

EXHIBIT III

FETAL CELL ISOLATION AND ENRICHMENT

This technology allows diagnostic screening, of a foetus, using cells obtained from a pap smear, eliminating the need for invasive techniques such as amniocentesis. This technology would improve the safety margin when testing for sex determination, genetic defects, fatherhood and DNA fingerprinting.

Market Need and Opportunity

Currently prenatal diagnosis of chromosomal and single gene disorders requires the extraction of fetal cells by invasive procedures such as amniocentesis or chorionic villus sampling (CVS). These techniques, although reliable, are extremely complicated and require significant training and expertise of the practitioner. In addition, the current testing methods can only be performed late in the pregnancy, require several weeks to obtain the results and also carry an inherent risk with 0.5% - 1.0% of all cases resulting in a miscarriage. Therefore these procedures are used only when there is judged to be a significant risk of inheritance of a genetic disorder in the unborn child - it is estimated that this is the case in approximately 10% of all pregnancies. IMBcom's technology can be used to carry out sex determination, single gene defect diagnosis, chromosomal disorder screening and paternity testing.

The global market for genetic testing is in excess of US\$5 Billion. In the US and Europe alone there are currently more than 700,000 amniocentesis procedures and 160,000 CVS procedures performed every year.

IMBcom's Position

Technology

This technology, developed by scientists at the University of Queensland's Institute for Molecular Bioscience, allows for low risk, non-invasive, genetic testing to be carried out on fetal cells isolated and enriched from a cervical sample, such as a pap smear.

The isolation process involves density graduation, antibody selection and magnetic activated cell sorting (MACS). Once the fetal cells have been selected they are then enriched by selective growth in the presence of appropriate cytokines and culture conditions that favour the selective proliferation of fetal progenitor cells over maternal cells. The genetic material of the cells is then harvested and subjected to analysis. Initial clinical trials have shown this technique to be extremely accurate, with a reliability rate of 92% and the potential to have results available for the parent after as little as six hours, limited only by the resources of the testing facility.

Intellectual Property

Patent applications were filed in Europe, Australia and New Zealand. The applications broadly cover the fetal cell isolation and enrichment technology and its use for prenatal genetic diagnosis.

The New Zealand application has proceeded to grant and the Australian application has been accepted.