

29 April 2009

Change of recommendation

Hold

 (from Buy)

Important: The above recommendation has been made on a 12 month view and may not suit your investment needs or timeframe. The basis it is prepared on is summarised on the last page of this report. **PLEASE CONTACT YOUR ADVISER TO DISCUSS THIS GENERAL RECOMMENDATION BEFORE ACTING ON IT.**

High Volatility

Target price

A\$1.41 (from A\$1.05)

Price

A\$1.32

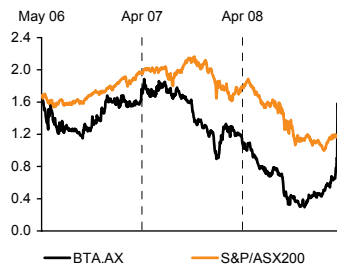
Short term (0-60 days)

n/a

BTA90429

Price performance

	(1M)	(3M)	(12M)
Price (A\$)	0.54	0.44	1.08
Absolute (%)	144.4	200.0	22.2
Rel market (%)	142.1	182.8	84.7
Rel sector (%)	148.4	259.7	59.7


Market capitalisation

A\$225.72m (US\$158.04m)

Average (12M) daily turnover

A\$0.45m (US\$0.34m)

RIC: BTA.AX, BTA AU
 Priced at close of business 29 Apr 2009.
 Source: Bloomberg

Analysts
Scott Power

+61 7 3334 4884
 scottp@abnamromorgans.com.au

Tanya Solomon

+61 7 3334 4521
 tsolomon@abnamromorgans.com.au

ABN AMRO Morgans Limited
 (A.B.N. 49 010 669 726) AFSL235410
 A Participant of ASX Group

www.abnamromorgans.com.au

Biota Holdings

Phase 4 is serious

The WHO has upgraded its warning on the swine flu outbreak to a Phase 4 alert. In our view this is serious and is not to be taken lightly. We have upgraded our forecasts on the basis of increased production of Relenza and have moved our recommendation from Buy back to Hold.

Key forecasts

	FY07A	FY08A	FY09F	FY10F	FY11F
EBITDA (A\$m)	16.60	-9.78	25.70 ▲	25.90 ▲	22.00
Reported net profit (A\$m)	20.20	-6.49	23.90 ▲	24.70 ▲	21.60 ▲
Normalised net profit (A\$m) ¹	20.20	-6.49	23.90 ▲	24.70 ▲	21.60 ▲
Normalised EPS (c) ¹	11.20	-3.79	14.00 ▲	14.40 ▲	12.60 ▲
Normalised EPS growth (%)	n/a	n/a	n/a	3.38	-12.6
Dividend per share (c)	0.00	0.00	0.00	0.00	0.00
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
Normalised PE (x)	11.70	n/m	9.45	9.14	10.50
EV/EBITDA (x)	9.85	n/m	5.79	4.73	4.52
Price/net oper. CF (x)	11.30	46.90	12.50 ▼	8.09 ▼	9.01 ▼
ROIC (%)	1,506	-93.4	492.2	156.5	147.7

Use of ▲ ▼ indicates that the line item has changed by at least 5%.

year to Jun, fully diluted

1. Pre non-recurring items and post preference dividends

Accounting standard: IFRS

Source: Company data, ABN AMRO Morgans forecasts

WHO upgrades to Phase 4 alert

In response to the intensifying swine flu outbreak, the World Health Organization (WHO) raised the worldwide pandemic alert level to Phase 4. A Phase 4 alert is characterised by confirmed person-to-person spread of a new influenza virus able to cause "community-level" outbreaks. The increase in the pandemic alert phase indicates the likelihood of a pandemic has risen. As a result, we expect GSK to boost its capacity to handle the likely demand for Relenza.

Profit forecast raised significantly

One week ago we upgraded our FY09 forecasts on the back of the solid Relenza royalty numbers (this was before the swine flu outbreak). Today we have further upgraded FY09F and made a significant upgrade to our FY10F, assuming GSK will increase its capacity.

The next milestone to watch

BTA and its partner, Daiichi Sankyo, are expected to announce the results of the Phase III trial for the long-acting version of Relenza (known as LANI). This will likely be the next major milestone.

Investment view – recommendation back from Buy to Hold

Following the changes to our forecasts our DCF valuation has increased to A\$1.41 (was A\$1.16). The key assumptions in deriving the valuation include a risk-free rate of 5.25%, a WACC of 16.0% and a terminal growth rate of 3.5%. We have set our target price at A\$1.41 (up from A\$1.05). Key risks to our target price are a delay in partnering key projects or failure to achieve key end points. Given the share price rally we have moved our recommendation back to Hold.

What is Swine Influenza

According to the Centres for Disease Control (CDC), swine influenza (swine flu) is a respiratory disease of pigs caused by type-A influenza virus that regularly causes outbreaks of influenza in pigs. Swine flu viruses cause high levels of illness and low death rates in pigs. Such viruses may circulate among swine throughout the year, but most outbreaks occur during the late fall and winter months, similar to outbreaks in humans. The classical swine flu virus (an influenza type-A, H1N1 virus) was first isolated from a pig in 1930.

Can humans catch swine flu?

Swine flu viruses do not normally infect humans. However, sporadic human infections with swine flu have occurred. Most commonly, these cases occur in persons with direct exposure to pigs (eg, children near pigs at a fair, or workers in the swine industry). In addition, there have been documented cases of one person spreading swine flu to others. For example, an outbreak of apparent swine flu infection in pigs in Wisconsin in 1988 resulted in multiple human infections and, although no community outbreak resulted, there was antibody evidence of virus transmission from the patient to health-care workers who had close contact with the patient.

How common is swine flu infection in humans?

In the past, CDC has received reports of about one human swine influenza virus infection every one to two years in the US, but from December 2005 through February 2009, 12 cases of human infection with swine influenza have been reported. The number of laboratory-confirmed cases has now escalated to 64 across five US States as at 28 April 2009. Mexico has reported to WHO 26 cases of infection including seven deaths. Six cases have been reported in Canada, three in New Zealand, two in the UK, two in Israel and two in Spain.

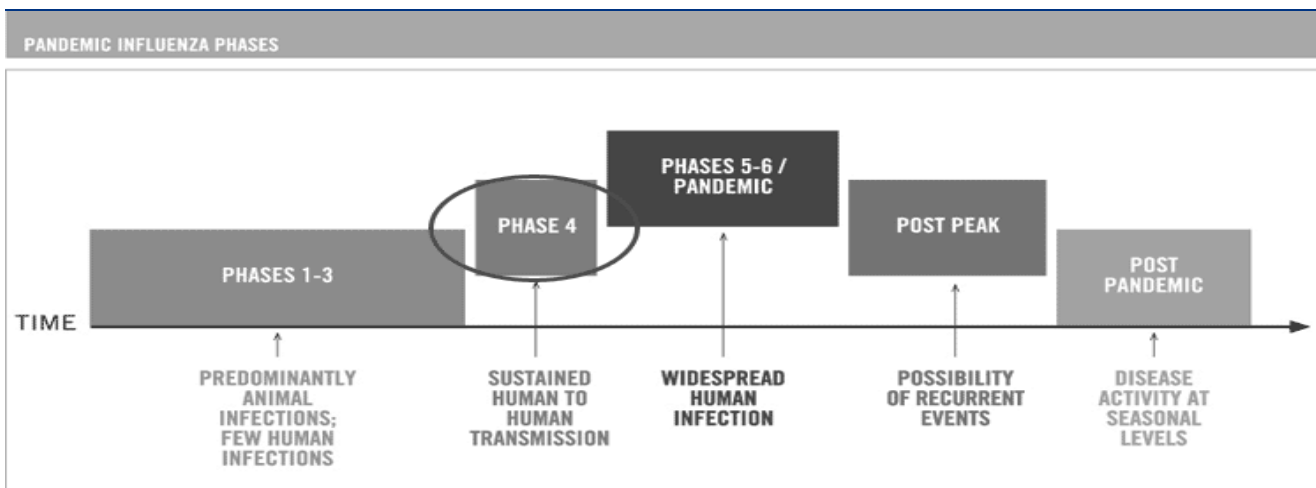
CDC recommendation

The CDC recommends the use of oseltamivir or zanamivir for the treatment and/or prevention of infection with swine influenza viruses. Oseltamivir (brand name Tamiflu®) is approved to both treat and prevent influenza A and B virus infection in people one year of age and older. Zanamivir (brand name Relenza®) is approved to treat influenza A and B virus infection in people seven years and older and to prevent influenza A and B virus infection in people five years and older.

Recommendations for using antiviral drugs for treatment or prevention of swine influenza will change as we learn more about this new virus. Our comment is that there is increasing resistance becoming apparent to Tamiflu and it is likely that Relenza will increasingly be used to help fight the spread of swine flu.

In response to the intensifying outbreak, the World Health Organization (WHO) has raised the worldwide pandemic alert level to Phase 4. A Phase 4 alert is characterised by confirmed person-to-person spread of a new influenza virus able to cause "community-level" outbreaks. The increase in the pandemic alert phase indicates the likelihood of a pandemic has risen.

Chart 1 : Phase alerts



Source: WHO

Implications for Biota

BTA is a leading anti-infective drug-development company with expertise in respiratory diseases, particularly influenza. Biota developed the flu drug known as Relenza™, which is marketed by GlaxoSmithKline (GSK). Relenza is used to treat seasonal influenza and is being stockpiled by various governments for defence against possible pandemic outbreaks of avian (bird) and swine (pig) influenza. BTA receives a 7% royalty on the sale of each course of Relenza.

Changes to forecasts

As a result of the outbreak of swine flu we have raised our Relenza royalty forecasts, which has had a material impact on our near-term forecasts. Last week BTA announced that royalties for 3Q09 will be A\$32.3m, this reflected the filling of major UK and Japanese Government orders.

The changes to our forecasts are set out in the next table. We assume an additional 10m (from 30m) courses of Relenza can be produced. This assumption is based on a news report from GSK suggesting its Australian facility has capacity for 22m courses. GSK has two other manufacturing facilities, one in North Carolina and one in France. So in theory more than 60m courses could be produced if a pandemic eventuated. At this stage we will assume 40m courses will be produced, and we will update this if GSK makes further commentary on capacity. This news has led us to increase our estimates for Relenza royalties from A\$39.2m to A\$42.0m in FY09, from A\$36.0m to A\$49m in FY10 and from A\$37.0m to A\$44.1m in FY11.

A further change to our forecasts includes an increase in the probability of success of LANI from 20% to 60% on a global perspective. We assume a A\$5m milestone payment in FY10 and product approval in 2013 (was 2011). Our probability of success assumption for the Japanese Phase III trial is 80%, with royalty income from 2011.

As result of the forecast changes our DCF valuation has increased from A\$1.17 to A\$1.41. We have set our target price at the same level, removing the previous 10% discount given the swine flu outbreak.

Table 1 : Changes to forecasts

(\$m)	FY09F			FY10F			FY11F		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	77.0	79.6	3.4%	54.5	69.8	28.0%	45.8	46.4	1.3%
EBITDA	23.0	25.7	11.5%	10.6	25.9	144.4%	21.4	22.0	2.7%
NPAT	21.3	23.9	12.2%	8.2	24.7	202.5%	20.0	21.6	8.1%
EPS	12.4	14.0	12.7%	4.8	14.4	202.5%	11.7	12.6	8.1%

Source: ABN AMRO Morgans forecasts

Sensitivities to changes in key variables

In the short term our valuation is most sensitive to changes in capacity. Every 5m additional capacity increases our valuation by 9cps. Assuming success in the LANI trial, a global licensing deal is likely. Our current assumption is a 10% royalty to BTA; a 1% change affects our valuation by 6cps.

Key milestones and catalysts for BTA

Upside catalysts

The CDC will provide daily updates on the spread of swine flu, which can be monitored on its website <http://www.cdc.gov/swineflu/>.

We expect governments around the world will take action to review and replenish their influenza stockpiles. For example, recent press commentary suggests the Canadian Health authorities are reviewing their stockpile and potentially rebalancing more towards Relenza.

Announcements from GSK and Roche on stockpile and capacity updates are expected to be made. This may partly alleviate some of the concerns over reports about a possible lack of ability to protect certain parts of the population which are circulating around the media.

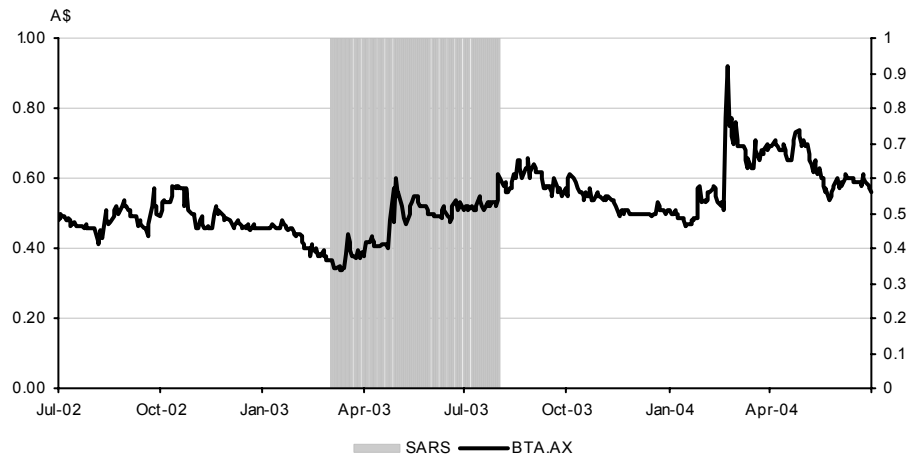
The WHO has recently upgraded the world to a pandemic alert level Phase 4. We will monitor this closely as Phase 5 is characterised by human-to-human spread of the virus into at least two countries in one WHO region. While most countries will not be affected at this stage, the declaration of Phase 5 is a strong signal that a pandemic is imminent and that the time to finalise the organisation, communication and implementation of planned mitigation measures is short.

LANI Phase III results are due mid year. The program is a second-generation influenza treatment (known as CS-8958, or a long-acting neuraminidase inhibitor – LANI) and is being conducted in partnership with Japanese Group Daiichi-Sankyo. Earlier this year a Phase II study demonstrated that a single inhaled dose of LANI was statistically indistinguishable from 75mg of oseltamivir (Tamiflu a competitive product) twice a day for five days in patients with confirmed, naturally acquired, influenza A or B. Assuming success with the trial we expect the treatment may be available for the Japanese 2011 flu season. Also, positive results will lead the way towards a global licensing opportunity.

Downside catalysts

We have noted that in previous outbreaks, for example SARS from April-August 2003, BTA's share price ranged from A\$0.42 to A\$0.62. This compared with a high for 2003 of A\$0.70 and a low of A\$0.33. So despite the SARS concerns, BTA share price did not outperform to any great degree, partly due to the early stages of marketing efforts by GSK (see Chart 2 for a graphical representation). During the outbreak of the bird flu from July 2005 to February 2006, BTA's share movement was more pronounced. At 21 July 2005 the price was A\$0.76 and it peaked on 14 October 2005 at A\$2.75, before falling to A\$1.47 on 3 February 2006, marking a 46% retracement. The point here is simply to note that the share price can rally strongly on the back of sentiment and a view of influenza spreading, and that once the threat passes the share price returns to being less volatile.

Chart 2 : SARS and share price summary



Source: Company data, ABN AMRO Morgans

Investment view

Our industry contacts suggest the current swine outbreak is serious and should not be taken lightly. We are observing a fairly rapid response from the authorities, which hopefully will help to contain the spread. BTA's share price has rallied strongly from its recent low of A\$0.42 in February to a high of A\$1.79 on 28 April 2009. We suggested to clients that they take some profits, particularly those investors with a shorter-term time frame and we would look for a lower entry point. The catalyst noted above will be the key to share price performance. Our new valuation is A\$1.41 and we have set our target price at the same level. Given the rally in the share price, we have pulled our recommendation from Buy back to Hold.

BTA – financial summary

Year to 30 Jun (A\$m)	AIFRS 2007A	AIFRS 2008A	AIFRS 2009F	AIFRS 2010F	AIFRS 2011F	Closing price (A\$)	1.320	Price target (A\$)	1.41		
Income statement	2007A	2008A	2009F	2010F	2011F	Valuation metrics					
Divisional sales	54.8	41.7	79.6	69.8	46.4	Preferred methodology	DCF	Val'n (A\$)	\$ 1.41		
Total revenue	54.8	41.7	79.6	69.8	46.4	DCF valuation inputs					
EBITDA	16.6	-9.8	25.7	25.9	22.0	Rf	5.25%	10-year rate	5.25%		
Associate income	0.0	0.0	0.0	0.0	0.0	Rm-Rf	6.00%	Margin	2.0%		
Depreciation	-1.2	-2.7	-3.6	-3.5	-3.5	Beta	1.80	Kd	7.25%		
EBITA	15.4	-12.5	22.0	22.4	18.5	CAPM (Rf+Beta(Rm-Rf))	16.0%	Ke	16.1%		
Amortisation/impairment	0.0	0.0	0.0	0.0	0.0	Equity (E/EV)	100.0%	NPV cash flow (A\$m)	164.5		
EBIT	15.4	-12.5	22.0	22.4	18.5	Debt (D/EV)	0.0%	Minority interest (A\$m)	0.0		
EBIT(incl associate profit)	15.4	-12.5	22.0	22.4	18.5	Interest rate	7.25%	Net debt (A\$m)	-77.2		
Net interest expense	2.5	3.2	1.8	2.3	3.1	Tax rate (t)	30.0%	Investments (A\$m)	0.0		
Pre-tax profit	17.9	-9.3	23.9	24.7	21.6	Franking credit	100.0%	Equity market value (A\$m)	241.7		
Income tax expense	2.3	2.8	0.0	0.0	0.0	WACC	16.1%	Diluted no. of shares (m)	171.0		
After-tax profit	20.2	-6.5	23.9	24.7	21.6		DCF valuation (A\$)		1.41		
Minority interests						Multiples		2008A	2009F	2010F	2011F
NPAT	20.2	-6.5	23.9	24.7	21.6	Enterprise value (A\$m)	195.5	178.5	152.5	129.3	
Significant items	0.0	0.0	0.0	0.0	0.0	EV/Sales (x)	4.7	2.2	2.2	2.8	
NPAT post abnormal	20.2	-6.5	23.9	24.7	21.6	EV/EBITDA (x)	-2.0	7.0	5.9	5.9	
						EV/EBIT (x)	-15.6	8.1	6.8	7.0	
Cash flow statement	2007A	2008A	2009F	2010F	2011F	PE (pre-goodwill) (x)	-39.4	10.7	10.3	11.8	
EBITDA	16.6	-9.8	25.7	25.9	22.0						
Change in working capital	-0.5	8.6	-9.4	-0.3	0.0	At target price					
Net interest (pd)/rec	2.5	3.2	1.8	2.3	3.1	EV/EBITDA (x)	-18.6	6.4	5.3	5.2	
Taxes paid	2.3	2.8	0.0	0.0	0.0	PE (pre-goodwill) (x)	-37.3	10.1	9.8	11.2	
Other oper cash items	0.0	0.0	0.0	0.0	0.0	Comparable company data (x)		2009F	2010F	2011F	
Cash flow from ops (1)	21.0	4.8	18.1	27.9	25.0	Avexa	EV/EBITDA	-1.0	-10.7	0.3	
Capex (2)	-0.9	-3.8	-1.0	-1.9	-1.8	Year to 30 Jun	EV/EBIT	-1.0	-9.8	0.3	
Disposals/(acquisitions)	0.0	0.0	0.0	0.0	0.0		PE	-3.1	-72.0	2.0	
Other investing cash flow	0.0	0.0	0.0	0.0	0.0	Pharmaxis	EV/EBITDA	-9.7	-13.3	-36.6	
Cash flow from invest (3)	-0.9	-3.8	-1.0	-1.9	-1.8	Year to 30 Jun	EV/EBIT	-9.3	-12.3	-29.3	
Incr/(decr) in equity	1.4	-3.0	0.0	0.0	0.0		PE	-13.3	-14.7	-34.1	
Incr/(decr) in debt	0.0	0.0	0.0	0.0	0.0	Per share data		2008A	2009F	2010F	2011F
Ordinary dividend paid	0.0	0.0	0.0	0.0	0.0	No. shares	171.0	171.0	171.0	171.0	
Preferred dividends (4)	0.0	0.0	0.0	0.0	0.0	EPS (cps)	-3.8	14.0	14.4	12.6	
Other financing cash flow	0.0	0.0	0.0	0.0	0.0	EPS (normalised) (c)	-3.8	14.0	14.4	12.6	
Cash flow from fin (5)	1.4	-3.0	0.0	0.0	0.0	Dividend per share (c)	0.0	0.0	0.0	0.0	
Forex and disc ops (6)	0.0	0.0	0.0	0.0	0.0	Dividend payout ratio (%)	0.0	0.0	0.0	0.0	
Incr/(decr) cash (1+3+5+6)	21.5	-2.0	17.0	26.0	23.2	Dividend yield (%)	0.0	0.0	0.0	0.0	
Equity FCF (1+2+4)	20.1	1.0	17.0	26.0	23.2	Growth ratios		2008A	2009F	2010F	2011F
						Sales growth	-23.8%	90.7%	-12.3%	-33.5%	
Balance sheet	2007A	2008A	2009F	2010F	2011F	Operating cost growth	35.0%	4.7%	-18.6%	-44.4%	
Cash & deposits	62.2	60.2	77.2	103.1	126.4	EBITDA growth				-15.2%	
Trade debtors	9.4	4.3	9.8	8.6	5.7	EBITA growth				-17.6%	
Inventory	0.0	0.0	0.0	0.0	0.0	Operating performance		2008A	2009F	2010F	2011F
Investments	0.0	0.0	0.0	0.0	0.0	Asset turnover (%)	11.5	20.0	14.4	8.2	
Goodwill						EBITDA margin (%)	-23.4	32.2	37.1	47.4	
Other intangible assets	13.4	12.1	10.4	8.8	7.1	EBIT margin (%)	-30.0	27.7	32.1	39.8	
Fixed assets	5.2	7.5	6.7	6.8	6.8	Net profit margin (%)	-15.5	30.0	35.4	46.5	
Other assets	2.3	5.2	5.2	5.2	5.2	Return on net assets (%)	-19.8	25.3	20.0	13.8	
Total assets	92.5	89.3	109.3	132.4	151.1	Net debt (A\$m)	-60.2	-77.2	-103.1	-126.4	
Short-term borrowings	0.0	0.0	0.0	0.0	0.0	Net debt/equity (%)	-95.0	-88.5	-92.2	-94.7	
Trade payables	6.0	12.0	8.1	6.6	3.7	Net interest/EBIT cover (x)	3.9	-12.2	-9.7	-6.0	
Long-term borrowings	0.0	0.0	0.0	0.0	0.0	ROIC (%)	-93.4	492.2	156.5	147.7	
Provisions	0.0	0.0	0.0	0.0	0.0	Internal liquidity		2008A	2009F	2010F	2011F
Other liabilities	14.9	13.9	13.9	13.9	13.9	Current ratio (x)	2.5	3.9	5.4	7.5	
Total liabilities	20.9	26.0	22.1	20.5	17.6	Receivables turnover (x)	6.1	11.3	7.6	6.5	
Share capital	161.7	159.1	183.0	207.7	229.3	Payables turnover (x)	5.7	5.4	6.0	4.7	
Other reserves	0.6	1.4	1.4	1.4	1.4						
Retained earnings	-90.8	-97.3	-97.3	-97.3	-97.3						
Other equity	0.0	0.0	0.0	0.0	0.0						
Total equity	71.5	63.3	87.2	111.9	133.5						
Minority interest											
Total shareholders' equity	71.5	63.3	87.2	111.9	133.5						
Total liabilities & SE	92.5	89.3	109.3	132.4	151.1						

Source: Company data, ABN AMRO Morgans forecasts

RESEARCH TEAM

ROGER LEANING	-	Head of Research	SCOTT POWER	-	Senior Analyst
CHRIS BROWN	-	Senior Analyst	TOM SARTOR	-	Analyst
FIONA BUCHANAN	-	Senior Analyst	TAMARA STRETCH	-	Analyst
NICK HARRIS	-	Analyst	TANYA SOLOMON	-	Analyst
MICHAEL KNOX	-	Director of Strategy & Chief Economist	PAUL STEVENSON	-	Analyst
JAMES LAWRENCE	-	Fixed Interest Analyst	SAM TURNER	-	Analyst
JOSEPHINE LITTLE	-	Analyst	MARCEL VON PFYFFER	-	Associate Director - Strategy
BELINDA MOORE	-	Senior Analyst			

ABN AMRO MORGANS OFFICES

BRISBANE	(07) 3334 4888	CHATSWOOD	(02) 9411 8988
BUNDABERG	(07) 4153 1050	COFFS HARBOUR	(02) 6651 5700
BURLEIGH HEADS	(07) 5520 8788	GOSFORD	(02) 4325 0884
CAIRNS	(07) 4052 9222	HURSTVILLE	(02) 9570 5755
CALOUNDRA	(07) 5491 5422	MERIMBULA	(02) 6495 2869
CAPALABA	(07) 3245 5466	NEUTRAL BAY	(02) 8969 7500
CHERMSIDE	(07) 3350 9000	NEWCASTLE	(02) 4926 4044
EMERALD	(07) 4988 2777	NEWPORT	(02) 9998 4200
GLADSTONE	(07) 4972 8000	ORANGE	(02) 6361 9166
GOLD COAST	(07) 5592 5777	PARRAMATTA	(02) 9615 4500
IPSWICH	(07) 3202 3995	PORT MACQUARIE	(02) 6583 1735
MACKAY	(07) 4957 3033	SCONE	(02) 6544 3144
MILTON	(07) 3114 8600	WOLLONGONG	(02) 4227 3022
NOOSA	(07) 5449 9511	MELBOURNE	(03) 9947 4111
REDCLIFFE	(07) 3897 3999	BERWICK	(03) 9796 2676
ROCKHAMPTON	(07) 4922 5855	BRIGHTON	(03) 9519 3555
SPRING HILL	(07) 3833 9333	CAMBERWELL	(03) 9813 2945
SPRINGWOOD	(07) 3808 7588	GEELONG	(03) 5222 5128
SUNSHINE COAST	(07) 5479 2757	TRARALGON	(03) 5176 6055
TOOWOOMBA	(07) 4639 1277	WARRNAMBOOL	(03) 5559 1500
TOWNSVILLE	(07) 4771 4577	CANBERRA	(02) 6232 4999
YEPPOON	(07) 4939 3021	ADELAIDE	(08) 8464 5000
SYDNEY	(02) 8215 5000	PERTH	(08) 9261 0888
ARMIDALE	(02) 6770 3300	BUNBURY	(08) 9791 9188
BALLINA	(02) 6686 4144	DARWIN	(08) 8981 9555
BALMAIN	(02) 8755 3333	HOBART	(03) 6236 9000

DISCLAIMER - ABN AMRO MORGANS LTD

This report was prepared as a private communication to clients and was not intended for public circulation or publication or for the use of any third party, without the approval of ABN AMRO Morgans Ltd ("ABN AMRO Morgans"). While this report is based on information from sources which ABN AMRO Morgans considers reliable, its accuracy and completeness cannot be guaranteed. Any opinions expressed reflect ABN AMRO Morgans judgment at this date and are subject to change. ABN AMRO Morgans has no obligation to provide revised assessments in the event of changed circumstances. ABN AMRO Morgans, its directors and employees do not accept any liability for the results of any actions taken or not taken on the basis of information in this report, or for any negligent misstatements, errors or omissions. This report is made without consideration of any specific client's investment objectives, financial situation or needs. Those acting upon such information without first consulting one of ABN AMRO Morgans investment advisors do so entirely at their own risk. It is recommended that any persons who wish to act upon this report consult with an ABN AMRO Morgans investment advisor before doing so. This report does not constitute an offer or invitation to purchase any securities and should not be relied upon in connection with any contract or commitment whatsoever.

DISCLOSURE OF INTEREST

ABN AMRO Morgans and/or its affiliated companies may make markets in the securities discussed. Further, ABN AMRO Morgans and/or its affiliated companies and/or their employees from time to time may hold shares, options, rights and/or warrants on any issue included in this report and may, as principal or agent, sell such securities. ABN AMRO Morgans affiliates may have acted as manager or co-manager of a public offering of any such securities in the past three years. ABN AMRO Morgans affiliates may provide or have provided banking services or corporate finance to the companies referred to in the report. The knowledge of affiliates concerning such services may not be reflected in this report.

The Directors of ABN AMRO Morgans advise that they and persons associated with them may have an interest in the above securities and that they may earn brokerage, commissions, fees and other benefits and advantages, whether pecuniary or not and whether direct or indirect, in connection with the making of a recommendation or a dealing by a client in these securities, and which may reasonably be expected to be capable of having an influence in the making of any recommendation, and that some or all of our Proper Authority holders may be remunerated wholly or partly by way of commission.

RECOMMENDATION STRUCTURE

Absolute performance, long-term (fundamental) recommendation: The recommendation is based on implied upside/downside for the stock from the target price. A Buy/Sell implies upside/downside of 10% or more and a Hold less than 10%. The target price is the level the stock should currently trade at if the market accepted the analyst's view of the stock, provided the necessary catalysts are in place to effect the change in perception. If it is felt that the catalysts are not fully in place to effect a re-rating of the stock to its warranted value the target price will differ from 'fair' value. Given the volatility of share prices and our pre-disposition not to change recommendations frequently, these performance parameters should be interpreted flexibly. Performance in this context only reflects capital appreciation and the horizon is 12 months.

For listed property trusts (LPTs) the recommendation is based upon the target price plus the dividend yield, ie total return. A Buy implies a total return of 10% or more; a Hold 5-10%; and a Sell less than 5%.

Absolute performance, short-term (trading) recommendation: The Trading Buy/Sell recommendation implies upside/downside of 3% or more. The trading recommendation time horizon is 0-60 days.

Each stock has been assigned a Volatility Rating to assist in assessing the risk of the security. The rating measures the volatility of the security's daily closing price data over the previous year relative to other stocks included in either the S&P/ASX200 Index (large caps) or the Small Ordinaries Index (small caps) of which it is a member. This rating is a quantitative (objective) measure provided as an additional resource and is independent of the qualitative research process undertaken by our research analysts.

A rating of Low indicates very little movement in price over the previous year (Coefficient of Variation < 4 for small caps or < 5 for large caps). A Moderate rating implies average price movement over the previous year (Coefficient of Variation of 9 - 21 for small caps or 7.25 - 15 for large caps). A High rating implies significant price movement over the past year (Coefficient of Variation greater than 25 for small caps or 35 for large caps).

REGULATORY DISCLOSURES

Subject companies: BTA.AX.

PRIVACY

Personal information held by ABN AMRO Morgans Ltd may have been used to enable you to receive this publication. If you do not wish your personal information to be used for this purpose in the future please advise us, including your account details to your local ABN AMRO Morgans Ltd office or to Reply Paid 202, GPO Box 202 Brisbane Qld 4001.