



## MEDIA RELEASE

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### **World's First Biotechnology Code of Best Practice for Reporting - ASX and AusBiotech partnership to promote better communication between the Life Science industry and investors**

Australia's peak biotechnology industry body, AusBiotech, and the Australian Stock Exchange today released the world's first Code of Best Practice for Reporting by Life Science Companies. The Code was officially launched by the Victorian Minister for Innovation, John Brumby in Melbourne.

Life Science companies are not always fully understood by the market, making accurate assessment more difficult, because brokers and investors are simply not in a position to comprehend the science involved and lack awareness of the fundamental issues and events that drive value in these companies. The Code is designed to bridge this "information gap" by providing a disclosure framework that identifies the key drivers of value for Life Science companies and gives guidance to companies on the information investors need to make informed investment decisions.

The release of the Code follows an extensive consultation phase involving key representatives of the Life Science sector and the investment community. A committee jointly formed by ASX and AusBiotech in December, 2004 has reviewed the existing draft, in circulation since April, 2004, in the light of submissions received from the industry and the investment community.

The 17 person committee was chaired by Michael Hirshorn of Nanyang Ventures and consisted of senior representatives of listed companies, analysts, and other stakeholders. These included: Michael Aldridge from Peplin, David Blake from BioShares, Alison Coutts, from eG Capital, Igor Gonda from Acrux, Deborah Rathjen from Bionomics and Mark Dehring from CSL.

While the Code encourages best practice in reporting and is expected to be adopted widely, it is not mandatory. Existing disclosure obligations under ASX Listing Rules will be complemented by the Code to assist companies in meeting those obligations. The principle of aligning industry needs and regulatory requirements was inspired by the success of a similar initiative in the mining industry, which developed a framework for investor understanding of technical mining reports.

According to Dr Anna Lavelle, CEO of AusBiotech, the need for a Code recognises that understanding by these markets will promote investor confidence, which is critical to the allocation of investment capital. *"There is a recognised gap between the biotechnology industry and the broker community. This Code aims to bridge this gap through education to the institutions and investment brokers, as well as the retail investors,"* she said.

ASX and AusBiotech recognise that the Life Science sector is dynamic and evolving and will set up a review committee that will ensure it remains relevant and of value to Australian Life Science companies and their investors.

Commenting on ASX's involvement with this initiative Mr Scully, the Deputy CEO, and Head of Markets, ASX said: "Investor understanding and confidence are critical elements of effective primary and secondary capital markets. This initiative bolsters our ability to continue providing an efficient and effective platform for Life Science companies to raise capital to fund their growth objectives. The exercise has already brought about benefits including an active engagement between the industry and the investment community in developing the Code, and examples of companies already adopting it as a standard in their reporting to the market".

The Life Science sector of the Australian market has experienced quite spectacular growth in recent years. Today there are more than 127 companies listed on ASX that are involved in drug discovery and the development of medical devices, diagnostics and others Life Science products. Sixteen of these were listed in the last financial year alone. Five years ago there were less than 40. The current market capitalisation of these companies is more than \$20 billion which compares with approximately \$11 billion five years ago.

Biotechnology is widely expected to become a leading global industry in the next thirty years, as its development is expected to fundamentally impact a range of industries including human and animal health, agriculture, food production, energy and resources along the way. If Australia is to play its rightful part in these developments, its companies need to be well supported and resourced by the capital market to meet the challenges ahead. This initiative, aimed at facilitating capital formation for Biotechnology companies, should also be seen in this broader context.

#### Media

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