun-30-2005 *AUD*	Restated 12 months Jun-30-2006 *AUD*	12 months Jun-30-2007 *AUD*	12 months Jun-30-2008 *AUD*
Revenue	0.075	0.119	0.059	0.051
Other Revenue	-	-	-	-
Total Revenue	**0.075**	**0.119**	**0.059**	**0.051**
Cost Of Goods Sold	-	-	-	-
Gross Profit	**0.075**	**0.119**	**0.059**	**0.051**
Selling General & Admin Exp.	0.65	0.899	1.851	2.297
R & D Exp.	0.004	0.108	0.515	0.109
Depreciation & Amort.	0.095	0.107	0.137	0.145
Other Operating Expense/(Income)	0.046	0.148	0.389	0.327
Other Operating Exp., Total	**0.795**	**1.262**	**2.893**	**2.878**
Operating Income	**(0.72)**	**(1.143)**	**(2.834)**	**(2.827)**
Interest Expense	-	-	(0.049)	(0.413)
Interest and Invest. Income	-	-	-	-
Net Interest Exp.	-	-	**(0.049)**	**(0.413)**
Other Non-Operating Inc. (Exp.)	0	0	-	-
EBT Excl. Unusual Items	**(0.72)**	**(1.143)**	**(2.883)**	**(3.24)**
Impairment of Goodwill	-	-	-	-
Other Unusual Items	-	-	-	-
EBT Incl. Unusual Items	**(0.72)**	**(1.143)**	**(2.883)**	**(3.24)**
Income Tax Expense	0.351	-	-	-
Earnings from Cont. Ops.	**(1.07)**	**(1.143)**	**(2.883)**	**(3.24)**
Earnings of Discontinued Ops.	-	-	-	-
Extraord. Item & Account. Change	-	-	-	-
Net Income	**(1.07)**	**(1.143)**	**(2.883)**	**(3.24)**
Pref. Dividends and Other Adj.	-	-	-	-
NI to Common Incl Extra Items	**(1.07)**	**(1.143)**	**(2.883)**	**(3.24)**
NI to Common Excl. Extra Items	**(1.07)**	**(1.143)**	**(2.883)**	**(3.24)**
Per Share Items				
Basic EPS	(0.095)	(0.075)	(0.167)	(0.09)
Basic EPS Excl. Extra Items	(0.095)	(0.075)	(0.167)	(0.09)
Weighted Avg. Basic Shares Out.	11.228	15.278	17.273	36.089
Diluted EPS	(0.095)	(0.075)	(0.167)	(0.09)
Diluted EPS Excl. Extra Items	(0.095)	(0.075)	(0.167)	(0.09)
Weighted Avg. Diluted Shares Out.	11.228	15.278	17.273	36.089
Normalized Basic EPS	(0.04)	(0.047)	(0.104)	(0.056)
Normalized Diluted EPS	(0.04)	(0.047)	(0.104)	(0.056)
Dividends per Share	NA	NA	NA	NA
Supplemental Items				
EBITDA	(0.625)	(1.036)	(2.697)	(2.683)
EBITA	(0.648)	(1.068)	(2.743)	(2.733)
EBIT	(0.72)	(1.143)	(2.834)	(2.827)
EBITDAR	(0.356)	(0.928)	(2.536)	(2.553)
As Reported Total Revenue*	NA	NA	0.059	0.051
Effective Tax Rate %	NM	NA	NA	NA
Normalized Net Income	(0.45)	(0.714)	(1.802)	(2.025)
Non-Cash Pension Expense	-	0.045	-	-
Filing Date	Jun-10-2008	Jun-10-2008	Aug-25-2008	Aug-25-2008
Restatement Type	O	RS	NC	O
Calculation Type	REP	REP	REP	REP
Supplemental Operating Expense Items				
General and Administrative Exp.	0.167	0.234	0.681	0.596
R&D Exp.	0.004	0.108	0.515	0.109
Net Rental Exp.	0.269	0.108	0.16	0.13
Stock-Based Comp., G&A Exp.	-	0.035	0.045	-
Stock-Based Comp., SG&A Exp.	-	0.062	0.107	0.8
Stock-Based Comp., Total	-	**0.097**	**0.153**	**0.8**

Balance Sheet

Balance Sheet as of: *Currency*	Jun-30-2005 *AUD*	Restated Jun-30-2006 *AUD*	Reclassified Jun-30-2007 *AUD*	Jun-30-2008 *AUD*
ASSETS				
Cash And Equivalents	0.013	1.934	0.313	4.377
Total Cash & ST Investments	**0.013**	**1.934**	**0.313**	**4.377**
Accounts Receivable	0.003	0	0	-
Other Receivables	0.016	0.01	0.03	0.034
Notes Receivable	-	0.006	0.01	-
Total Receivables	**0.018**	**0.016**	**0.04**	**0.034**
Prepaid Exp.	0.024	0.029	0.012	1.257
Other Current Assets	0.004	0.005	-	0.03
Total Current Assets	**0.059**	**1.984**	**0.365**	**5.698**
Gross Property, Plant & Equipment	0.162	0.245	0.333	0.333
Accumulated Depreciation	(0.07)	(0.102)	(0.149)	(0.2)
Net Property, Plant & Equipment	**0.091**	**0.142**	**0.184**	**0.133**
Other Intangibles	0.94	0.925	1.061	1.092
Other Long-Term Assets	-	-	-	-
Total Assets	**1.091**	**3.052**	**1.611**	**6.924**
LIABILITIES				
Accounts Payable	0.201	0.187	0.38	0.241
Accrued Exp.	0.013	0.061	0.068	0.071
Curr. Port. of Cap. Leases	-	-	-	0.041
Curr. Income Taxes Payable	0.192	0.347	0.112	0.226
Other Current Liabilities	0.05	0.102	0.859	0.408
Total Current Liabilities	**0.456**	**0.697**	**1.419**	**0.987**
Pension & Other Post-Retire. Benefits	0.008	0.015	0.021	0.038
Other Non-Current Liabilities	0	0	0.206	0
Total Liabilities	**0.465**	**0.711**	**1.647**	**1.025**
Pref. Stock, Convertible	-	1.206	0.16	-
Total Pref. Equity	-	**1.206**	**0.16**	-
Common Stock	2.323	4.502	5.972	14.886
Additional Paid In Capital	-	-	-	-
Retained Earnings	(1.675)	(2.818)	(5.765)	(8.724)
Treasury Stock	-	-	-	-
Comprehensive Inc. and Other	(0.022)	(0.55)	(0.403)	(0.262)
Total Common Equity	**0.626**	**1.134**	**(0.197)**	**5.9**
Total Equity	**0.626**	**2.341**	**(0.036)**	**5.9**
Total Liabilities And Equity	**1.091**	**3.052**	**1.611**	**6.924**
Supplemental Items				
Total Shares Out. on Filing Date	11.228	15.278	20.102	51.192
Total Shares Out. on Balance Sheet Date	11.228	15.278	20.102	51.192
Book Value/Share	0.06	0.07	(0.01)	0.12
Tangible Book Value	(0.314)	0.209	(1.257)	4.807
TangBV/Share	(0.03)	0.01	(0.06)	0.09
Total Debt	0	0	0	0.041
Net Debt	(0.013)	(1.934)	(0.313)	(4.336)
Debt Equivalent Oper. Leases	2.151	0.864	1.284	1.036
Inventory Method	NA	NA	NA	NA
Machinery	0.162	0.245	0.333	0.333
Full Time Employees	NA	NA	NA	7
Accum. Allowance for Doubtful Accts	NA	0.002	0.002	NA
Filing Date	Jun-10-2008	Jun-10-2008	Aug-25-2008	Aug-25-2008

Cash Flow

For the Fiscal Period Ending *Currency*	12 months Jun-30-2005 *AUD*	Restated 12 months Jun-30-2006 *AUD*	12 months Jun-30-2007 *AUD*	12 months Jun-30-2008 *AUD*
Net Income	**(1.07)**	**(1.143)**	**(2.883)**	**(3.24)**
Depreciation & Amort.	0.023	0.032	0.047	0.051
Amort. of Goodwill and Intangibles	0.072	0.075	0.09	0.094
Depreciation & Amort., Total	**0.095**	**0.107**	**0.137**	**0.145**
Other Amortization	-	-	-	0.281
Stock-Based Compensation	-	0.097	0.153	0.8
Provision & Write-off of Bad debts	-	0.002	-	-
Other Operating Activities	-	-	-	0.182
Change in Acc. Receivable	0.017	0.001	(0.002)	(0.221)
Change in Acc. Payable	0.097	0.22	0.329	0.019
Change in Inc. Taxes	0.559	-	-	(0.092)
Change in Other Net Operating Assets	(0.017)	0.02	0.041	0.02
Cash from Ops.	**(0.32)**	**(0.696)**	**(2.225)**	**(2.107)**
Capital Expenditure	-	(0.083)	(0.089)	-
Cash Acquisitions	-	-	-	-
Divestitures	-	-	-	-
Sale (Purchase) of Intangible assets	(0.542)	(0.06)	(0.227)	(0.125)
Invest. in Marketable & Equity Securt.	0.05	-	-	-
Net (Inc.) Dec. in Loans Originated/Sold	-	-	-	-
Other Investing Activities	-	-	-	-
Cash from Investing	**(0.492)**	**(0.143)**	**(0.315)**	**(0.125)**
Short Term Debt Issued	-	-	-	-
Long-Term Debt Issued	-	-	-	-
Total Debt Issued	-	-	-	-
Short Term Debt Repaid	-	-	-	-
Long-Term Debt Repaid	-	-	-	(0.018)
Total Debt Repaid	-	-	-	**(0.018)**
Issuance of Common Stock	0.801	3.386	0.924	6.723
Total Dividends Paid	-	-	-	-
Special Dividend Paid	-	-	-	-
Other Financing Activities	(0.009)	(0.625)	(0.005)	(0.409)
Cash from Financing	**0.792**	**2.76**	**0.918**	**6.297**
Net Change in Cash	**(0.02)**	**1.921**	**(1.622)**	**4.064**
Supplemental Items				
Cash Interest Paid	NA	NA	0.049	0.038
Cash Taxes Paid	(0.208)	(0.129)	NA	0.092
Levered Free Cash Flow	NA	(0.514)	(1.259)	(3.467)
Unlevered Free Cash Flow	NA	(0.514)	(1.229)	(3.21)
Change in Net Working Capital	NA	(0.237)	(0.72)	1.743
Net Debt Issued	NA	NA	NA	(0.018)
Filing Date	Jun-10-2008	Jun-10-2008	Aug-25-2008	Aug-25-2008

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