

# **ATF Group (PDF) Ltd**

ABN 80 106 213 772

## **INVESTOR UPDATE – 15 DECEMBER 2006**

### **Corporate – Highlights**

During the past six months, the continuing focus of the Company has been to add value to existing investments and to reach revenue generation with our cornerstone investment Evivar Medical Pty Ltd (Evivar) (formerly Virtual Virology Pty Ltd).

To this end, ATF has worked closely with Evivar to formulate and implement the revised Evivar business plan for Europe, the USA and Asia. Standard License and Collaboration Agreements have been formulated as templates for all markets. Following negotiations over several months, the first license agreement and joint venture has this week been signed in Hong Kong setting the benchmark for further license opportunities in Asia, the United States and Europe. A formal launch of this joint venture is scheduled for late January in Hong Kong.

Further Evivar license and collaboration agreements are under negotiation. The Directors anticipate that their completion over coming months will contribute favorably to ongoing investor perception.

The process of adding value to ATF's other key investment Medcina, has progressed well, with agreement reached for the addition of a full range of clinically proven natural medicines targeting women's health and fertility (one of the highest growth segments in the natural medicine market).

In the opinion of the Directors, the achievement of these milestones with initial revenues scheduled for first quarter 2007 forms a solid platform for the public listing of the Company. Discussions have commenced with Brokers for the public listing of ATF Group in the first half of 2007 subject to market conditions.

### **Investee Companies**

#### **Evivar Medical Pty Ltd**

International recognition of the unique value of Evivar's SeqHepB system (mutational database and genetic sequencing software) of resistance profiling based on its HBV mutational database and its assistance in treatment selection is growing rapidly in Europe, Asia and the USA.

## **New drugs for treating HBV.**

The number of therapies for Hepatitis B (HBV) treatment in both Europe and the USA is growing rapidly. In the past few weeks another drug was approved in the USA by the FDA. There are now 5 drugs available in the USA, expected to grow to up to 10 drugs within 5 years.

The expansion of drugs available will lead to exponential growth in mutations and cross resistance. The dynamic database of mutations which reside within the SeqHepB system owned by Evivar is the only technology capable of keeping pace with the virus and its constantly changing resistance profile. Widely available strip based technologies and conventional test kits are not dynamic and provide an incomplete (and hence inaccurate) resistance profile for physicians.

## **AASLD.**

The American Association of Liver Disease (AASLD), held annually, is the largest “Liver Disease” conference in the world attended by several thousand clinicians. At this year’s meeting in Boston in October the number of HBV related scientific papers was at least double previous years, indicating a rapidly growing awareness of the challenges of managing this chronic disease.

The meeting clearly highlighted the rapidly expanding issue of HBV drug resistance and the clinical need for a truly dynamic technology that is proactively capturing these changes. Hepatologists and gastroenterologists (liver specialists) are acknowledging the rapidly growing problem and challenge of antiviral resistance in treating patients with Hepatitis B.

A number of pharmaceutical companies presented results of studies that showed that the constantly mutating virus was developing resistance to their drugs, further complicating the clinician’s challenge in appropriate and effective drug selection.

The AASLD was a very clear confirmation of the opportunity Evivar has with its SeqHepB system to assist clinicians managing Hepatitis B selects the right drug at the right time in response to the viral mutation found in the patient.

## **Evivar Medical - Europe and Asia**

The market entry strategy developed for these two major markets is to directly influence market growth drivers for SeqHepB through collaborating opinion-leaders. Licensed access to laboratories linked with these key opinion leaders is expected to hasten the uptake of the Seq HepB service among local Hepatologists and Gastroenterologists. These services are supported through local education and resistance awareness programs.

Significant progress has been made towards our goal of establishing “Centres of Excellence” throughout Europe and Asia through collaborative arrangements with the recognized experts in each country. These Centres are to be focused on the delivery of resistance tests (in association with SeqHepB and Evivar patented mutations) and their growth supported by clinician education and resistance awareness programs to rapidly grow the market.

## **Asia**

This week, Evivar successfully formed its first commercial partnership and Centre of Excellence in Hong Kong. The Company has signed a Licence Agreement and Collaboration Agreement with the Chinese University of Hong Kong and its laboratory facilities at the Prince of Wales Hospital, one of the pre-eminent clinical institutions in Hong Kong.

Evivar has also been in discussion with the HK Hospital Authority as part of the HK initiative. A senior executive in the Authority stated “.....this will become the new standard of care. Before changing therapies, patients need to have a resistance profile – this will save us a lot of money”

In late January there is a planned joint launch of the HBV Resistance initiative in HK including clinicians, health and government authorities as well as the investment community and the press.

## Europe

The company is in advanced discussions with leading Liver Disease Institutions in several countries. Evivar has developed a collaboration and licence framework which will be the basis of the European partnerships. It is anticipated that the first two such licenses will be finalised in the first quarter of the New Year.

## United States

In the past two months solid progress has been made in the USA market. Negotiations with the two largest National Pathology Groups have progressed well. As part of this process, Evivar has commenced a review with one of the two group’s laboratory operating procedures to bring them quickly and efficiently up to the level of operating protocol necessary to use SeqHepB.

Evivar is also working with the first of possibly several influential clinician groups in the USA to establish the USA “Centres of Excellence”.

## Medcina Pty Ltd & Medcina Group Ltd

Following the signing of the original legal documentation with joint venture partner, CMSC in regard to the formation of joint venture company Medcina Pty Ltd, a second company Medcina Group Pty Ltd was formed to acquire / license further formulas and intellectual property.

A global marketing and distribution agreement was executed between the two companies so that Medcina Group holds all distribution rights.

Terms have been agreed and heads of agreement signed for the acquisition of a range of up to thirteen clinically proven natural medicines for the treatment of women’s health and fertility. The final license agreement is expected to be signed prior to the end of January 2007.

Women’s health is reputed to be the fastest growing sector of the natural medicine market with women aged 30 to 55 considered to be the largest consumer group. The Medcina range will include a number of natural medicines specifically for teenage girls as well as for adults and will include clinically proven medicines for the treatment of: Pre-menstrual Syndrome, Period Pain, Heavy Periods, Polycystic Ovarian Syndrome and Fertility (pre and post ovulation) together with a product for male infertility.

## Hunter Immunology Ltd (Hunter)

Hunter has advised us that it has now completed phase 2A and 2B of its clinical trials for the bronchitis vaccine. Results on phase 2B are being processed currently and the results of the data are expected for release towards the end of the second quarter 2007. According to the Hunter MD, Phillip Comans, the results of stage 2A showed a 50 % reduction in the use of bronchitis medication for infected patients.

According to the MD the company plans to take either its Candida or Staph projects into the pre-clinical phase within the next 18 months.

## Immune Alert (formerly SIDS)

Legal documentation for this acquisition has finally been agreed following changes in a number of key personnel at TUNRA (the proposed joint venture partner at the University of Newcastle).

Confirmation has been sought by ATF from its proposed joint venture partner in regard to three matters. Two of these have a potential impact on the ultimate time to market for this product in the USA market, the third matter relates to questions raised by the USA patents office. ATF remain favorably disposed towards this initiative yet require a positive outcome to each of these three matters prior to allocation of funds.

## Summary

The Directors have appointed Minter Ellison (Sydney Office) to work with the Company through its proposed listing on the Australian Stock Exchange. The Due Diligence Committee has been formed and other prerequisite work for the listing is underway. Discussions with brokers have commenced with a view to a public listing in the first half of 2007.

With Kind Regards

Sean Magee  
Managing Director

# **ATF Group (PDF) Ltd**

ABN 80 106 213 772

## **INVESTOR UPDATE – 15 DECEMBER 2006**

### **Corporate – Highlights**

During the past six months, the continuing focus of the Company has been to add value to existing investments and to reach revenue generation with our cornerstone investment Evivar Medical Pty Ltd (Evivar) (formerly Virtual Virology Pty Ltd).

To this end, ATF has worked closely with Evivar to formulate and implement the revised Evivar business plan for Europe, the USA and Asia. Standard License and Collaboration Agreements have been formulated as templates for all markets. Following negotiations over several months, the first license agreement and joint venture has this week been signed in Hong Kong setting the benchmark for further license opportunities in Asia, the United States and Europe. A formal launch of this joint venture is scheduled for late January in Hong Kong.

Further Evivar license and collaboration agreements are under negotiation. The Directors anticipate that their completion over coming months will contribute favorably to ongoing investor perception.

The process of adding value to ATF's other key investment Medcina, has progressed well, with agreement reached for the addition of a full range of clinically proven natural medicines targeting women's health and fertility (one of the highest growth segments in the natural medicine market).

In the opinion of the Directors, the achievement of these milestones with initial revenues scheduled for first quarter 2007 forms a solid platform for the public listing of the Company. Discussions have commenced with Brokers for the public listing of ATF Group in the first half of 2007 subject to market conditions.

### **Investee Companies**

#### **Evivar Medical Pty Ltd**

International recognition of the unique value of Evivar's SeqHepB system (mutational database and genetic sequencing software) of resistance profiling based on its HBV mutational database and its assistance in treatment selection is growing rapidly in Europe, Asia and the USA.

## **New drugs for treating HBV.**

The number of therapies for Hepatitis B (HBV) treatment in both Europe and the USA is growing rapidly. In the past few weeks another drug was approved in the USA by the FDA. There are now 5 drugs available in the USA, expected to grow to up to 10 drugs within 5 years.

The expansion of drugs available will lead to exponential growth in mutations and cross resistance. The dynamic database of mutations which reside within the SeqHepB system owned by Evivar is the only technology capable of keeping pace with the virus and its constantly changing resistance profile. Widely available strip based technologies and conventional test kits are not dynamic and provide an incomplete (and hence inaccurate) resistance profile for physicians.

## **AASLD.**

The American Association of Liver Disease (AASLD), held annually, is the largest “Liver Disease” conference in the world attended by several thousand clinicians. At this year’s meeting in Boston in October the number of HBV related scientific papers was at least double previous years, indicating a rapidly growing awareness of the challenges of managing this chronic disease.

The meeting clearly highlighted the rapidly expanding issue of HBV drug resistance and the clinical need for a truly dynamic technology that is proactively capturing these changes. Hepatologists and gastroenterologists (liver specialists) are acknowledging the rapidly growing problem and challenge of antiviral resistance in treating patients with Hepatitis B.

A number of pharmaceutical companies presented results of studies that showed that the constantly mutating virus was developing resistance to their drugs, further complicating the clinician’s challenge in appropriate and effective drug selection.

The AASLD was a very clear confirmation of the opportunity Evivar has with its SeqHepB system to assist clinicians managing Hepatitis B selects the right drug at the right time in response to the viral mutation found in the patient.

## **Evivar Medical - Europe and Asia**

The market entry strategy developed for these two major markets is to directly influence market growth drivers for SeqHepB through collaborating opinion-leaders. Licensed access to laboratories linked with these key opinion leaders is expected to hasten the uptake of the Seq HepB service among local Hepatologists and Gastroenterologists. These services are supported through local education and resistance awareness programs.

Significant progress has been made towards our goal of establishing “Centres of Excellence” throughout Europe and Asia through collaborative arrangements with the recognized experts in each country. These Centres are to be focused on the delivery of resistance tests (in association with SeqHepB and Evivar patented mutations) and their growth supported by clinician education and resistance awareness programs to rapidly grow the market.

## **Asia**

This week, Evivar successfully formed its first commercial partnership and Centre of Excellence in Hong Kong. The Company has signed a Licence Agreement and Collaboration Agreement with the Chinese University of Hong Kong and its laboratory facilities at the Prince of Wales Hospital, one of the pre-eminent clinical institutions in Hong Kong.

Evivar has also been in discussion with the HK Hospital Authority as part of the HK initiative. A senior executive in the Authority stated “.....this will become the new standard of care. Before changing therapies, patients need to have a resistance profile – this will save us a lot of money”

In late January there is a planned joint launch of the HBV Resistance initiative in HK including clinicians, health and government authorities as well as the investment community and the press.

## Europe

The company is in advanced discussions with leading Liver Disease Institutions in several countries. Evivar has developed a collaboration and licence framework which will be the basis of the European partnerships. It is anticipated that the first two such licenses will be finalised in the first quarter of the New Year.

## United States

In the past two months solid progress has been made in the USA market. Negotiations with the two largest National Pathology Groups have progressed well. As part of this process, Evivar has commenced a review with one of the two group’s laboratory operating procedures to bring them quickly and efficiently up to the level of operating protocol necessary to use SeqHepB.

Evivar is also working with the first of possibly several influential clinician groups in the USA to establish the USA “Centres of Excellence”.

## Medcina Pty Ltd & Medcina Group Ltd

Following the signing of the original legal documentation with joint venture partner, CMSC in regard to the formation of joint venture company Medcina Pty Ltd, a second company Medcina Group Pty Ltd was formed to acquire / license further formulas and intellectual property.

A global marketing and distribution agreement was executed between the two companies so that Medcina Group holds all distribution rights.

Terms have been agreed and heads of agreement signed for the acquisition of a range of up to thirteen clinically proven natural medicines for the treatment of women’s health and fertility. The final license agreement is expected to be signed prior to the end of January 2007.

Women’s health is reputed to be the fastest growing sector of the natural medicine market with women aged 30 to 55 considered to be the largest consumer group. The Medcina range will include a number of natural medicines specifically for teenage girls as well as for adults and will include clinically proven medicines for the treatment of: Pre-menstrual Syndrome, Period Pain, Heavy Periods, Polycystic Ovarian Syndrome and Fertility (pre and post ovulation) together with a product for male infertility.

## Hunter Immunology Ltd (Hunter)

Hunter has advised us that it has now completed phase 2A and 2B of its clinical trials for the bronchitis vaccine. Results on phase 2B are being processed currently and the results of the data are expected for release towards the end of the second quarter 2007. According to the Hunter MD, Phillip Comans, the results of stage 2A showed a 50 % reduction in the use of bronchitis medication for infected patients.

According to the MD the company plans to take either its Candida or Staph projects into the pre-clinical phase within the next 18 months.

## Immune Alert (formerly SIDS)

Legal documentation for this acquisition has finally been agreed following changes in a number of key personnel at TUNRA (the proposed joint venture partner at the University of Newcastle).

Confirmation has been sought by ATF from its proposed joint venture partner in regard to three matters. Two of these have a potential impact on the ultimate time to market for this product in the USA market, the third matter relates to questions raised by the USA patents office. ATF remain favorably disposed towards this initiative yet require a positive outcome to each of these three matters prior to allocation of funds.

## Summary

The Directors have appointed Minter Ellison (Sydney Office) to work with the Company through its proposed listing on the Australian Stock Exchange. The Due Diligence Committee has been formed and other prerequisite work for the listing is underway. Discussions with brokers have commenced with a view to a public listing in the first half of 2007.

With Kind Regards

Sean Magee  
Managing Director