Nanosonics LTD

Initiating coverage

16 July 2007

$0.64

BUY

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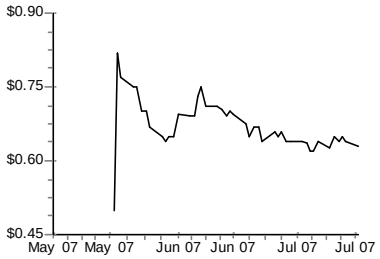
Price Performance



Security/Capital Details

ASX Code	NAN
Market Cap	$124 M
Issued Shares	194.3 M
Avg Mth T'over	NA
12 Mth High – Low	$0.82 - $0.50

Key Data/Ratios – FY 2007

Cash	$30M
Tech. Value	$94.3M
Net Debt / Equity	NA
Interest Cover	NA
ROE	NA
EPS Growth	
PEG Ratio	
NTA / Share	$0.09
DCF	$ 0.96
12 Mth Price Target	$ 1.15

Recommendation

We initiate coverage with BUY recommendation and 12-month price target of 115 cps. NAN is expected to receive CE Mark approval for its lead product by the end of 2008, and for sales to begin soon thereafter. We also expect the company to sign distribution agreements and technology access deals with OEM's and distributors in the next 6-12 months, allowing for further value accrual as the company's risk profile decreases. The fact that 3M has taken a 2.1% stake in the company we believe is a validation of both the technology and its market potential in the medical device disinfection market.

Key Points

- NAN is a pre-revenue industrial company operating in the medical equipment industry. The company is expected to have two revenue streams, one from the sale of capital equipment, the other from the recurring sale of consumables.
- NAN has developed novel technology for the sterilisation and disinfection of a wide range of medical devices. The company has extensive patent protection through six patent families.
- The fact that 3M (market cap. US$64B) has taken a 2.1% stake in NAN and we believe is a validation of both the technology and its market potential.
- The company has a number of products under development with applications in the ultrasound transducer, endoscope general disinfection and room disinfection markets as their lead products.
- The market for disinfection and sterilisation of products in the medical industry is large and growing. The ultrasound and endoscope markets are growing at around 4% p.a., and demand for disinfection solutions (systems) is expected to increase. Each of these markets is estimated to be worth around $600M p.a.
- Manufacturing margins are expected to increase from 50% to 62% once manufacturing is outsourced, and to gain an additional boost once margins from consumables kick in on an increasing installed base.
- On a DCF basis we value the company at 96 cps resulting in a price target of 115 cps. Value accreting events expected over the next 6-12 months include:
    - CE Mark for their ultrasound disinfection device
    - Signing of technology access deals with major OEM's
    - Signing of distribution deals with OEM's and other distributors in Europe.
- We believe NAN has perfected technology which meets a significant market demand in an elegantly simple and cost effective manner.
- We therefore initiate coverage with a BUY recommendation.

BUY: Total return +10% or more over a 12 month period
HOLD: Total return expected to be between +10% to -10% over a 12-month period
SELL: Total return expected to be -10% or more over a 12 month period
TOTAL RETURN OR TSR = capital growth in share price + expected dividend yield in that period

Year to June	NPAT (Rep) $M	EPS (Norm) c	EPS Growth %	PER x	P/CF x	EV/EBITDA x	DPS c	Div Yld %	Franking %
2006a	-1.8					0.0	0.0	0.0	0
2007e	-7.5	-4.0		-16.2	-20.5	-12.4	0.0	0.0	0
2008e	-8.1	-4.2	-4.8	-15.4	-15.2	-12.0	0.0	0.0	0
2009e	-0.4	-0.2	95.7	-355.6	426.7	-111.9	0.0	0.0	0

Investment Thesis

NAN is a pre-revenue industrial company operating in the medical equipment industry. The company has developed novel technology for the disinfection of a wide range of medical equipment ranging from ultrasound probes to endoscopes, dental equipment, operating theatres and even food preparation areas and equipment. The company is expected to have two revenue streams, one from the sale of capital equipment, the other from the sale of consumables which would be of a recurring nature.

The company recently raised $27M via an IPO at 50 cps. At the current share price the company has a market capitalisation of $124M, cash of $30M and a technology value (EV) of $94M.

While the company has yet to generate revenues, we expect the company to receive CE Mark approval for its first product around the end of 2007, allowing it to generate revenues from early 2008. Based on our forecasts we expect the company to break-even towards the end of FY09, and generate a profit of $11.4M in FY10 and a profit of $15.2M in FY11.

Our DCF valuation for the company is 96 cps using a WACC of 20**%.** On a discounted PE basis using FY12 forecasts we arrive at a valuation of 92 cps.

We expect substantial value accretion over the next 6-12 months as the company receives CE Mark for its lead product – the ultrasound disinfection device, signs technology access deals etc. We expect such events to generate increased value amounting to some 42 cps.

What does NAN do?

NAN has developed novel technology for the sterilisation and disinfection of a wide range of medical devices. The company has extensive patent protection through six patent families.

The initial focus of NAN is the market for disinfection of medical instruments. The Company's first two products in development relate to the disinfection of ultrasound probes (transducers) and flexible endoscopes both of which are widely used in clinical practices and hospitals around the world.

NAN's Technology

NAN has developed a novel platform technology for the rapid and cost effective disinfection of medical instruments and other applications, referred to as NanoNebulant™.

- NanoNebulant technology uses high-frequency ultrasonic energy to nebulise (break up a liquid into a fine spray or aerosol) stabilised hydrogen peroxide to form active nanoparticles. This is applied to objects that need to be disinfected and deactivates the infectious agents or micro-organisms. The hydrogen peroxide aerosol is then converted into environmentally benign oxygen and water by-products.
- The NanoNebulant technology uses minute amounts of hydrogen peroxide in a novel process that destroys the infectious agents or micro-organisms in very short periods of time relative to other methodologies.
- Extensive internal and a number of independent trials have confirmed the NanoNebulant technology against a range of micro-organisms on a number of different types of medical instruments, including complex endoscopes and simpler devices such as ultrasound probes. The trials have also demonstrated that the NanoNebulant technology is highly scaleable and can be used to disinfect large chambers or enclosed spaces.

A schematic and explanation of the process and device is shown in Appendix 1.

The fact that 3M has taken a 2.1% stake in the company (4M shares) we believe is a validation of both the technology and its market potential. While 3M has funded a portion of the R&D to date, it has no pre-emptive rights to any of the technology.

Product Portfolio

The company has a number of products under development with applications in the ultrasound transducer, endoscope general disinfection and room disinfection markets as their lead products. The company is also developing TRIAX, a proprietary liquid solution for disinfecting a range of items and instruments without the toxicology issues associated with other liquid systems.

This report only looks at the two leading products in the company's development pipeline – disinfection and sterilisation devices for ultrasound transducers and gastrointestinal endoscopes (endoscope reprocessors). Other products in the pipeline (especially a device for disinfecting and sterilising rooms e.g. operating theatres and ambulances etc.) therefore represent upside risk to our valuation.

Regulatory Approvals

NAN has yet to receive regulatory approval from the TGA, FDA or attain CE Mark (EU approval). We believe the company's products will receive these approvals once they are applied for (see development timeline). We expect the products to be classified as:

- Class IIb by the Therapeutic Goods Administration (TGA) in Australia;
- Class II by the Federal Drug Administration (FDA); and
- Class IIa by the CE Mark in Europe (a lower classification level)

Unlike Class III products (eg. active implantable medical device, vascular stents & prostheses), Class II products do **not** have long lead times to market in terms of having to undertake extensive clinical trials, studies and requirements for regulatory approval. Simulated-use tests in a laboratory and clinical evaluation are deemed adequate for registration. The regulatory approval process for NANs products is expected to take 6-12 months.

Unlike some biotechnology drug companies and implantable medical device companies, NANs regulatory processes are considered medium to low risk and short in duration.

Business Model

NAN is on the verge of transitioning from a R&D company to a company manufacturing and commercializing its products. The company is expected to generate revenues through the sale of both **devices** and the **consumables** within the devices (eg. the bottles of hydrogen peroxide that go into the machines will be the primary consumable but others may include spare parts for the devices, the nebuliser, and catalytic destructor).

- over time NAN is expected to earn a recurring income stream from the consumables as more and more devices are deployed
- the devices will be configured such that they only accept consumables supplied by NAN
- the founders of NAN have significant experience in the supply of medical consumable products.

NAN is expected to outsource the manufacturing of both devices and consumables — probably through an outsourcing arrangement with a specialist design, engineering and manufacture operation — and sell them through distribution arrangements with established global market leaders in each product vertical.

NAN will focus on its core competencies of ongoing research and development, product development, quality assurance, regulatory affairs and business development.

Indicative Pricing and Margins

While the company has not disclosed selling prices, we have used a selling price of $4,000 for the ultrasound disinfector, and $16,000 for the endoscope reprocessor in our forecasts. Final selling prices to the customer are expected to be significantly higher after one takes into account distributor margins, but still competitive with

respect to competitor's prices. We believe gross margins for the devices will be of the order of 50% initially as the company manufactures initial runs, but for this to increase to around 62%.

Global Market Overview

The market for disinfection and sterilisation of products in the medical industry is large and growing due to several factors, these being:

- rapid pace of medical device development, particularly in the increased use of minimally invasive surgical procedures. These types of procedures generally require speciality instruments which often cannot be disinfected by traditional methods such as heat sterilisation (autoclaving)
- evolving regulatory standards continue to outpace many current and conventional technologies
- growing recognition that some competing technologies fail to offer validated efficacy (micro-organism deactivation) and reproducibility
- increasing awareness of microbial resistance
- increased risk of pandemic infections (Avian Flu, SARS etc)
- growing awareness among medical practitioners and the public of incidents of infection and disease-transmission threats, heightening the importance of prevention methods
- more demanding quality assurance standards by regulators both at the manufacturing level and the users level.

There is a growing need for an improved way to disinfect medical instruments typically used in minimally invasive surgery and diagnostics. Commonly used chemicals are often toxic (putting patients and healthcare workers at risk), damage instrument materials (due to the use of corrosive chemicals) and have adverse environmental consequences upon disposal. These technologies have significant weaknesses and are generally tolerated in the absence of a better solution. There is an increasing demand for disinfection control technologies that provide the advantages exhibited by the products and processes being developed by NAN.

The ultrasound market is estimated to be worth $600M p.a., and growing at 4% p.a., while the endoscope market is estimated to be worth $650M p.a., and growing at 5% p.a.

Current Sterilisation and Disinfection Techniques

The current market for sterilisation or disinfection of medical instruments is characterised by several technologies that are based on either:

- **Steam**: time, heat and pressure to achieve the desired level or efficacy (i.e. autoclaves);
- **Liquid Immersion**: toxic chemistries which inactivate the micro-organism; or
- **Gas**: hydrogen peroxide plasma or ethylene oxide contained systems which are relatively expensive, slow and incompatible with many instruments.

Medical instruments which are heat resistant (e.g. steel and glass) can be sterilised in an autoclave; a device which uses steam at extremely high temperatures and pressure to kill infectious micro-organisms. However, this method requires long sterilisation cycle times (ranging from 20 - 60 minutes) and the requisite heat and steam may significantly reduce the lifetime of some instruments. Furthermore, a growing number of instruments being used in diagnostic procedures are becoming increasingly complex, with many being made from heat sensitive materials or incorporating delicate electronic or fibre optic components, all of which precludes them from being autoclaved. Currently the most commercially viable technologies used for items that can not be sterilised in an autoclave are liquid immersion and gaseous sterilisation.

Liquid-based disinfection systems accounted for more than 65% of the low temperature sterilisation and disinfection market in 2004. However, almost all liquid disinfection systems used widely today employ chemicals that are considered highly toxic and create significant risks for patients and medical staff. Glutaraldehyde, the most commonly used liquid disinfectant, is being phased out in certain countries such as the United Kingdom for these reasons.

Gaseous sterilisation is a low temperature sterilisation method that typically operates at room temperature. The two main gases used are ethylene oxide (**ETO**) and hydrogen peroxide plasma (**HPP**). Sterilisation by ETO has the significant disadvantage of being an extremely slow process (up to 8 to 10 hours) and to avoid the risk of leaving residue on the instruments, requires prolonged aeration of up to 24 hours following the sterilisation cycle. Sterilisation by HPP has a shorter cycle time of around 40 to 50 minutes, but requires complex technology and has a much higher initial capital cost and cost per cycle than other sterilisation technologies. In addition, neither of the two gaseous sterilisation methods is suitable for most flexible endoscopes and their high cost puts them beyond reach of many medical practices.

Medical technology in the 21st century is increasingly using non or minimally invasive technologies to diagnose, identify and remedy diseases and health issues. These devices are likely to be heat sensitive and susceptible to damage from chemicals as they contain complex electronic components and sophisticated hardware. In addition, many of these new medical instruments are unable to be correctly sterilised or disinfected using current technologies. Thus there is a significant need for an infection control technology for the sterilisation or disinfection of medical instruments without the inherent weaknesses of current disinfection techniques.

Ultrasound Device Disinfection Market

Current trends in the ultrasound market have been characterised by the following:

- the price of ultrasound systems declining;
- increasing diagnostic confidence due to improving ultrasound imaging technology;
- introduction of a new category of ultrasound transducers (4D Doppler), which has the potential to impact the market over the coming years; and
- increase in the demand for non-invasive medical technologies.

The above trends have led to ultrasound technology being increasingly used by a range of specialist medical practitioners, as well as by non-specialised medical practitioners, than in the past. In addition, as ultrasound transducers are developed for a wider range of applications, transducer manufacturers are under increasing pressure to provide guidelines about appropriate disinfection solutions for the devices they sell, both from an end-user and a regulatory point of view.

Intra-cavity transducers come into contact with mucous membranes, and are defined as semi-critical medical instruments requiring sterilisation or disinfection. Disinfection processes for these medical instruments have not been adequately followed to date (including simply not followed). Moreover current methodologies are extremely time consuming. The rapid expansion of ultrasound technology and related instruments present even greater challenges which can be addressed by the use of NAN's technology. Common disinfection methods for ultrasound transducers use highly toxic liquids that present significant risks to the patient and medical staff and in addition, may result in damage to the medical instrument. They are also time consuming.

Ultrasound Disinfection Market Size

All markets in which ultrasound transducers are reprocessed are considered a target for the Nanosonics ultrasound disinfector. Broadly these can be divided into two segments:

- regulated disinfection of intra-cavity transducers; and
- low, medium and high level disinfection of surface transducers

It is estimated 100 million intra-cavity and more than 400 million surface ultrasound procedures are carried out per annum. Leading manufacturers of ultrasound transducers predict a 4-5% p.a. growth rate in the global ultrasound market between 2004 and 2008. We believe there are approximately 550,000 ultrasound instruments currently in use worldwide.

Endoscope Disinfection Market

Flexible endoscopy is a minimally invasive diagnostic medical procedure used to evaluate the interior surfaces of an organ. An endoscope is usually inserted through one of the body's natural cavities, such as the mouth, urethra or anus. Some endoscopy procedures may require a small incision through the skin and are usually performed under general or local anaesthetic. Endoscopic procedures are performed by healthcare professionals including specialist medical staff and some expert general practitioners. These procedures are performed in a variety of medical settings including private practices or specialist's rooms, endoscopy units, operating theatres, day surgery clinics and other specialised healthcare centres.

Flexible endoscopes are considered semi-critical medical instruments and should be sterilised or disinfected after each use. Due to their structural complexity and fragility they cannot be sterilised in an autoclave. NAN is well advanced in the development of a product that is capable of both washing and disinfecting flexible endoscopes in a timeous manner.

Current Systems

Automatic Endoscope Reprocessors (AERs) - automated devices which thoroughly wash and disinfect endoscopes. They are normally installed in large healthcare settings due to their expense. Typically smaller healthcare organisations can not afford the relatively expensive current generation AERs. There is also an increasing demand for the effective transfer of endoscopes from a "dirty" exposed environment to a clean room environment. NAN believes that it can address the market needs of both large and small users.

Manual cleaning and disinfecting - endoscopes must have some level of manual cleaning and disinfecting before being soaked in a high-level disinfectant. The endoscope is thoroughly cleaned according to standardised methods and then if no automatic disinfectors are available, the endoscope is soaked in a high level chemical disinfectant. Due to the devices complexity, manual cleaning is very difficult, time consuming and the healthcare worker can also be exposed to the toxicity of the chemicals used in the disinfection process.

The number of endoscopic procedures performed in the USA alone is estimated to be in excess of 10 million per annum and growing. NAN estimates that 750,000 flexible endoscope procedures were carried out in Australia and approximately 60M worldwide in 2005. The number of procedures requiring flexible endoscopes is estimated to be increasing at 5% per annum.

The expanding use of endoscopic procedures in diagnosis and surgical treatment of patients has reinforced the need for safe and effective methods of cleaning, disinfection and sterilisation of these instruments. In addition, the focus of regulatory requirements for the sterilisation and disinfection of medical instruments has been broadened from concentrating on the end user to now also placing the responsibility on the manufacturers of medical instruments. In many countries manufacturers now need to be able to prescribe an effective sterilisation or disinfection technique for their products before selling them.

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OEM Manufacturers

There are numerous manufacturers of ultrasound probes and endoscopes. The ultrasound market is dominated by Siemens, Philips and GE with a combined market share of approximately 65%, followed by the likes of Toshiba, Hitachi, and Aloka amongst others.

The endoscope market is dominated by Olympus, Pentax and Fujinon, with estimated market shares of 60%, 20% and 10% respectively.

With regulators seeking to make original equipment manufacturers responsible for ensuring their devices are able to be effectively sterilised and disinfected we believe it is only a matter of time before NAN signs a marketing agreement with at least one of the above players. Such an agreement we expect, would entail upfront technology access fees, followed by licensing fees. According to management, NAN would sell the devices to OEMs, who would then sell them to the end user. Such sales could take place with the device bundled together with the diagnostic device or as a separate device to service the installed base of radiologists, hospitals and gastroscopists.

Key market statistics are shown in Table 1.

Table 1: Market Statistics

	Ultrasound Market	Endoscope Market
Market Size – Global (# of procedures)	**Intra-cavity:** 50 to 100 million **Surface:** 400 million	Approximately 55 million bronchial and lower gastrointestinal endoscopy procedures annually
Market Size – Global (# of procedures)	US: 15% EU: 13% Asia: 55% Australia, NZ and other: 1% ROW: 16%	US: 30% EU: 40% Japan: 10% Australia, Canada, NZ: 5% ROW: 15%
Market Size – Global (Installed Base)	US: 81,508 Canada: 6,800 Western Europe: 109,898 Asia: 164,125 Japan: 154,970 Australia & NZ: 9,100 ROW: 100,000 Total: 626,401	n/a
Market Growth Rates	4-5% p.a.	5% p.a.
Major Manufacturers of instruments	Siemens, GE and Philips control over 60% of the overall market share. The remaining 40% of the market share is split between Aloka, Toshiba, Hitachi, Medison, B-K Medical, Sonocite and others. Of this second tier of competitors, Sonocite is the fastest growing manufacturer, particularly of portable devices.	Olympus – largest player in the market (60%), 6 years ago acquired Medi-vator Inc such that Olympus now sells endoscopes and a disinfecting solution and have increased their market share via this strategy. Pentax is the second largest player in the market with 30% market share. They want to replicate Olympus' strategy of providing a disinfecting solution. Fijonin has the remaining 10% of the market.

Source: NAN and WHTM

Competitive Advantages of NanoNebulant

The advantages NanoNebulant has over current technologies include:

- complete compliance to international standards and working practices
- low toxicity and improved patient and operator safety
- low temperature disinfection and sterilization (disinfection at near ambient temperature)
- rapid disinfection cycle times
- environmentally friendly biocide and process (end products are water and oxygen)
- improved materials and instrument compatibility (low to zero damage to instruments)
- low capital and running costs (requires no ancillary services such as plumbing, air extraction and waste water plumbing)
- dry process with no rinsing required

A more detailed comparison of competitive advantages are shown in Table 2.

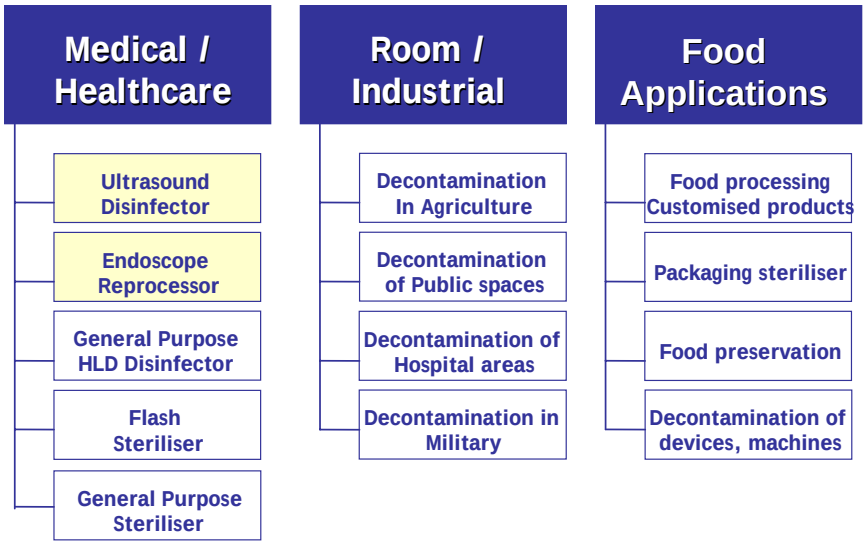
Table 2: Nanonebulant Competitive Advantages

Feature / Attribute	Issues with competing products	Nanosonics Competitive Advantage
Low Toxicity	• Many of the non-autoclave, competitive Disinfection/sterilisation methods in the market today use highly toxic base chemicals	• Hydrogen peroxide is well known for its, low toxicity and environmental friendliness
Low Temperature Disinfection	• Autoclaves operate at temperatures above 130^{o} C meaning that they can not be used to sterilise many heat sensitive medical instruments, such as endoscopes and cameras	• NanoNebulant technology is effective and compatible with most heat sensitive instruments and devices
Rapid Process Cycle Time	• Nearly all liquid based technologies, gas plasma sterilisers and autoclaves have cycle times ranging from 15 minutes to 60 minutes • Gaseous sterilisation processes can take up to 48 hours due to the need to "degas" because of its toxic nature	• Nanosonics has demonstrated cycle times ranging between 3 to 15 minutes for many medical applications • We believe that these processing times are unprecedented for some applications
Environment Friendly	• Liquid solutions are often dumped into waste or grey water systems after completion of cycles	• At the end of the NanoNebulant cycle, the hydrogen peroxide is passed through a catalytic destructor which breaks it down into oxygen and water, thereby reducing the "waste" into an environmentally benign state
Improved Materials and Instrument Compatibility	• Alternative methods to autoclaving often use toxic and potent chemicals that may damage medical instruments giving them a much shorter economic life	• The hydrogen peroxide used in NanoNebulant technology causes minimal to nil damage to instruments
Lower Total Cost of Ownership	• For liquid disinfectant systems proper waste disposal systems and personal protective clothing is required. In addition these systems often have high device purchase costs and need fume extraction and filtered and often sterile water feed • For gas plasma and autoclaves consumable costs are high as are their service and maintenance costs due to their complex engineering	• NanoNebulant technology will not normally require any ancillary services such as plumbing or air extraction systems or any additional safety equipment or systems that may attract high services or maintenance costs (endoscope device may require some plumbing) • The overall cost of ownership and utilisation of the NanoNebulant technology is expected to be much lower than most current solutions
Near Dry Process with no Rinsing Required	• All liquid based technologies require large volumes of rinse water to remove the disinfectants before using the instrument on a patient	• Unlike other liquid technologies, the NanoNebulant aerosol can be removed easily without needing to be rinsed with water, resulting in less risk to the patient and less waste and expense for the operator
Improved Biocide Distribution	• Many medical instruments are becoming increasingly complex and difficult to sterilise or disinfect (particularly endoscopes) • Many current technologies cannot guarantee the complete sterilisation or Disinfection of these instruments partly due to their inability to properly reach all areas of the instruments	• Much of the NanoNebulant particles are below one micron, to operate in a similar manner to gas • This allows for an even distribution of the aerosol across the surface of a medical device and into the smallest occluded surfaces

Source: NAN and WHTM

As a result of these competitive advantages we believe there are substantially more applications of this technology than only to sterilisation and disinfection of ultrasound probes and endoscopes. Potential applications are shown in Figure 1.

Figure 1: Potential Applications



Source: NAN and WHTM

This report only assesses the value of the ultrasound and endoscope markets as these products are the most advanced in the company's portfolio and closest to getting to market. As such these other applications represent upside potential to our forecasts and valuation.

Competitors

The company's major competitor is Steris, which is listed on the NYSE with a market capitalisation of US$1.94B. The company has 3 divisions: Healthcare, Life Sciences and Isomedix Services. The Life Sciences division markets capital equipment, consumables and services to a wide range of customers.

For the year ended 31 March 2006, the division generated revenues of US$215.8M, 71% of which was in the US. Revenues from this division accounted for approximately 70% of group revenues. Gross margins for the division are approximately 45%, and recent revenue increases are ascribed to strong demand for small order replacement equipment and for larger orders associated with new construction projects by hospital customers primarily in the United States.

The division supplies a wide range of industries with a number of different technologies for the sterilisation of a number of products. The main product NAN would compete against is the Vaporized Hydrogen Peroxide System.

The system essentially vapourises a 35% hydrogen peroxide solution and as we understand it, condenses on surfaces and sterilises them. According to the company over 700 of the systems have been installed in pharmaceutical companies around the world. The major application of the system is for sterilisation of rooms.

We understand that the system is difficult to use for a number of reasons:

- Requirement to de-humidify the room before use
- Condensation appears on surfaces requiring clean-up

A summary of major competitors and their valuations is shown in Table 3.

Table 3: Competitor Comparisons

Company	Listed	Mkt Cap ($USDm)	FY06 Sales ($USDm)	Comments
Steris Corporation	NYSE	1940	1160	Provides sterilization and microbial reduction services to customers throughout the world. Steris also markets a line of cleaning, decontamination, and sterilization systems, products and technologies.
Bioquell PLC	LSE	102	49	Develops a variety of bio-decontamination technology under the name Clarus. The group uses hydrogen peroxide vapor to deactivate micro-organisms such as bacteria, viruses and fungi.
Getinge AB	Sweden	4399	1857	Develops, manufactures, and sells sterilization systems for sterilization and disinfection (mainly autoclaves for hospitals and medical practices). These products are sold by subsidiaries, sales offices and distributors world wide.
Johnson & Johnson	NYSE	193,213	53,324	It has two divisions with the potential to compete with Nanosonics, namely Advanced Sterilisation Products (ASP) and Ethicon. J&J's Sterrad system is its lead product in this area. However it is difficult to determine its exact sales and profit figures from publicly-available information. We estimate that the ASP division alone has annual revenue of approximately US$850 million.

Source: Company reports and WHTM

Intellectual Property

We believe the company holds strong patent positions that protect the portfolio of platform technologies as well as a substantial body of proprietary technology and knowledge which together will secure its developments into the future. NAN has taken an active role in developing, filing and prosecuting patent applications to protect the Company's key technologies.

The current patent portfolio consists of six patent families, which relate to six different inventions. All but one of the patent families are owned by Saban Ventures Pty Limited, a 100% owned subsidiary of Nanosonics Pty Limited. Saban Ventures Pty Limited has assigned the patents to Nanosonics on a royalty-free basis.

The details of the patent portfolio are summarised in Table 4:

Table 4: Patent Portfolio Summary

Patent Title	Country	Patent No	Status	Effective File Date (priority date)
Improved Disinfection	- Worldwide Application - Granted in Australia (+ 15 other countries)	741580	Granted	• 23/06/98
HLD employing QACs	Worldwide Application	PCT/AU2005/000997	PCT Stage	• 09/07/04
Improved Aerosol	Worldwide Application	PCT/AU2006/001113	PCT Stage	• 04/08/05
Membrane Sterilisation	Worldwide Application	PCT/AU2006/001114	PCT Stage	• 04/08/05
Space Disinfection system	Worldwide Application	PCT/AU/2006/001115	PCT Stage	• 04/08/05
Membrane Concentrator	Worldwide Application	TBA	PCT Stage	• 4/08/05

Source: NAN

Management

Board of Directors

Maurie Stang – Non Executive Chairman

Maurie Stang is the Non-Executive Chairman of Aeris Technologies Limited, Managing Director of Regional Healthcare Pty Limited and Novapharm Research Pty Limited and is a board member of various other unlisted medical/dental businesses in Australia and overseas. Since 1975 he has established and developed a number of successful companies in the health care sector, many of which have become leaders in their particular markets.

Geoff Marshall – Chief Executive Officer

Geoff Marshall has been the CEO of Nanosonics for 3 years and has overseen the Company's growth and transition from R&D to commercialisation. He has a diverse range of skills and experience in engineering, manufacturing, finance and sales & marketing. He has significant international business experience in Europe and North America working for organisations such as Philips Electronics, British Airways Engineering and Compaq Computers. He is a former partner with Price Waterhouse and has held CEO and general management positions with Healthcare of Australia (HCoA), Rothmans Holding Limited and Orica and is also a director of Electrometals Technologies Limited and Mediplan Holding Australia Pty Ltd.

David Fisher – Non-Executive Director

Dr David Fisher has qualifications in science, engineering and finance with over 25 years' experience, including substantial operating experience in the biotechnology and healthcare industry in Australia and overseas. He held senior positions with Pharmacia AB in Sweden and was foundation general manager of Peptech Limited in Australia. He is managing director of Brandon Capital Management Pty Ltd, a venture capital provider and investor in the Company. He is also a director of Australian Biomedical Fund No 1 Ltd, Australian Biomedical Fund No 2 Ltd, and Australian Biotechnology and Healthcare Fund No 3 Ltd.

Bill Widin – Non-Executive Director

Bill Widin has over 25 years of public practice as a chartered accountant. He has participated in the establishment and management of such businesses as Mediservice Clinics (major chain of medical centres) and Statewide Roads which successfully designed, constructed and operated the M4 Motorway in Sydney's west. Mr Widin has formal qualifications in Economics & Accounting and is a fellow of the Institute of Chartered Accountants and Australian Society of Certified Public Accountants.

The company expects to appoint at least one additional independent non-executive director to the board in the near term

The senior management team consists of Dr Ron Weinberger (Innovation and Technology), Ole Stockhausen (Global market and Business Development), Rachael Moore (Product Development and Manufacturing), John Murtagh (Business Systems and Regulatory Affairs), and Chris Grundy – CFO.

The company also has an independent Scientific Advisory Board which includes:

- **Dr Weinberger** - over 15 years experience working in the biotechnology arena. He has proven experience in developing, designing and managing large scale research programs with strong commercial perspective. He is a co-inventor of several of the key patents referred to in this document and has published over 50 peer reviewed publications and patent applications. Dr Weinberger has a PhD in medical biochemistry and is a member of the Australian Institute of Management
- **Steven Kritzler** - 30 years experience in commercial R&D in the areas of pharmaceutical, medical, cosmetic and specialty industrial lubricants.
- **Carolyn Hewson** - graduated in Economics (with honours) from the University of Adelaide and subsequently completed a Masters of Arts in Economics at Cambridge University. She joined Schroders Australia investment bank in 1981 and worked as an investment banker for 14 years. She became an Executive

Director of Schroders in 1989. Carolyn began her career as a company director in 1995 and is now a non-executive Director of two listed Australian companies - AGL and Westpac. She has also served as a director on the boards of CSR, AMP, South Australia Water and the Economic Development Board of South Australia

- **Prof Ron Penny** - currently the Emeritus Professor of Medicine, University of NSW Senior Clinical Advisor, NSW Health, Chairman of the Corrections Health Services Board, Chairman of the NSW Blood Products Advisory Committee and Chairman of the NSW SARS Task Force. He has published over 350 medical and scientific papers in prestige national and international journals. Prof. Penny is currently involved in the development of several medical products and is also well versed in the commercialisation of medical technology.
- **Dr Peter Spencer** - worked in Johnson & Johnson research, both in the US and Australia, for over 10 years. He has held many senior positions across a broad range of technologies including medical devices, pharmaceuticals and consumer products and has a successful track record in developing new global businesses from concept through to product launch. Dr Spencer has lead many multifunctional teams and possesses a detailed understanding of critical business strategy, marketing and R&D and interpersonal new business development issues.
- **Dr Arthur Brandwood** - over 20 years experience in the medical technology field in industry, academia and government including responsibilities as Director of Devices Registration and Assessment of the Biomaterials and Engineering laboratories at the Australian Therapeutic Goods Administration (TGA).

Development Timeline

The company has already achieved ISO13485 regulatory compliance. This allows the company to manufacture and supply disinfection and sterilisation devices. The Company may also outsource aftermarket servicing, maintenance and repairs and the replenishment of consumables to suitably qualified distributors. The Company has already commenced discussions with potential manufacturers of the initial devices and consumables.

While the company is ISO13485 compliant, it still has to get each product approved by regulatory authorities before it can market them to end-users. Our expected development timeline is shown in Table 5.

Table 5: Forecast Development Timeline

	1H-FY08	2H-FY08	1H-FY09	2H-FY09	1H-FY10	2H-FY10
Ultrasound device	EU approval	Begin EU sales.				
	Submit TGA application	TGA approval	Australian sales			
		Submit FDA application		US sales		
Endoscope device					Submit TGA and CE Mark applications	
					Submit FDA application	

Source: NAN and WHTM

Regulatory approvals should generally take approximately 3 months once filed. We believe the major risk facing the company to get regulatory approval is one of time delays. We do not believe there is much technological or efficacy risk facing the company given its simple design and scientifically proven methodology (hydrogen peroxide is a well established disinfectant and sterilising agent).

Our only major concern is that approval may be delayed in Australia as we believe the Therapeutic Goods Agency (TGA) is understaffed. It is for this reason that we have assumed TGA approval takes 4-6 months in our forecast timeline.

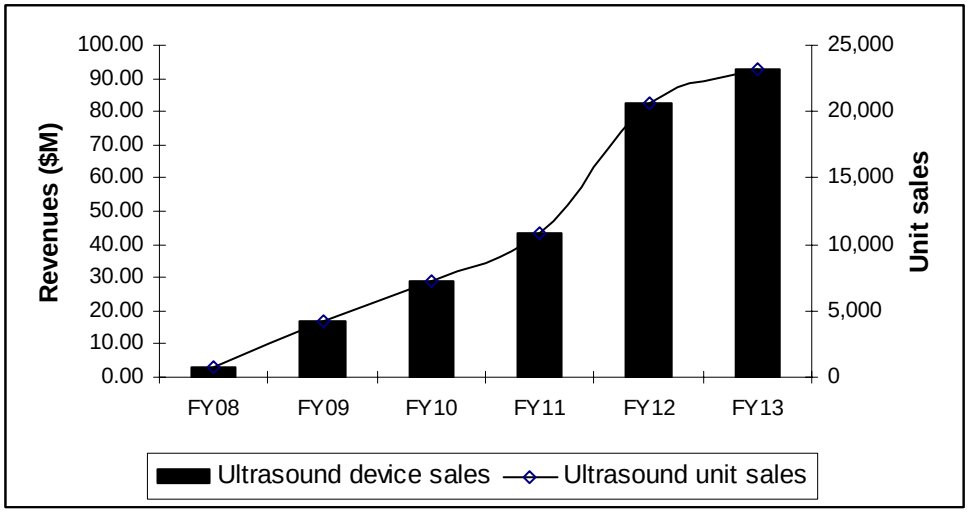
Forecasts and Valuation

Our base case valuation makes the following assumptions:

- Only the ultrasound and endoscope device disinfectors reach the market
    - Ultrasound device sales begin in Europe in Q3-FY08, in Australia in Q4-FY08 and in the US in Q1-FY-09.
    - Endoscope device sales begin in Europe, Australia and the US in Q1-FY11.
- WACC of 20% as the company has yet to receive final regulatory approvals, or sign contracts with manufacturers and distributors.
- Terminal growth rate of 2%

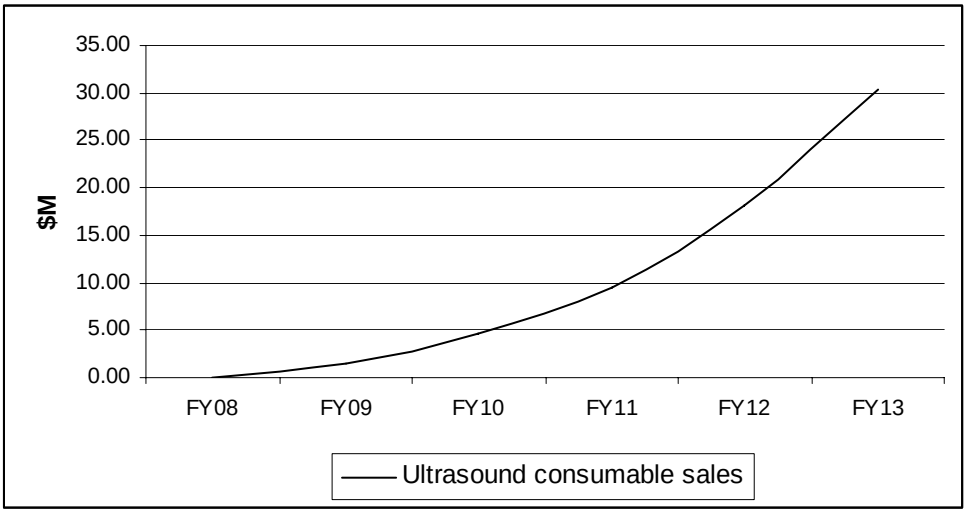
Forecast revenues for the ultrasound and endoscope sterilisation devices are shown in Figures 2-5.

Figure 2: Ultrasound Device unit sales and revenues forecasts



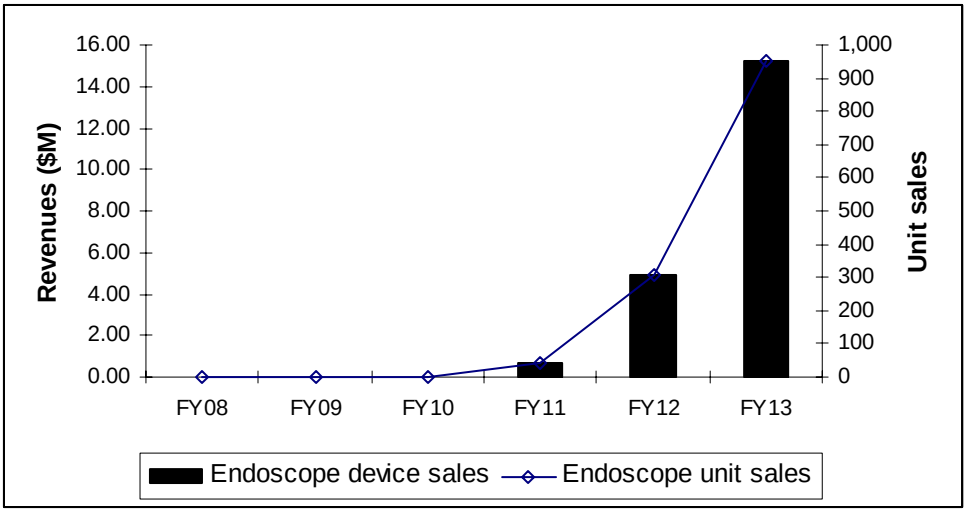
Source: WHTM

Figure 3:Ultrasound Device consumables revenue forecast



Source: WHTM

Figure 4: Endoscope Device unit sales and revenue forecasts



Source: WHTM

An important aspect of the business model is that after a period of time recurring revenues in the form of consumables begins to kick in. Revenues from consumables are expected to exceed $30M in FY13.

Our forecast P&L taking into account the above assumptions is shown in Table 6.

Table 6: Forecast P&L

$(M)	FY08	FY09	FY10	FY11	FY12	FY13
Revenues	2.90	18.47	33.74	53.34	105.79	139.66
Ultrasound device sales	2.80	17.10	29.10	43.20	82.28	92.77
Ultrasound consumable sales	0.10	1.37	4.64	9.46	18.23	30.35
Endoscope device sales	0.00	0.00	0.00	0.64	4.96	15.20
Endoscope consumable sales	0.00	0.00	0.00	0.04	0.33	1.33
Ultrasound unit sales	**700**	**4,275**	**7,275**	**10,800**	**20,569**	**23,193**
Endoscope unit sales	**0**	**0**	**0**	**40**	**310**	**950**
Gross Profit	1.48	9.65	21.49	34.75	68.93	92.29
SG&A	-5.20	-5.60	-5.80	-7.50	-9.50	-11.00
R&D	-5.20	-5.00	-5.10	-6.00	-8.00	-12.00
EBITDA	-8.92	-0.95	10.59	21.25	51.43	69.29
D&A	0.23	0.29	0.43	0.55	0.55	0.52
EBIT	-9.15	-1.24	10.16	20.69	50.88	68.77
Interest	1.09	0.89	1.21	1.00	1.00	1.00
PBT	-8.06	-0.35	11.37	21.69	51.88	69.77
Tax	0.00	0.00	0.00	6.51	15.56	20.93
NPAT	**-8.06**	**-0.35**	**11.37**	**15.19**	**36.32**	**48.84**
Shares on issue (M)						
EPS (cps)	-4.15	-0.18	5.85	7.81	18.69	25.13

Source: WHTM

Revenues are expected to be generated in 2H FY08 if not sooner, once CE Mark is obtained for the ultrasound disinfection device. Sales for endoscopic units are expected to begin late in FY09. In both cases, sales of consumables are expected to make a significant contribution 2-3 years after launch of the devices.

Gross margins of 50% in FY08 are expected to increase to around 62% in FY10 for ultrasound devices as the company out sources manufacturing and reaps the benefits of reduced costs of goods.

Valuation scenarios based on a time value discounted PE basis are shown in Table 7. These valuations are based on a 20% discount rate and use FY11 and FY12 forecast profits.

Table 7: PE Valuation (cps)

	FY11	FY12	Discounted FY11	Discounted FY12
EPS/Multiple	7.81	18.69		
12	93.8	224.3	38.4	73.5
13	101.6	243.0	41.6	79.6
14	109.4	261.6	44.8	85.7
15	**117.2**	**280.3**	**48.0**	**91.9**
16	125.0	299.0	51.2	98.0
17	132.9	317.7	54.4	104.1
18	140.7	336.4	57.6	110.2
19	148.5	355.1	60.8	116.4
20	156.3	373.8	64.0	122.5

Source: WHTM

We believe that a PE of 14-15x is conservative given the growth prospects for the company, valuing the company at 92 cps based on FY12 forecasts.

Our cash flow forecasts are shown in Table 8.

Table 8: Forecast Cash Flow

$(M)	1H-FY08	2H-FY08	1H-FY09	2H-FY09	1H-FY10	2H-FY10
EBITDA	-5.10	-3.82	-2.09	1.13	4.01	6.58
Tax				0.29	1.15	1.90
Capex	0.5	0.4	0.2	0.3	0.5	0.7
W.C	0.00	-1.21	-1.39	-2.57	-1.36	-1.78
FCF	-5.60	-5.43	-3.67	-2.03	1.01	2.20

Source: WHTM

Our DCF valuation for the company amounts to 96 cps, based on the above forecasts, a discount factor of 20% and perpetuity of 2%.

Valuation Sensitivity

Issues affecting the discount rate and their impact on valuation are shown in Table 9.

Table 9: News Events – Effect on Valuation

Base Valuation (cps)	96			
Event	Effect on WACC	Change in Valuation (cps)	% change	Timing
CE Mark for ultrasound device	-1%	10	10.4%	Q3-Q4-07
OEM technology access deal	-1%	10	10.4%	Q3-Q4-07
OEM supply contracts signed	-2%	22	22.9%	Q1-Q2-08

Source: WHTM

Obtaining CE Mark and signing of manufacturing contracts are significant value enhancing events as they reduce the manufacturing risk facing the company significantly. The signing of a technology access deal and supply contracts reduce the marketing risk facing the company. Overall the effect these events are expected to have on our valuation amount to 42 cents per share.

Valuation sensitivity to variations in revenues of two major products are shown in Table 10.

Table 10: Valuation sensitivity to revenue changes

	Sensitivity (cps)
Revenue/valuation sensitivity	
Ultrasound revenues	
10% above forecast	4
10% below forecast	-4
Endoscope revenues	
10% above forecast	1
10% below forecast	-1

Source: WHTM

Risks

Commercialisation execution: There appears to be little risk in the technology platform but the primary risk in the short term will be the ability of the company to execute effectively on its commercialization strategy and to gain market acceptance for its products. Risks are both in terms of timeframes and market penetration. Nanosonics is also in the process of transitioning from a pure R&D company to one that also manages the regulatory approvals, manufacturing, and distribution of its products globally.

Regulatory risks: Nanosonics has not yet obtained formal regulatory approvals for any of its products. The timing of the regulatory approvals and any conditions on which they may be granted are unknown at this stage. Nanosonics plans to avoid or minimise these risks by early collaboration with regulatory authorities and distributors to ensure that developed products meet prevailing regulatory and market requirements and customers' demands.

Conclusion

We initiate coverage with a BUY recommendation and a price target of 115 cps. We believe the company has developed novel technology and has the ability to ensure they reach their relevant markets. The demand for sterilisation and disinfection solutions is growing and the company's technology we believe meets a clear unmet market need in an extremely cost-effective manner and safer manner compared with its competitors.

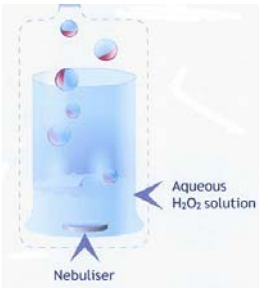
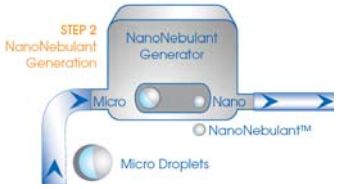
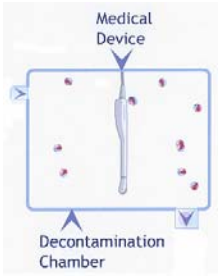
Our DCF valuation of 96 cps results from a WACC of 20% which we believe more than reflects the pre-revenue risk nature of the company. The medium –term upside is substantial as the technological and regulatory risks facing the company at this stage of development are relatively minor.

The fact that 3M is a shareholder we believe validates the company's technology, and we expect market validation in the form of technology access agreements and supply contracts with OEMs in the short to medium term. The attainment of CE Mark by the end of 2007, followed by revenues into the European market is expected to also catalyse further value creation.

We expect the company to be cash flow positive towards the end of FY08 and to generate substantial returns on equity and funds employed once profitable from FY09.

Appendix 1.

Explanation and schematic

Step 1	▪ The process begins with the nebulisation of a liquid solution of hydrogen peroxide. Ultrasonic energy is applied to this solution to turn it into a fine micro-mist of hydrogen peroxide. ▪ The mist is harvested and directed to the patented converter.	**Nebuliser** 
Step 2	▪ The Converter enables control and conversion of the hydrogen peroxide from large droplets of mist and concentrates the biocide. The end product is the NanoNebulant, an aerosol of highly concentrated droplets which are smaller than one micron, hence in the nanometre area and smaller than any bacteria (NanoNebulant has particles ranging from one millionth to one 100 millionth of a metre in diameter whereas bacteria are typically greater than two millionths of a metre in diameter). ▪ The NanoNebulant can be distributed evenly and quickly in an area, much like a gas, but still retains the properties of a liquid. This facilitates wide surface coverage similar to that achieved by the use of a gas, and access to the tiny occluded spaces that bacteria and viruses occupy. The smaller the particle size, the greater the ability of the NanoNebulant to diffuse into and around the spaces and surfaces of medical instruments.	**Converter** 
Step 3	▪ The NanoNebulant is then passed into the closed chamber, and is distributed quickly and evenly, ensuring all spaces occupied by micro organisms are accessed and decontaminated. ▪ The target micro-organisms are then subjected to the NanoNebulant biocide for a set time period, during which all the bacteria and micro-organisms are killed.	**Disinfection** 
Step 4	▪ After the disinfection cycle, the remaining or residual NanoNebulant in the decontamination chamber is evacuated and passed through a catalytic destructor, the end products of which enter the atmosphere as eco-friendly water and oxygen. ▪ Unlike other liquid technologies, the NanoNebulant can be removed easily without needing to be rinsed with water. No water means less risk to the patient and less waste and expense for the operator ▪ The whole process from nebulising the starting solution to catalytic destruction of the NanoNebulant takes only three to five minutes for some applications.	**Catalytic Destructor** 

Nanosonics LTD (NAN : $0.64)

INVESTMENT FUNDAMENTALS

Yr Ending June	2005A	2006A	2007E	2008E	2009E
EPS Reported (c)			-4.0	-4.2	-0.2
EPS Normalised (c)			**-4.0**	**-4.2**	**-0.2**
EPS Growth (%)		N/A	N/A	-4.8%	95.7%
PER Normalised (x)			**-16.2**	**-15.4**	**-355.6**
DPS (c)		0.0	0.0	0.0	0.0
Payout (%)			**0.0%**	**0.0%**	**0.0%**
Yield (%)		0.0%	0.0%	0.0%	0.0%
Franking (%)		0%	0%	0%	0%

VALUATION DATA

Yr Ending June	2005A	2006A	2007E	2008E	2009E
EV / EBITA (x)		0.0	-12.3	-11.7	-85.7
EV / EBITDA (x)		0.0	-12.4	-12.0	-111.9
CFPS (c)			-3.1	-4.2	0.2
Price / CF			**-20.5**	**-15.2**	**426.7**
Book Value / Share ($)					
Price / Book (x)					

PROFIT & LOSS ($m)

Yr Ending June	2005A	2006A	2007E	2008E	2009E
Sales Revenue		0.0	0.0	2.9	18.5
EBITDA		-1.9	-8.0	-8.9	-0.9
Depreciation		0.1	0.1	0.2	0.3
EBITA		**-2.0**	**-8.1**	**-9.1**	**-1.2**
Amortisation		0.0	0.0	0.0	0.0
EBIT		**-2.0**	**-8.1**	**-9.1**	**-1.2**
Net Interest Expense		-0.2	-0.6	-1.1	-0.9
Pre-tax Profit		**-1.8**	**-7.5**	**-8.1**	**-0.4**
Tax		0.0	0.0	0.0	0.0
Tax rate (%)		0.0%	0.0%	0.0%	0.0%
Minorities / pref divs		0.0	0.0	0.0	0.0
Equity accounted NPAT		0.0	0.0	0.0	0.0
Net Profit		**-1.8**	**-7.5**	**-8.1**	**-0.4**
Abn's / Extraord's		0.0	0.0	0.0	0.0
Reported Net Profit		-1.8	-7.5	-8.1	-0.4
Revenue Growth (%)		N/A	N/A	N/A	537.9%
EBIT Growth (%)		-239.6%	-307.4%	-13.2%	86.5%
NPAT Growth (%)		-256.2%	-325.4%	-7.5%	95.7%

PROFITABILITY RATIOS

Yr Ending June	2005A	2006A	2007E	2008E	2009E
EBIT / Sales (%)				**-315.6%**	**-6.7%**
ROA (%)		N/A	N/A	-747.2%	-42.1%
ROE (%)		**N/A**	**N/A**	**-40.1%**	**-2.2%**
ROFE (%)		N/A	N/A	533.0%	46.2%

INTERIMS ($m)

Half Yr	Dec 05	Jun 06	Dec 06	Jun 07	Dec 07
Yr Ending June	**1H A**	**2H A**	**1H A**	**2H E**	**1H E**
Sales Revenue	0.0	0.0	0.0	0.0	0.0
EBIT	0.0	-2.0	-2.2	-5.9	-4.6
Net Profit	**0.0**	**-1.8**	**-2.0**	**-5.5**	**-4.0**
EBIT / Sales (%)					

BALANCE SHEET ($m)

Yr Ending June	2005A	2006A	2007E	2008E	2009E
Cash		0.0	25.4	18.1	18.9
Receivables		0.0	0.1	0.2	1.0
Inventories		0.0	0.0	0.2	1.0
Other		0.0	0.2	0.0	0.0
Current Assets		**0.0**	**25.7**	**18.6**	**20.9**
Net PPE		0.0	0.5	1.2	1.4
Investments		0.0	0.0	0.0	0.0
Intangibles		0.0	0.0	0.0	0.0
Other		0.0	0.1	0.0	0.9
Non-current Assets		**0.0**	**0.6**	**1.2**	**2.3**
Total Assets		**0.0**	**26.2**	**19.8**	**23.1**
Current Payables		0.0	0.2	3.1	7.5
Current Debt		0.0	0.0	0.0	0.0
Non-Current Debt		0.0	0.0	0.0	0.0
Provisions		0.0	1.9	0.6	0.0
Other		0.0	0.0	0.0	0.0
Total Liabilities		**0.0**	**2.1**	**3.7**	**7.5**
Equity		0.0	36.1	36.1	36.1
Reserves		0.0	0.0	0.0	0.0
Retained Profits		0.0	-12.0	-20.1	-20.4
Minorities		0.0	0.0	0.0	0.0
Total Equity		**0.0**	**24.1**	**16.0**	**15.7**
Total Funds Employed		**0.0**	**-1.3**	**-2.1**	**-3.2**

LIQUIDITY & LEVERAGE RATIOS

Yr Ending June	2005A	2006A	2007E	2008E	2009E
Net Debt (Cash) ($m)			-25.4	-18.1	-18.9
Net Debt / Equity (%)			**-105.5%**	**-113.0%**	**-120.7%**
Interest Cover (x)			-1,346.5		
Debt / CashFlow (x)			**0.0**	**0.0**	**0.0**

CASHFLOW ($m)

Yr Ending June	2005A	2006A	2007E	2008E	2009E
EBIT	-0.6	-2.0	-8.1	-9.1	-1.2
Dep'n and Amort'n	0.1	0.1	0.1	0.2	0.3
Net Int Rec'd (Paid)	0.1	0.2	0.6	1.1	0.9
Tax Paid	0.0	0.0	0.0	0.0	0.0
Dec / (Inc) W'kg Cap	0.0	0.0	0.0	-1.5	-4.0
Other	0.4	0.1	1.5	1.1	4.3
Operating Cash Flow	**0.0**	**-1.6**	**-5.9**	**-8.2**	**0.3**
Capital Expenditure	0.0	0.0	0.1	0.9	0.5
Asset Sales	0.0	0.0	0.0	0.0	0.0
Investments	0.0	0.0	0.0	0.0	0.0
Other Inv. Flows	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	**0.0**	**0.0**	**0.1**	**0.9**	**0.5**
Equity Raised	0.0	0.0	22.0	0.0	0.0
Inc / (Dec) in Loans	0.0	0.0	0.0	0.0	0.0
Dividends Paid	0.0	0.0	0.0	0.0	0.0
Other Fin. Flows	0.0	0.0	-1.8	0.0	0.0
Financing Cash Flow	**0.0**	**0.0**	**20.2**	**0.0**	**0.0**
Net Cash Flow	**0.0**	**-1.6**	**14.4**	**-7.3**	**0.8**

Disclosure of Interest. The Directors of Wilson HTM Ltd advise that at the date of this report they and their associates have relevant interests in 9,880,506 securities in Nanosonics LTD. They also advise that Wilson HTM Ltd and Wilson HTM Corporate Finance Ltd A.B.N. 65 057 547 323 and their associates have received and may receive commissions or fees from Nanosonics LTD in relation to advice or dealings in securities. Some or all of Wilson HTM Ltd authorised representatives may be remunerated wholly or partly by way of commission.

From Monday 23 July 2007, our new Sydney office address will be:

Level 26
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Our contact numbers and PO Box remain unchanged
Kindly update your records to reflect our new office address

BRISBANE	SYDNEY	MELBOURNE	GOLD COAST	BALLINA
Ph: 07 3212 1333	Ph: 02 8247 6600	Ph: 03 9640 3888	Ph: 07 5557 3000	Ph: 02 6681 3477
Fax: 07 3212 1399	Fax: 02 8247 6601	Fax: 03 9640 3800	Fax: 07 5557 3010	Fax: 02 6681 4933
	DALBY	HERVEY BAY	TOWNSVILLE	TAMWORTH
	Ph: 07 4662 3833	Ph: 07 4128 3300	Ph: 07 4725 5787	Ph: 02 6766 7114
	Fax: 07 4662 4169	Fax: 07 4128 4903	Fax: 07 4725 5104	Fax 02 6766 7285

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