



Briefing

Kim Slatyer – CEO

Sydney – March 2005

# Board



- Sir Victor Garland (Ch)
- Mr Geoff Wild AM
- Prof Ron Penny AO
- Mr Bryan Gardiner

# Management



## Management (14)

- Administration (3)
- Marketing & Development (7)
- Research & Development (4)

Sydney office at the ATP  
UNSW laboratories  
Multi-site clinical trials

# Turnaround



- Poor corporate history
- New management and board
- Eight months of restructuring:
  - Technology focus from 3 to 1
  - Spend from \$5.5 to \$3.4m
  - Revenue up 247%
  - Market Cap up 70%
- Three licensing deals with major companies in past month = 3<sup>rd</sup> party validation
- Promotional program now planned

# Business Model



- Technology = Probiotics
- 3 channels to market:
- Demonstrate brand potential through marketing therapeutic products in Australia (2% of global market)
- License brands for overseas marketing and distribution
- Maintain pipeline of products from clinical trial activity
- World-leading Biomolecular discovery program

Revenue + Blue-sky potential

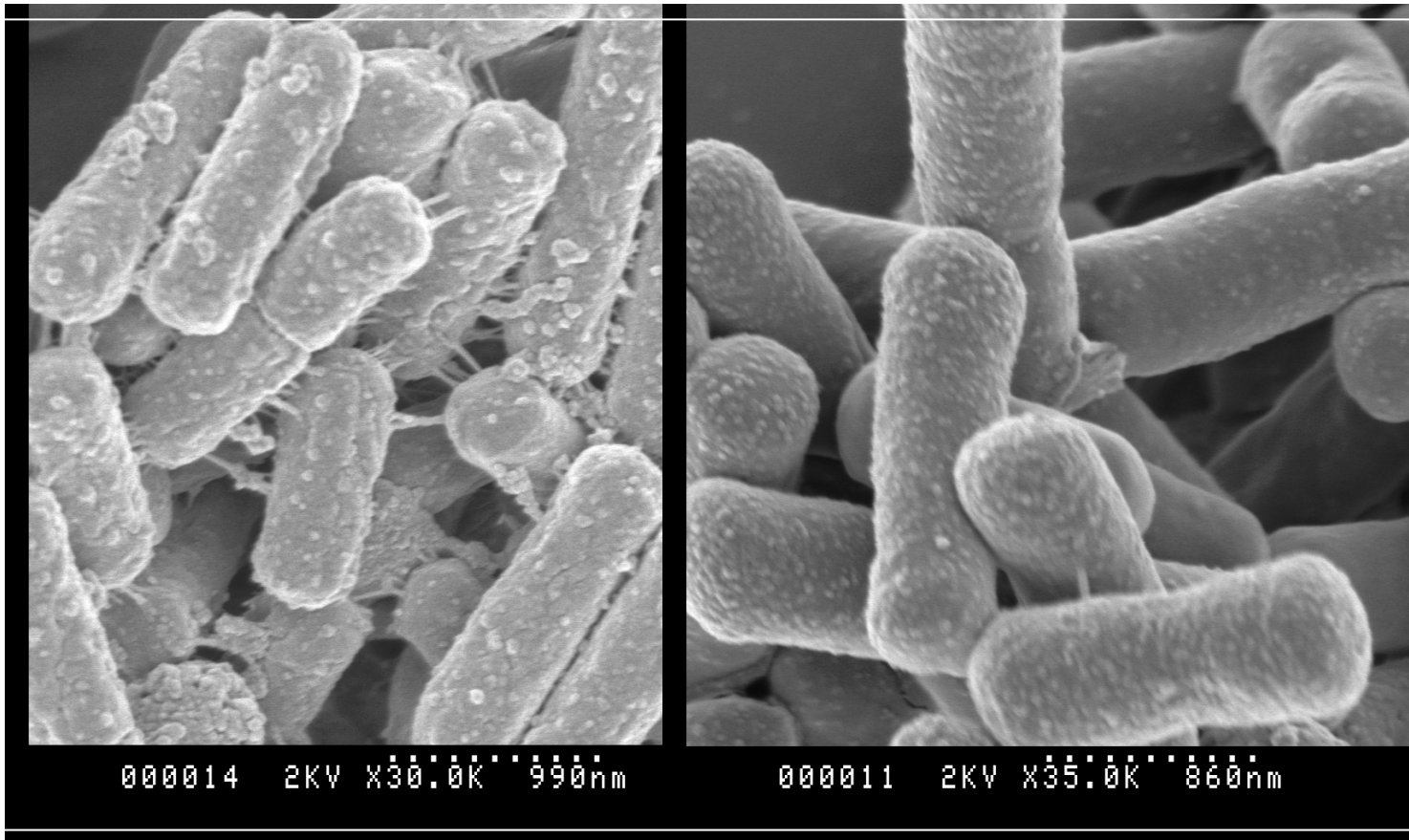
# Probiotics



- Genetically typed and patented (pending):  
*Lactobacillus fermentum* VRI003 = PCC®
- Unique polysaccharide coating
- Mechanism of action described
- Proven anti-inflammatory action

VRI aims to provide highest level of  
scientific validation to Probiotics

# L.fermentum VR1003®



bringing science to wellness™

VR1 Biomedical 7

# Channels to Market



1. Therapeutics
2. Functional Food
3. Biopharmaceuticals



# 1. Therapeutics



- VRI markets proTract® in Australian pharmacies
- 58% margin
- License to Zuellig for marketing in SE Asia
- AD launch in April
- AAD launch – end 2005



bringing science to wellness™

VRI Biomedical 9

## 2. Functional Foods



- Food's with “wellness” or health claims.  
\$US21Bn by 2007
- PCC® licensed to Sanitarium and Aust major
- Exclusive deals by product and region
- Typical deal = 5% royalty on sales
- Product examples
- Current objective to find global partners

### 3. Biopharmaceuticals



#### “Probiomics”

“The study and characterisation of the molecules that mediate the interaction between probiotic bacteria and the human body”

- R&D with the Rowett Institute

Stage 1 - Mechanism of action. Complete.

Stage 2 - Identification novel molecules.

# Financials



- Spend = \$3.4m
- Cash = \$0.88m(12/04) + placement
- Current revenue = \$2.75m gross \$850k net
- New revenue streams
  - proTract<sup>®</sup> Atopic Dermatitis in April
  - proTract<sup>®</sup> in Malaysia in May
  - proTract<sup>®</sup> Antibiotic Associated Diarrhoea in Q4
  - Food products in Australia in Q4
- 16m tax losses

# Value drivers in 2005



- **Therapeutics**

- Growth of proTract sales in Australian pharmacies. Production and Distribution issues resolved.
- AD launch in April
- Product launch in Malaysia in May
- AAD launch end of 2005
- Possible licensing of brand in Australia

# Value drivers in 2005



- **Functional Food**

- Product launch in Q4 from existing deals
- Discussions underway with global food companies
- Infant formula

# Value drivers in 2005



- **Biopharmaceuticals**
  - Commencement of program in May
  - Initial molecular discovery
  - Possible “big-Pharma” partnering

# Value drivers in 2005



- Corporate activity
  - Spinout/licensing of diagnostics and vaccines
  - Dual AIM listing
  - Possible M&A activity
  - Corporate promotion



# Capital Structure



Ordinary fully paid shares	105m	\$0.18
Market Capitalisation		\$20m
Cash as at 31/12/04		\$0.88
52 wk high		\$0.26
52 wk low		\$0.10
Av. mthly volume		9.4m