

AUSTRALIAN

RESEARCH

BLUE BOOK SERIES

Emerging Companies Review

Quarterly

November 2008

Markets weaker on slowing global growth

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1. Executive Summary

Introduction

The Emerging Companies Blue Book provides an overview of a selection of Australian companies across a range of sectors. In order to provide more meaningful comparisons, we have grouped the companies according to our own segment classifications.

Each company is profiled on the basis of a common format, concentrating on the qualitative features of each company and the industry within which it operates. The format is intended to provide a basic understanding of the key drivers affecting each company, as well as an indication of each company's growth potential and associated risks.

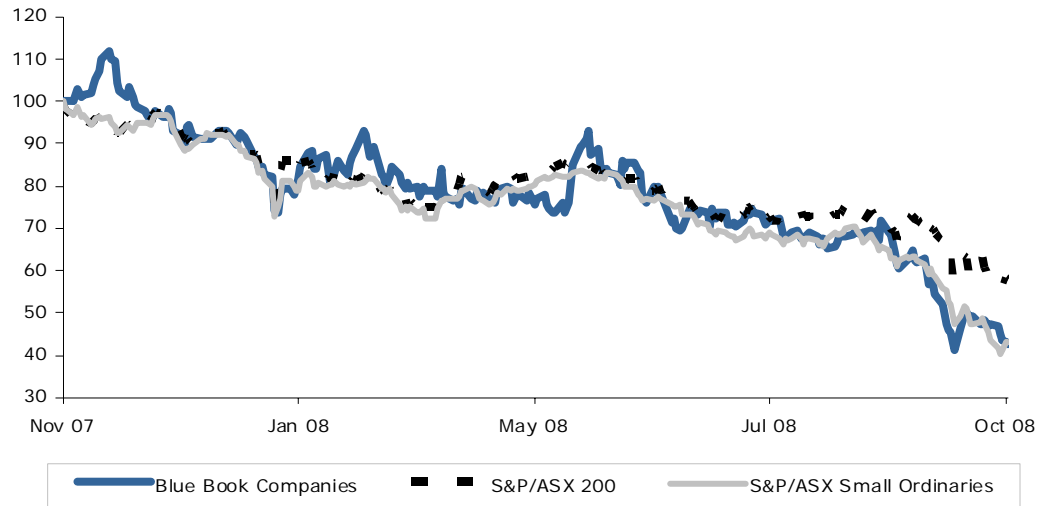
Company	Code	Market Cap (A\$M) as at 05/11/2008	Page No.
Health & Life Science / Biotechnology			
Agenix Limited	AGX	7.4	6
Antisense Therapeutics Limited	ANP	27.4	8
IM Medical Limited	IMI	7.4	10
pSivida Corp.	PVA	16.5*	12
Sunshine Heart Inc	SHC	19.0	14
Technology and Telecommunications			
BluGlass Limited	BLG	41.8	16
Manaccomm Corporation Limited	MNL	7.3	18

*Note that data providers calculate PVA's market capitalisation based only on the number of shares listed on the ASX, and do not include NASDAQ listed shares. For this reason, PVA's market capitalisation is understated by 44%.

2. Share Price Performance

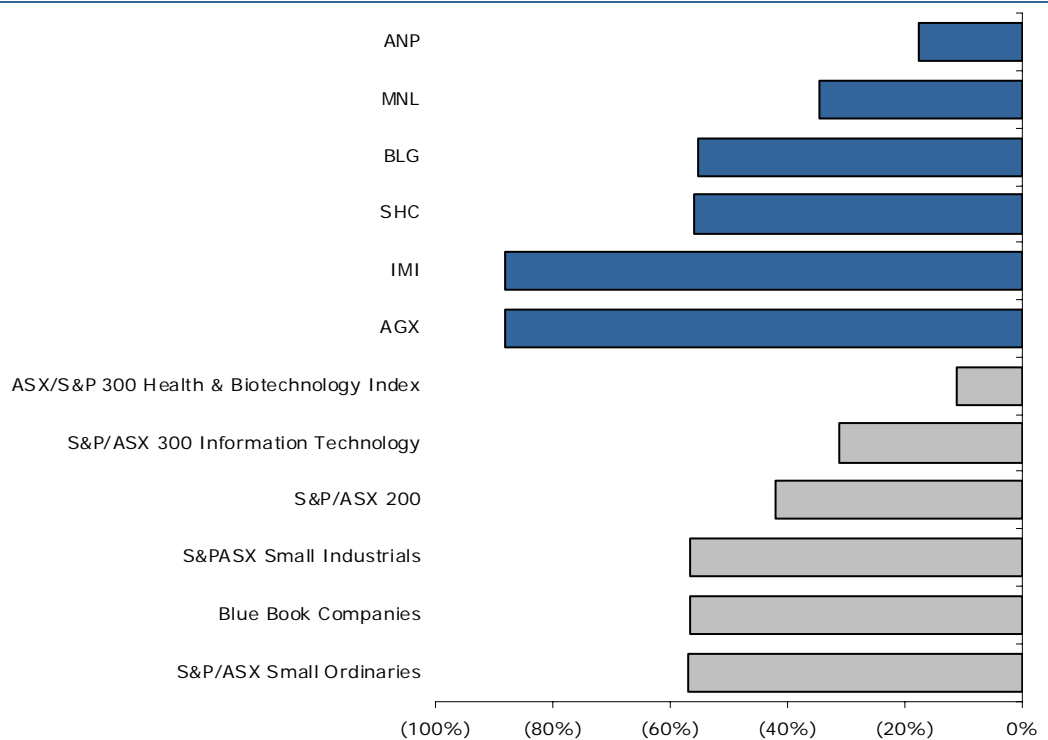
12-Month Performance

Figure 1. 12-Month Relative Price Performance of Blue Book Companies vs. Market Indices (to 31 October 2008)



Source: IRESS/Aegis Equities Research

Figure 2. 12-month Price Performance of Blue Book Companies (to 31 October 2008)



Source: IRESS/Aegis Equities Research

Note: Change of ASX code for pSivida (PVA) means 12 month price history unavailable for this stock.

Participant companies outperform indices over the past 12 months

We have constructed an index of the seven stocks included in this Blue Book based on the assumption that A\$1,000 was invested in each of the participant companies.

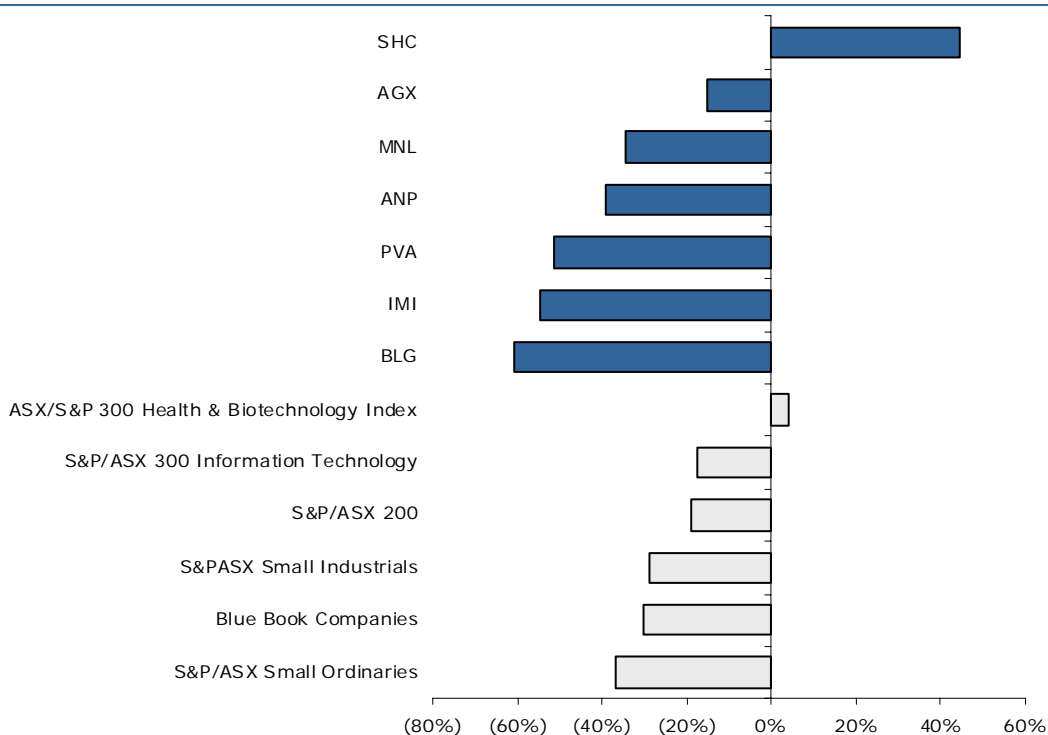
Over the past 12 months, our Blue Book companies together have declined almost 57%, which is in line with Small Ordinaries and the Small Industrials Indexes. The companies underperformed the benchmark S&P/ASX 200 index, which declined by only 42%, which is expected given that small-cap stocks remain out of favour. The strongest performances were delivered by MNL (down 35%), which delivered a solid profit growth and initiated dividend payments, while ANP (down 18%) also performed well in light of the challenging conditions. Weighing on the 12-month performance of the Blue Book collective performance was AGX (down 88%), which declined due to legal action surrounding its Chinese operations and IMI (down 88%), which fell on the back of a stock overhang created by the company's funding source in combination with board instability and longer-term funding concerns.

Three-Month Performance

... and over the past three months

As evident in Figure 3, the Blue Book group of companies underperformed the S&P/ASX 200; however, they did manage to outperform the S&P/ASX Small Ordinaries. Over the period, the share price performance of many of our Blue Book companies showed more resilience relative to market indices. SHC delivered the largest turnout when it delivered shareholders a 44% gain over the three-month period. AGX's slide began to moderate, as the market had already priced in much of the stock-specific bad news. Underperforming was BLG (down 61%); however, investors should note that the stock outperformed strongly over the previous three-month period. Forced selling of BLG stock due to the collapse of Lift Capital and Opes Prime contributed to further selling pressure on BLG, and was not driven by company fundamentals.

Figure 3. Three-Month Price Performance of Blue Book Companies (to 31 October 2008)



Source: IRESS/Aegis Equities Research

Agenix Limited (AGX)



Sector	Industry Group	Industry	Sub Industry
Health Care	Pharmaceuticals, Biotechnology & Life Sciences	Biotechnology	Biotechnology

Company Overview

Agenix is a Brisbane-based biotechnology company. The company's wholly owned subsidiary, AGEN Biomedical, was a spin-out from the Queensland University of Technology on the basis of the discovery of the D-dimer monoclonal antibody 3B6. D-dimer is generated when the body develops and breaks down blood clots.

Strategy

Agenix's Chinese company SHRG has launched its flagship product YouHeDing in China and also has a pipeline of anti-viral drugs in development. Agenix is awaiting the results of the phase II Pulmonary Embolism trial with its imaging agent, ThromboView. If successful, the company will seek to outlicense or sell the product. If not, it will finally stop development work on this long-running project.

Aegis Comments as at October 2008

Outlook: News that the Board has received advice that AGX may not have technically obtained control of the Chinese operations following the Jun-07 acquisition, and is now considering options including legal action, raises grave questions about the company's outlook. If AGX can't enforce ownership rights over the anti-Hepatitis drug YHD and the GMP manufacturing facility the consequences could be severe. AGX is now also suing a former director for alleged improper transactions of \$3.9M.

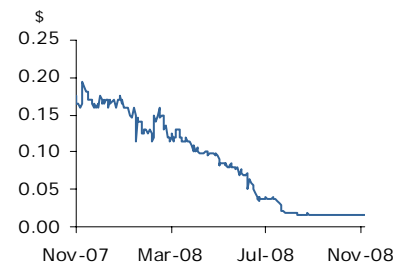
Catalysts: Rapid favourable resolution of the share transfer issue, giving AGX clear ownership over the Chinese operations, should be positive, provided the issue does not disrupt the agreement by Sinopharm to distribute YHD in regional areas or decrease Sinopharm's minimum first 12-month order commitment below the agreed \$7.6M. If strongly positive results are returned for the phase II ThromboView pulmonary embolus trial, this may attract a licensing partner, which would be positive for the stock.

Risks: The failure of the Chinese share transfers to have been legally effected to date creates serious risks. Costs associated with resolving this issue, and with the legal action against a former director, will be a financial drain on AGX. If ThromboView does not convincingly deliver in its phase II PE trial then this molecule may come to the end of the road. AGX raised \$5M in Mar-08 in a placement and plans to raise another \$0.8M in 4Q CY08. There has been recent board instability.

Key investment information

Price:	\$0.02
Price as at:	05-Nov-08
Market Cap (\$M):	7.4
Equiv. Shares (M):	435.77
% All Ords:	0.00
12Mth Range (\$):	0.02 - 0.20
Shares Traded (\$M pa):	8.5
Listed since:	Oct 1987
Index:	n/a

Share price performance



Company contact



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www.agenix.com

Earnings Summary

Yr to Jun	NPAT Rep \$M	NPAT ¹ Adj \$M	EPS ¹ c	EPS chg %	PER x	PER rel All Ords x	PER rel Sector x	DPS c	Yield %	Franking %	ROE %
2007A	(4.8)	(11.7)	(3.4)	n/a	(0.5)	(0.0)	(0.0)	0.0	0.0	0	(81.2)
2008F	(4.1)	(2.2)	(0.6)	n/a	(2.9)	(0.2)	(0.1)	0.0	0.0	0	(9.2)
2009F	1.0	1.0	0.2	n/a	7.7	0.7	0.4	0.0	0.0	0	3.4
2010F	0.9	0.9	0.2	(9.4)	8.5	0.9	0.5	0.0	0.0	0	3.1

¹ NPAT and EPS are adjusted by removing non-recurring items. All the above statistics are derived from normalised earnings.

Financial Stability

Balance Sheet (Y/E Jun)	06A	07A
Net debt (cash) (\$M)	(3.8)	(3.8)
Total assets (\$M)	23.7	39.8
Net debt/equity (%)	(26.5)	(16.0)
Net interest cover (x)	(32.5)	n/a
NTA per share (\$)	0.04	0.03
Current ratio (x)	2.5	0.8

As at 30-Jun-07

Net debt (cash) (\$M)	0.0
Net debt (cash) / shr (\$)	n/a
Net debt (cash) / MktCap (%)	n/a

Substantial Shareholders

OKS AGX INC	9.8%
Pacific Superannuation Pty Ltd	8.9%
W&Z Holdings	8.8%

Board

Dr S Phua (CEO & Managing Director)
 J Zhang (Director)
 A Lee (Non-Executive Director)
 C McNamara (Non-Executive Director)
 Mr N Weston (Director and Chairman)

Industries Of Operation

AGX operates as a development company, with its internally developed, monoclonal antibody-based product ThromboView®. It is designed for use in detecting blood clots, including conditions such as deep vein thrombosis (DVT) and pulmonary embolism (PE). The company also owns a manufacturing facility in China, as well as anti-Hepatitis B drug YHD, which has been approved for sale in China.

Differentiating Factors

AGX, unlike many of its local peers, owns a drug (YHD) that has passed all clinical trials (in China) and will be brought to market. AGX's key point of difference is the ability to generate cash flows from product sales rather than operating as a pure development company.

Main Company R&D Projects - Major Technology & Market

ThromboView - PE: ThromboView has now been granted a patent in Australia and New Zealand since the last update. It is currently conducting a phase II trial in PE, recruiting 50 patients. Enrolment was completed ahead of schedule in June 2008. It is forecasted to achieve peak 15%-20% penetration of the worldwide PE market. This would be equivalent to annual end-user sales of >US\$500M.

ThromboView - DVT: ThromboView demonstrated 92% accuracy in detection of proximal vein clots. Forecasting to achieve peak 5%-10% of the worldwide DVT market. This would be equivalent to end-user sales in excess of US\$200M.

Imaging arterial clots: Investigating the ability to couple the 3B6 antibody to other moieties to enable imaging of clots using other high-tech modalities (PET, MR) in collaboration with Australian and US research institutions. It is considering expanding applications to include identifying arterial-based clots with potential markets that may be larger than that for PE.

Capital Structure

AGX's capital base is made up primarily of ordinary shares. There are also a number of options on issue. A further capital raising may be required to bridge a potential funding gap, particularly if YHD sales are interrupted as a result of the non-transfer of ownership by the vendors of the Chinese business, or if costs start to mount should AGX be obliged to take legal action to enforce its rights in China.



Antisense Therapeutics (ANP)

Sector	Industry Group	Industry	Sub Industry
Health Care	Pharmaceuticals, Biotechnology & Life Sciences	Pharmaceuticals	Pharmaceuticals

Company Overview

ANP is a biopharmaceutical drug discovery and development company. Its mission is to create, develop and commercialise novel antisense pharmaceuticals for large unmet disease markets where the antisense compounds will have clear competitive advantages over existing treatments. Since its ASX listing in 2001, ANP has successfully progressed its lead antisense project, ATL1102 for MS, through Phase II clinical trials, and added two new projects to its drug-development pipeline.

Strategy

ANP's strategy is to actively leverage its technology collaboration with Isis Pharmaceuticals Inc., a world leader in antisense drug discovery and development. In this way ANP is able to draw on Isis' resources and broad experience in antisense drug development to prepare high-quality development programs while keeping its infrastructure and overhead costs to industry-low levels.

Aegis Comments as at October 2008

Outlook: ANP's lead compound, ATL/TV1102, is licensed to Israeli pharma heavyweight Teva for multiple sclerosis (MS). If ATL/TV1102 ultimately gains FDA approval, this would be a company-making event. ANP's earlier-stage R&D portfolio includes an inhalable version of ATL1102 for asthma that is showing encouraging results in animal studies. ATL1103, a growth and sight disorders drug, is in preclinical studies. ATL1101 has shown significant suppression of prostate cancer cell growth in a mouse study.

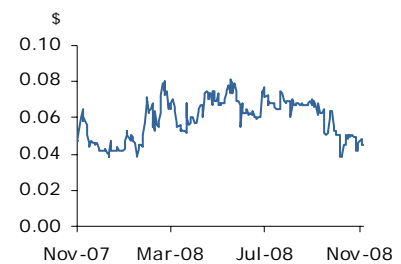
Catalysts: In Jun-08, ANP released highly encouraging phase IIA results for ATL/TV1102, which showed a significant reduction in new active lesions after 8 weeks. MS licensing partner Teva will now conduct further studies to support a future phase III pivotal trial. ANP stands to receive up to US\$100M in total milestones and a double-digit royalty if MS milestones and market entry and sales targets are reached. Further positive pre-clinical data for ATL1101 and ATL1103 should help drive investor support.

Risks: Development risk for ANP's ATL/TV1102 is mitigated by having a target commercially validated by Biogen Idec's MS blockbuster drug Tysabri, which has annualised sales approaching US\$1B. Teva bears all future costs and development responsibilities for getting ATL/TV1102 to market for MS. ANP ended Sep-08 with \$7.4M cash, having received a net milestone of US\$3.5M from Teva in 3Q CY08 for the ATL/TV1102 phase IIA trial success, helping ANP to fund continued development of its pipeline drugs.

Key investment information

Price:	\$0.05
Price as at:	05-Nov-08
Market Cap (\$M):	27.4
Equiv. Shares (M):	570.90
% All Ords:	0.00
12Mth Range (\$):	0.04 - 0.09
Shares Traded (\$M pa):	9.6
Listed since:	Dec 2001
Index:	n/a

Share price performance



Company contact



Mark Diamond
CEO
61 3 98278999

www.antisense.com.au

Earnings Summary

Yr to Jun	NPAT Rep \$M	NPAT ¹ Adj \$M	EPS ¹ c	EPS chg %	PER x	PER rel All Ords x	PER rel Sector x	DPS c	Yield %	Franking %	ROE %
2005A	(6.3)	(6.3)	(1.8)	n/a	(2.6)	(0.2)	(0.0)	0.0	0.0	0	(230.7)
2006A	(5.5)	(5.5)	(1.5)	n/a	(2.9)	(0.2)	(0.1)	0.0	0.0	0	(111.2)
2007A	(4.8)	(4.8)	(1.0)	n/a	(4.7)	(0.4)	(0.1)	0.0	0.0	0	(130.6)
2008A	(2.1)	(2.1)	(0.4)	n/a	(11.4)	(0.9)	(0.4)	0.0	0.0	0	(69.2)

¹ NPAT and EPS are adjusted by removing non-recurring items. All the above statistics are derived from normalised earnings.

Financial Stability

Balance Sheet (Y/E Jun)

	07A	08A
Net debt (cash) (\$M)	(7.6)	(6.4)
Total assets (\$M)	8.1	9.9
Net debt/equity (%)	(126.3)	(100.4)
Net interest cover (x)	n/a	n/a
NTA per share (\$)	0.01	0.01
Current ratio (x)	4.1	2.9

As at 30-Jun-08

Net debt (cash) (\$M)	(6.4)
Net debt (cash) / shr (\$)	(0.01)
Net debt (cash) / MktCap (%)	(23.2)

Substantial Shareholders

Circadian Tech	18.7%
Firebird Global Master Fund	17.8%
Syngene	9.5%

Board

R Moses (Chairman)
C Belyea (Director)
Prof. G Mitchell (Non-Executive Director)
Prof. G Werther (Non-Executive Director)

Key Executives

M Diamond (CEO)
P Hains (CFO)

Industries Of Operation

ANP operates in the biotech/pharmaceutical space. The company is developing a pipeline of antisense drugs, which are at various stages of development; its most advanced drug has recently completed a successful Phase II clinical trial in patients with multiple sclerosis. ANP outsources much of its R&D activities to experienced contractors on a global basis.

Differentiating Factors

ANP is developing antisense drugs to treat serious diseases, utilising technology it has exclusively licensed from the leading company in antisense technology, Isis Pharmaceuticals Inc. ANP is the only Australian-based biotech company to have such a collaboration with Isis. ANP has also successfully outlicensed its lead drug to a major Pharmaceutical Company, thereby validating the company's ability to successfully develop and commercialise its drug pipeline.

Main Company R&D Projects - Major Technology & Market

ATL1102: ATL1102 is a second-generation antisense inhibitor of VLA-4 (Very Late Antigen-4). The inhibition of VLA-4 prevents white blood cells from entering sites of inflammation, thereby halting the progression of inflammatory diseases such as MS. Antisense inhibition of VLA-4 has demonstrated positive effects in an animal model of MS. ANP has recently completed a successful Phase II clinical trial of ATL1102 in patients with MS.

ATL1103: ATL1103 is a second-generation antisense drug designed to block growth hormone receptor (GHR) expression, reducing levels of the hormone's insulin-like growth factor-I (IGF-I) in the blood and is a potential treatment for acromegaly (an abnormal growth disorder) and diabetic retinopathy. In animal studies, including studies in monkeys, ATL1103 demonstrated its intended therapeutic action by significantly reducing IGF-I levels in the blood. Animal toxicology studies are currently underway.

ATL1101: ATL1101 is a second-generation antisense inhibitor of IGF-Ir, which has shown potent activity in in-vitro studies, including in human cancer cells. IGF-Ir is from a family of cell-signalling molecules referred to as "antiapoptotic". These molecules prolong cell survival by inhibiting programmed cell death. Inhibition of IGF-Ir may render tumour cells more susceptible to cell death with cytotoxic (anti-cancer) drugs. ATL1101 is currently being tested in an animal model of prostate cancer.

Capital Structure

There are currently 570.9M shares on issue.

IM Medical Limited (IMI)



Sector	Industry Group	Industry	Sub Industry
Health Care	Health Care Equipment & Services	Health Care Providers & Services	Health Care Services

Company Overview

IM Medical is a medical services company that markets cardiovascular disease management products. IntelliHeart uses a unique set of diagnostic tools coupled with its proprietary software that allows doctors to comprehensively assess a patient's cardiovascular risk. The test is non-invasive, inexpensive, and is designed with the consumer in mind. Current research should lead to the introduction of further major diagnostic tools including the soon-to-be-released Cardanal ECG Viewer

Strategy

Key strategy is to position IntelliHeart as a consumer retail product of choice for first-line investigation and assessment of cardiovascular health in individuals. Consumer access to IntelliHeart offers a strong retail sales opportunity in the recently announced national distribution to Amcal and Guardian pharmacies.

The company is now ready to market its Cardanal Viewer, which will enable the viewing of ECGs in a live format and will greatly assist remote medicine.

Aegis Comments as at October 2008

Outlook: IMI has developed a non-invasive testing package, IntelliHeart, which combines heart-rate variability, an ECG and pulse-wave analysis to measure risk factors for heart disease. IMI also has proprietary Cardanal Predictive Index (CPI) technology, which assists cardiologists to interpret ECGs and allows ECG waves to be transmitted in real time across the Internet, enabling real-time remote diagnosis. IMI is pursuing GP, cardiologist and consumer markets through health clubs and pharmacies.

Catalysts: IMI's Intelliheart went on sale in 200 Victorian Amcal, Amcal Max and Guardian pharmacies on 1-Sep-08. Indications that sales exceed the company's target of 1.5-2 sales per pharmacy per week would be favourable. Appointment of a new CEO with experience in selling technology similar to IntelliHeart and the CPI would be good for the company. If mining industry sales of the test flourish under the partnership deal with Fire Rescue Safety Australia, this would also be positive.

Risks: IMI secured a \$5M Standby Equity facility from Fortrend Securities in Aug-08, and made a drawdown of ~\$0.12M in late Aug-08. End Sep-08 cash was just \$0.4M. IMI receives Medicare reimbursement for two components of IntelliHeart, but faces a challenge building sales internationally unless it can secure reimbursement from private health insurers or relevant government authorities. IMI must gain medical peer acceptance for its tests, and/or persuade people to pay for its heart health test.

Earnings Summary

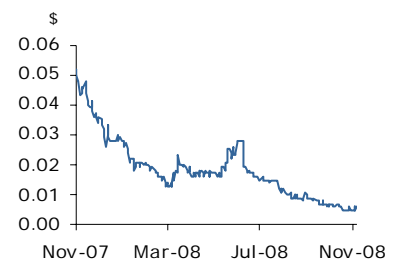
Yr to Jun	NPAT Rep \$M	NPAT ¹ Adj \$M	EPS ¹ c	EPS chg %	PER x	PER rel All Ords x	PER rel Sector x	DPS c	Yield %	Franking %	ROE %
2005A	(3.1)	(1.3)	0.0	n/a	0.0	0.0	0.0	0.0	0.0	0	(376.7)
2006A	(3.2)	(3.2)	0.0	n/a	0.0	0.0	0.0	0.0	0.0	0	(314.4)
2007A	(3.2)	(3.2)	0.0	n/a	0.0	0.0	0.0	0.0	0.0	0	(220.7)
2008A	(5.5)	(5.5)	(0.9)	n/a	(0.6)	(0.0)	(0.0)	0.0	0.0	0	(436.5)

¹ NPAT and EPS are adjusted by removing non-recurring items. All the above statistics are derived from normalised earnings.

Key investment information

Price:	\$0.01
Price as at:	05-Nov-08
Market Cap (\$M):	7.4
Equiv. Shares (M):	1,235.20
% All Ords:	0.00
12Mth Range (\$):	0.01 - 0.06
Shares Traded (\$M pa):	71.0
Listed since:	February 1997
Index:	n/a

Share price performance



Company contact

no
photo
available

Mr Roman Najdecki
Acting CEO
rnajdecki@immedical.com.au

www.immedical.com.au

Financial Stability

Balance Sheet (Y/E Jun)	07A	08A
Net debt (cash) (\$M)	(0.1)	(1.1)
Total assets (\$M)	3.7	2.6
Net debt/equity (%)	(4.3)	(59.4)
Net interest cover (x)	n/a	n/a
NTA per share (\$)	0.00	0.00
Current ratio (x)	1.6	2.4

As at 30-Jun-08

Net debt (cash) (\$M)	(1.1)
Net debt (cash) / shr (\$)	(0.00)
Net debt (cash) / MktCap (%)	(15.2)

Substantial Shareholders

Cardanal Pty Ltd	6.1%
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Board

- D Sanghvi (Chairman/Non-Executive Director)
- C Cook (Non-Executive Director)
- L Massage (Non-Executive Director)
- Dr Walker (Director)

Key Executives

- R Najdecki (CFO)
- A Ginzburg (Chief Scientific Officer)

Industries Of Operation

IMI operates in the Healthcare Sector in a variety of markets. In Australia, it operates in medical clinics (General Practice) and provides IntelliHeart screening tests for workers in the workplace. It also has arrangements to provide a consumer retail test through the Sigma pharmacy network and is working with private health funds in offering such a test to fund members. A distributor has been appointed to provide the test for the Australian Mining industry.

Differentiating Factors

Presently, most tests to detect and assess cardiovascular disease are administered after the patient has experienced symptoms or has had a heart attack. As these tests are complex, expensive and invasive, they are rarely used to detect early disease. By contrast, IntelliHeart is simple, non-invasive, inexpensive, and can be used in a GP's surgery, office or pharmacy. IntelliHeart's proprietary software and interpretive database quantifies and categorises the risk of developing CVD.

Main R&D projects and Clinical Studies

Cardanal Predictive Index: The company is in its final stage of development of the Cardanal Predictive Index, which is software that produces mathematical analysis of ECG waves to facilitate faster and more reliable diagnosis of ischaemic heart disease. The company is awaiting validation of the Index through a number of key studies. To date, studies have shown that the Index more accurately predicts blockages in the heart when sophisticated equipment is not available.

Monash University IntelliHeart study: Monash University is conducting a study of the IntelliHeart test components - heart-rate variability, pulse-wave analysis and conventional risk factors - and comparing its success rate to that of angiogram findings, considered the gold standard diagnostic tool for heart disease. Interim published results of the research indicate the potential value of the IntelliHeart test. Full analysis of the data will take place over the next six to nine months, once the study has completed recruitment.

Cardanal Stress Test Trial: The Northern Hospital is examining the accuracy of the Cardanal system to detect coronary artery disease in comparison to standard Stress ECGs and Stress Nuclear Perfusion Imaging (Thallium). The rationale for this study is to compare Cardanal with a "gold standard" - Thallium - that is widely accepted as one of the best non-invasive tools for diagnosis and quantification of coronary artery disease. Cardanal is cheaper, non invasive, does not involve radiation and is quicker.

Capital Structure

IM Medical has approximately 1.2 billion ordinary shares spread amongst 5,300 shareholders. The company also has 62.5 million options exercisable on or before 31 December 2008 at \$0.04 per option.

pSivida Corp. (PVA)



Sector	Industry Group	Industry	Sub Industry
Health Care	Pharmaceuticals, Biotechnology & Life Sciences	Life Sciences Tools & Services	Life Sciences Tools & Services

Company Overview

PVA is a global developer of drug-delivery products in the healthcare sector, initially in ophthalmology and oncology. PVA has revenues from marketed products and a diversified late-stage portfolio. PVA has multiple licensing agreements with pharmaceutical companies. Pfizer, PVA's strategic partner and largest shareholder, recently licensed Medidur for ophthalmic applications. QinetiQ (European R&D institution) is a Top 5 shareholder. PVA is listed on NASDAQ, Australian and Frankfurt exchanges.

Strategy

PVA combines internal product development & out-licensing of technology. PVA has two FDA-approved & marketed intravitreal drug implants, Vitrasert & Retisert, for treatment of infectious blinding eye diseases, manufactured and sold by Bausch & Lomb. Retisert is approved for US Medicare rebate of 106% of wholesale price. Medidur is in fully recruited Phase III clinical trials. PVA is developing lead oncology product BrachySil, based on PVA's BioSilicon technology, for treating pancreatic cancer.

Aegis Comments as at October 2008

Outlook: PVA's revised licensing deal with Alimera, for use of Medidur in the largely unmet need of diabetic macular edema (now in Phase III), gave PVA a cash injection and cut its cash burn, as PVA has no ongoing R&D obligations for Medidur. PVA retains a 20% interest in profits from successful Medidur products developed by Alimera. The Pfizer deal, for undisclosed ophthalmic indications, provides for total upfront and milestone payments of US\$165M and offers large upside if products make it to market.

Catalysts: Further licensing deals for PVA's proprietary drug-delivery technology, particularly with another blue-chip global pharma like Pfizer, should be a strong catalyst for PVA. The Phase III FAME Study of Medidur FA, to be marketed as Iluvien, is scheduled to be completed in October 2009 and submitted to the FDA in Q1, 2010. Six-month interim Medidur PK study results were encouraging. Positive news from the phase IIB dose-profiling study for BrachySil in pancreatic cancer should also be a catalyst.

Risks: PVA ended Sep-08 with US\$11M in cash, is now receiving US\$0.5M/qtr from Pfizer for R&D work, and is owed US\$3M from the sale of AION and pSiNutria. At PVA's current quarterly burn rate of US\$2.3M, we expect cash to last until 1H CY10. As PVA's primary risk lies in FDA approval of Medidur, PVA's cash should last at least until the likely success of the Phase III trial is known by end CY09. PVA has a major licensing deal with Pfizer, which is PVA's largest shareholder, with a 10% stake.

Earnings Summary

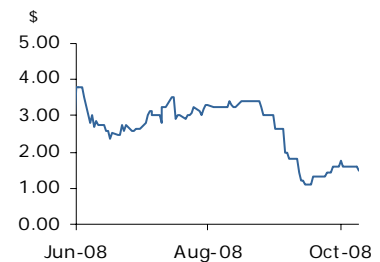
Yr to Jun	NPAT Rep \$M	NPAT ¹ Adj \$M	EPS ¹ c	EPS chg %	PER x	PER rel All Ords x	PER rel Sector x	DPS c	Yield %	Franking %	ROE %
2005A	(16.8)	(16.8)	(324.0)	n/a	(0.5)	(0.0)	(0.0)	0.0	0.0	0	(84.3)
2006A	(28.2)	(28.2)	(368.3)	n/a	(0.4)	(0.0)	(0.0)	0.0	0.0	0	(44.5)
2007A	(122.3)	(122.3)	(1,112.7)	n/a	(0.1)	(0.0)	(0.0)	0.0	0.0	0	(194.2)
2008A	(84.8)	(17.4)	(96.0)	n/a	(1.7)	(0.1)	(0.1)	0.0	0.0	0	(22.2)

¹ NPAT and EPS are adjusted by removing non-recurring items. All the above statistics are derived from normalised earnings.

Key investment information

Price:	\$1.60
Price as at:	05-Nov-08
Market Cap (\$M):	16.5*
Equiv. Shares (M):	18.26
% All Ords:	0.00
12Mth Range (\$):	1.10 - 3.79
Shares Traded (\$M pa):	1.9
Index:	n/a
*Note: Market Cap is understated by 44% See comment under Capital Structure	

Share price performance



Company contact



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www.psivida.com

Financial Stability

Balance Sheet (Y/E Jun) 07A 08A

Net debt (cash) (\$M)	(3.1)	(16.2)
Total assets (\$M)	101.6	58.0
Net debt/equity (%)	(4.0)	(51.9)
Net interest cover (x)	(12.9)	n/a
NTA per share (\$)	(1.10)	(0.38)
Current ratio (x)	0.3	1.0

As at 30-Jun-08

Net debt (cash) (\$M)	(16.2)
Net debt (cash) / shr (\$)	(0.89)
Net debt (cash) / MktCap (%)	(98.3)

Substantial Shareholders

Pfizer Inc	12.0%
QinetiQ Limited	5.0%

Board

D Mazzo (Non-Executive Chairman)
 Dr P Ashton (Managing Director)
 M W Rogers (Non-Executive Director)
 Dr K L Woodthorpe (Non-Executive Director)
 P Hopper (Non-Executive Director)
 P G Savas (Non-Executive Director)

Key Executives

M J Soja (CFO)
 L Freedman (Chief Legal Officer and Company Secretary)
 B Leedman (Vice President, Investor Relations)

Industries Of Operation

pSivida operates in the global healthcare industry and currently specialises in two main areas:

- Developing controlled-release drug-delivery systems to the back of the eye in the multibillion-dollar market for the treatment of 'back of the eye' diseases.
- Developing targeted brachytherapy treatments for inoperable solid tumours, initially for the treatment of pancreatic cancer, the fourth-leading cause of death by cancer in the United States.

Differentiating Factors

pSivida has developed the only two FDA-approved 'back of the eye' drug-delivery products and has licensing agreements with Bausch & Lomb, Alimera Sciences and Pfizer. Pfizer, the company's largest shareholder, invested US\$11.5M following its licensing agreement up to US\$165M for the next-generation Medidur drug-delivery technology in April 2007. Following a US\$78M licensing agreement with Alimera in March 2008, the company believes that it is funded through to at least 30 June 2010.

Main Company R&D Projects – Major Technology & Market

Medidur for Diabetic Macular Edema: Medidur is an injectable, non-erodible, intravitreal sustained drug-delivery device treating DME (a leading cause of vision loss), administered in an office procedure releasing a drug steadily to the back of the eye, with duration of 18 months to 3 years. Over 900 patients recruited in the US, Canada and Europe, and the DSMB has repeatedly recommended the study continue under current protocol. Safety and efficacy are assessed after 2 years, expected in 4Q09, with FDA submission in early 2010.

BrachySil: Pancreatic cancer Phase IIa trials at leading oncology hospitals in UK and Singapore demonstrated BrachySil as safe and well tolerated. Median life expectancy for the 17 participants was 309 days compared to life expectancy of under 6 months with standard treatment. A follow-up Phase IIb dose-profiling study has commenced. Phase IIa trial results in liver cancer indicated BrachySil is safe/effective in tumour regression and some smaller tumours had 100% regression.

BioSilicon: Controlled-Release Drug Delivery BioSilicon has been successfully loaded with generic drugs, yielding highly promising results with drugs of varying molecular weights and properties. pSivida is able to control the drug release rate at very accurate levels.

Capital Structure

pSivida incorporated in the United States in June 2008, has 18 million ordinary shares on issue and trades primarily on the NASDAQ (PSDV) and ASX (PVA - CDI program). pSivida also trades on the Frankfurt Stock Exchange (PV3). Note that data providers calculate PVA's market capitalisation based only on the number of shares listed on the ASX, and do not include NASDAQ-listed shares. For this reason, PVA's market capitalisation is understated by 44%.

Sunshine Heart Inc (SHC)



Sector	Industry Group	Industry	Sub Industry
Health Care	Health Care Equipment & Services	Health Care Equipment & Supplies	Health Care Equipment

Company Overview

Sunshine Heart (ASX: SHC) is a global medical device company committed to the commercialisation of C-Pulse™, an implantable, non-blood-contacting heart-assist therapy for the treatment of moderate heart failure, a condition where the heart progressively loses its ability to efficiently pump blood throughout the body.

Major positive development has been US Food and Drug Administration recent approval (12 Sep 08) to conduct a 20-patient US feasibility trial of C-Pulse commencing this quarter.

Strategy

Following successful clinical trials in Australia and New Zealand, SHC has now received US Food and Drug Administration (FDA) approval to conduct clinical trials at six prestigious US university-affiliated hospitals. Following successful completion of the US trials SHC will seek approval to market C-Pulse in the EU. About five million people suffer from heart failure in the US, and due to diet and an aging population its incidence is growing to epidemic proportions.

Aegis Comments as at October 2008

Outlook: SHC's proprietary, patented heart-support technology, C-Pulse, is aimed at the very large market of people with moderately severe heart failure. C-Pulse is an inflatable balloon surgically wrapped around the aorta, which rhythmically inflates and deflates with the heart beat, improving circulation around the body and in the heart itself, and lessening heart strain. SHC will use data from its first US trial to obtain European approval and then proceed to a pivotal US trial for US market access.

Catalysts: Conditional FDA approval for SHC to conduct a 20-patient clinical trial at six US medical centres was received in Sep-08 and enrolments should start in 4Q CY08. Positive interim trial results would be favourable for the stock. News that enrolment had been completed, especially if this occurred earlier than the expected 6-9 month enrolment period, would be positive. Further product innovations, like the second-generation wearable C-Pulse Driver, would be welcomed by investors.

Risks: The positive A&NZ pilot mitigates clinical trial risks but FDA standards are demanding and approval risks remain. SHC's CEO has start-up medical device experience and the board, which includes C-Pulse's inventor, has relevant skills. Risks include manufacturing quality control and winning medical support for the device. SHC ended Sep-08 with \$8.1M in cash after burning \$1.6M in cash in the quarter. A capital raising in Q1/Q2 CY09 will seek to secure funds needed to complete this first US trial.

Earnings Summary

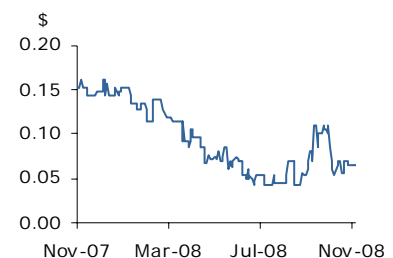
Yr to Jun	NPAT Rep \$M	NPAT ¹ Adj \$M	EPS ¹ c	EPS chg %	PER x	PER rel All Ords x	PER rel Sector x	DPS c	Yield %	Franking %	ROE %
2006A	(7.0)	(7.0)	(9.6)	n/a	(0.7)	(0.0)	(0.0)	0.0	0.0	0	(476.4)
2007A	(11.5)	(11.5)	(8.3)	n/a	(0.8)	(0.1)	(0.0)	0.0	0.0	0	(329.0)
2008A	(9.7)	(9.7)	(4.8)	n/a	(1.4)	(0.1)	(0.1)	0.0	0.0	0	(215.7)

¹ NPAT and EPS are adjusted by removing non-recurring items. All the above statistics are derived from normalised earnings.

Key investment information

Price:	\$0.07
Price as at:	05-Nov-08
Market Cap (\$M):	19.0
Equiv. Shares (M):	291.72
% All Ords:	0.00
12Mth Range (\$):	0.04 - 0.17
Shares Traded (\$M pa):	0.9
Listed since:	23 September 2004
Index:	n/a

Share price performance



Company contact



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www.sunshineheart.com

Financial Stability

Balance Sheet (Y/E Jun)	07A	08A
Net debt (cash) (\$M)	(7.7)	(9.8)
Total assets (\$M)	8.4	10.2
Net debt/equity (%)	(95.0)	(98.4)
Net interest cover (x)	n/a	n/a
NTA per share (\$)	0.05	0.03
Current ratio (x)	31.1	40.8

As at 30-Jun-08

Net debt (cash) (\$M)	(9.8)
Net debt (cash) / shr (\$)	(0.03)
Net debt (cash) / MktCap (%)	(51.5)

Substantial Shareholders

GBS Venture Partners	31.7%
CM Capital VT 4A Pty Ltd	28.2%
Three Arch Partners	7.0%

Board

M McComas (Chairman)
 J Brennan (Non-Executive Director)
 Dr G Brooke (Non-Executive Director)
 N Callinan (Chairman)
 P C Marsh (Non-Executive Director)
 D O'Dwyer (Non-Executive Director)
 Dr W Peters (Executive Director)
 D Rohrbaugh (Executive Director)

Key Executives

D Rohrbaugh (CEO)
 W Peters (CTO)
 V Windeyer (COO)
 B H Bolton (CFO)

Industries Of Operation

Sunshine Heart is focused solely on the commercialisation of C-Pulse, a therapy for the treatment of moderate heart failure. C-Pulse fills an unmet clinical need.

Differentiating Factors

C-Pulse fills unmet clinical need of Class III moderate heart-failure patients unable to get symptom relief from drugs or CRT pacemakers. C-Pulse is an earlier, low-risk treatment increasing quality of life by unloading the heart, providing more blood flow and improving circulation. C-Pulse is implanted via a surgical procedure similar in complexity to fitting a pacemaker. It operates outside the blood system, minimising risks of clotting & strokes, and blood-thinning medication is not needed.

Main Company R&D Projects - Major Technology & Market

Next Generation C-Pulse: The Next Generation C-Pulse is currently being developed and will have additional features to enhance patient comfort and convenience as well as improved clinical features.

Capital Structure

The major shareholders of Sunshine Heart are Australian funds GBS Venture Partners (32%) and CM Capital (28%) and US fund Three Arch Partners (7%). A representative from each of GBS Venture Partners and CM Capital is a director of Sunshine Heart.

BluGlass Limited (BLG)



Sector	Industry Group	Industry	Sub Industry
Information Technology	Semiconductors & Semiconductor Equipment	Semiconductors & Semiconductor Equipment	Semiconductor Equipment

Company Overview

BluGlass Limited (BLG) has been formed to commercialise a new, low-cost technology for producing semi-conductor material gallium nitride (GaN). GaN is used in the manufacture of blue, green and white high-brightness light-emitting diodes (HB-LED) and blue lasers. Common consumer and industrial electronics that use high-brightness GaN LEDs include mobile phones, PDAs, traffic lighting, signage, automotive lighting, Blu-ray disc technology and the emerging general lighting need.

Strategy

The company is commercialising a new technology and process for producing GaN, offering substantial cost and environmental benefits over current commercial processes. A pilot production facility was opened on 17 July 2008. BLG aims to establish strategic relationships to shorten time to market, as the goal is to sell branded equipment and licences to end users as well as GaN and other wafers to specialised markets.

Aegis Comments as at October 2008

Outlook: While BLG's Remote Plasma Chemical Vapour Deposition (RPCVD) process remains pre-commercial, the process improvements over the current Metal Organic Chemical Vapour Deposition (MOCVD) technique are compelling. BLG is now moving closer to proving the commercial merits of its technology, with the prototype commercial production facility officially open and operating. The company is continuing to refine its process, successfully gaining uniform deposition on substrates of increasing size.

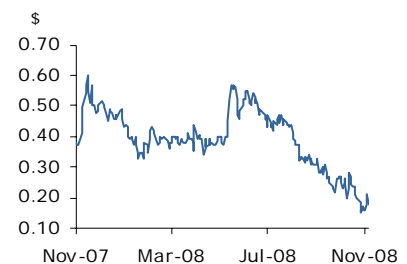
Catalysts: BLG continues to improve and validate its RPCVD process. Further progress in the company's ability to deposit GaN in a uniform fashion onto increasingly sizable glass wafers should fuel interest in the stock. A favourable performance from the prototype manufacturing equipment would be well received. Key catalysts also include: 1) a firm expression of interest from a major LED manufacturer; and 2) a well-credentialed investor or industry player taking a sizable stake in the company.

Risks: BLG remains well positioned financially to execute its business plan over the short and long term. Cash burn will fluctuate as the company moves toward commercialising its technology; however, we believe BLG has sufficient funding to accomplish its predetermined goals. BLG still faces development risk in that commercialisation of its new technology could take longer than expected. BLG's patents are also untested in court.

Key investment information

Price:	\$0.21
Price as at:	05-Nov-08
Market Cap (\$M):	41.8
Equiv. Shares (M):	199.24
% All Ords:	0.00
12Mth Range (\$):	0.16 - 0.64
Shares Traded (\$M pa):	24.4
Listed since:	Sept 2006
Index:	n/a

Share price performance



Company contact



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Earnings Summary

Yr to Jun	NPAT Rep \$M	NPAT ¹ Adj \$M	EPS ¹ c	EPS chg %	PER x	PER rel All Ords x	PER rel Sector x	DPS c	Yield %	Franking %	ROE %
2007A	(2.24)	(2.24)	(1.3)	n/a	(13.4)	(1.0)	0.6	0.0	0.0	0	(35.3)
2008A	(2.69)	(2.69)	(1.5)	n/a	(12.1)	(1.0)	0.7	0.0	0.0	0	(10.8)

¹ NPAT and EPS are adjusted by removing non-recurring items. All the above statistics are derived from normalised earnings.

Financial Stability

Balance Sheet (Y/E Jun)	07A	08A
Net debt (cash) (\$M)	(11.7)	(6.0)
Total assets (\$M)	26.1	24.4
Net debt/equity (%)	(45.9)	(25.6)
Net interest cover (x)	n/a	n/a
NTA per share (\$)	0.08	0.07
Current ratio (x)	17.0	8.6

As at 30-Jun-08

Net debt (cash) (\$M)	(6.0)
Net debt (cash) / shr (\$)	(0.03)
Net debt (cash) / MktCap (%)	(14.4)

Substantial Shareholders

Access Macquarie Ltd	16.3%
Merrill Lynch & Co..Inc	7.6%

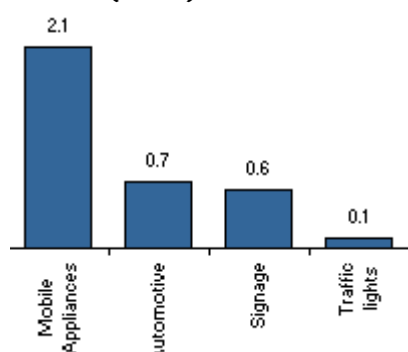
Board

Dr M R Taverner (Chairman)
C Kantamneni (Non-Executive Director)
G Cornelsen (Non-Executive Director)

Key Executives

G Bourne (Chief Executive Officer)

General High Brightness LED Market (US\$B)



Source: BLG/Aegis Equities Research

Industries Of Operation

BLG technology will produce GaN wafers, a material that is critical to the production of HB-LEDs and high-performance electronic devices. The primary focus is LED manufacturers, who supply to both the rapidly growing US\$4B HB-LED market and the emerging opportunity for LEDs into the US\$100B+ general-lighting market. Secondary strategy is geared toward specialised areas such as high-power, high-frequency and high-temperature-tolerant devices, which can also be made from the BluGlass equipment.

Differentiating Factors

BLG's technical achievements act as a strong market differentiator. External financial evaluation showed the potential for BLG's technology to reduce the cost of epi wafer deposition by as much as 48% at the epi wafer and 10% at the device level. BLG has succeeded in GaN deposition on glass and sapphire at 2" at lower temperatures, without toxic ammonia, and on glass wafers from 2" to 6", against the industry norm of 2". Blue-light emission has been produced on wafers up to 6" in diameter.

Recent Announcements

27 October 2008: BLG released its 1Q09 cashflow update, which shows an operating cash outflow of \$714K. Staffing costs, R&D and working capital were the primary costs, while \$220K was invested in the acquisition of further plant and equipment, bringing the total outflow for the quarter to \$934K. The company maintains a cash balance of just over \$5M, which is sufficient to fund operations for the foreseeable future.

29 August 2008: BLG reported FY08 revenue of \$3.2M, more than trebling its FY07 performance. Revenue consisted of \$2.6M in grants and \$600K in interest income. Employee expenses increased sharply during the period as the company readied itself for the commissioning of the pilot manufacturing facility in Sydney. A \$2.7M net loss was reported for FY08. FY09 has seen the successful commissioning of the pilot facility and should see the first sales or licensing agreements from the company.

17 July 2008: BLG officially opened its pilot manufacturing facility. This is an important milestone as the facility will be used to demonstrate the commercial viability of BLG's technology. The commercial reactor is currently being performance tested and the data are being evaluated by a tier-one, vertically integrated electronics manufacturer as well as a number of industry players. BLG has also secured a \$460K Australian Research Council (ARC) grant aimed at improving the efficiency of its technology.

Capital Structure

The company's capital structure is composed of approximately 162M ordinary shares. Approximately 37M options exercisable at 20 cents are outstanding. There is limited historical financial information available, because BLG is a start-up company and the majority of its assets remain in cash.

Manaccomm Corporation Limited (MNL)



Sector	Industry Group	Industry	Sub Industry
Consumer Discretionary	Retailing	Internet & Catalog Retail	Catalog Retail

Company Overview

Manaccomm (MNL) is a profitable and dividend-paying IT company with a unique online lottery division and a strong software publishing and distribution division active in both the retail and enterprise software markets. The first division has unique contracts until 2013 with Tattersalls and NSW Lotteries to retail lotteries such as Powerball and OzLotto via www.ozlotteries.com. The distribution and software publishing arm distributes products such as Trend Micro Internet Security and Star Projects.

Strategy

MNL's strategy is to capitalise on its unique contracts for online lotteries and its relationship with leading retailers and software developers to continue its organic growth. With three successful acquisitions behind it, MNL is currently seeking additional acquisitions to complement its existing businesses. The IT industry is highly fragmented, with many successful businesses unable to grow as private companies and seeking to be acquired by larger public companies to continue their growth.

Aegis Comments as at October 2008

Outlook: MNL has successfully met its upgraded FY08 revenue and NPAT guidance. The company has commenced dividend payments and resolved to pay dividends representing not less than 20% of NPAT going forward. The company is using its solid cashflows and a measured increase in borrowings to take advantage of acquisition opportunities brought about by the weakening economy. MNL expects to generate reliable cash flows, which should underpin future dividends and acquisitive growth.

Catalysts: The stock has performed well during the recent stock market sell-off. Key catalysts for a re-rating would include: 1) continually meeting or exceeding stated guidance and dividend targets; 2) seamlessly bedding down recently acquired businesses; 3) further opportunistic and well-priced acquisitions; 4) successful renewal of supply contracts with key product suppliers; and 5) a continuation of the long-term relationship with Tattersalls.

Risks: Online security; however, considerable effort is made to ensure payments are secure and online fraud is avoided. The weakening of consumer spending may create a drag on sales in the software division. A loss of key product supply or reseller contracts or failure to renew agreements with Tattersalls (current agreement in place until 2013) would be viewed negatively. Integration risk exists and will persist as the company adopts a strategy of acquisitive growth.

Earnings Summary

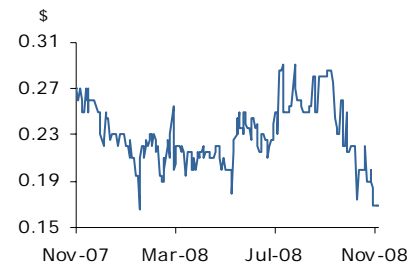
Yr to Jun	NPAT Rep \$M	NPAT ¹ Adj \$M	EPS ¹ c	EPS chg %	PER x	PER rel All Ords x	PER rel Sector x	DPS c	Yield %	Franking %	ROE %
2008A	2.7	2.7	6.4	n/a	2.7	0.2	0.2	1.0	5.9	0	58.4

¹ NPAT and EPS are adjusted by removing non-recurring items. All the above statistics are derived from normalised earnings.

Key investment information

Price:	\$0.17
Price as at:	05-Nov-08
Market Cap (\$M):	7.3
Equiv. Shares (M):	43.00
% All Ords:	0.00
12Mth Range (\$):	0.17 - 0.29
Shares Traded (\$M pa):	1.7
Listed since:	Sept 1999
Index:	n/a

Share price performance



Company contact



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CEO

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www.manaccomm.com

Financial Stability

Balance Sheet (Y/E Jun)

Net debt (cash) (\$M)	08A (4.2)
Total assets (\$M)	19.2
Net debt/equity (%)	(35.4)
Net interest cover (x)	16.4
NTA per share (\$)	0.08
Current ratio (x)	1.6

As at 30-Jun-08

Net debt (cash) (\$M)	(4.2)
Net debt (cash) / shr (\$)	(0.10)
Net debt (cash) / MktCap (%)	(57.4)

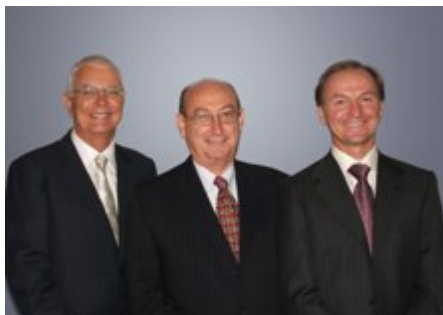
Substantial Shareholders

IIMAC Pty Ltd controlled by Ian Mackay	19.2%
Vesteon - controlled by Mike Veverka	19.0%

Board

D Barwick (Chairman)
I Mackay (Deputy Chairman)
M Veverka (CEO, Executive Director)

Manaccomm Board of Directors



08A Industries Of Operation

The lottery division sells Australian lottery tickets online from www.ozlotteries.com. MNL competes in the online retailing space and has established an alliance with Ninemsn for a larger slice of the online market. The distribution and software publishing business competes in both the retail market in Australia and enterprise software markets in the USA. Key partners include Harvey Norman in Australia and Epicor in the USA. MNL owns the IP to Star Projects, which is sold through the USA.

Differentiating Factors

MNL has unique contracts with Tattersalls and NSW Lotteries until 2013. The website www.ozlotteries.com has an established player database, which is growing via alliances with ninemsn.com.au and Yahoo!7. The distribution business has a close relationship with Harvey Norman and has been voted software supplier of the year for two years running. This division also owns the IP to Star Projects, which has a successful eight-year history in the US Enterprise software market.

Recent Announcements

28 October 2008: MNL announced it has signed a contract to acquire enterprise software solutions business Star System Solutions (Star) for \$3.45M. The acquisition will strengthen MNL's enterprise software division and move the company further up the supply chain from reseller to IP owner. Star has an 8-year track record with average EBIT of just over \$1M over the last 4 years, while around 50% of Star's revenue is recurring in nature. Funding for the acquisition is structured to minimise debt and sales risk.

18 September 2008: MNL announced the acquisition of software distributor, Intellitron, for an undisclosed sum. Intellitron was based in Brisbane and operated nationally, with a heavy focus on Queensland sales. It closed its doors earlier this month. The acquisition will permit MNL to expand its product offering to Intellitron's resellers.

26 August 2008: MNL announced a record FY08 NPAT of \$2.73M, which has exceeded the stated guidance range. If the \$766K tax adjustment is backed out, NPAT fell in the middle of the company's guidance range. Revenue was also strong at \$37.8M. The company confirmed that a fully franked, maiden dividend of 1.0cps will be paid. This represents a seemingly sustainable payout ratio of around 16% of NPAT.

Capital Structure

MNL has a straightforward capital structure consisting of ordinary equity and some debt/overdraft facilities. There are 43M FPO and 3M options on issue. The company has announced its intention to pay a dividend of at least 20% of NPAT going forward.

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IMPORTANT NOTICE

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