

# ATF Group (PDF) Limited

## INVESTOR UPDATE – MAY 2006

### Corporate

Following the successful close of the Offer Co-Lead Managed by Genesys Wealth Advisers and Falconer Bellomo & Co, ATF opened its offices on 15 February 2006. The offices are located at Suite 105, 8 Century Circuit, Norwest Business Park, Baulkham Hills, New South Wales.

Conclusion of legal documentation for ATF's initial investment portfolio and the appointment of key staff is almost complete including the appointment of a Chief Financial Officer for the ATF Group of companies.

With a view to adding value for all shareholders prior to listing, the commercial development of our cornerstone investment Evivar Medical Pty Ltd (formerly "Virtual Virology") has been a priority. In addition, two further complementary investments with leading edge patented Intellectual Property in Hepatitis B resistance testing have been agreed upon and an Option Agreement is being prepared for execution. The Boards of both major Institutions have already approved an Option for ATF to become a 50-50 joint venture partner. In the opinion of the Directors, these further investments will add value to Evivar Medical and enhance ATF's attractiveness for listing.

Revised business plans for ATF's investee companies are progressing well. These will determine the final capital requirements for these businesses prior to the proposed listing of ATF and concurrent IPO, and are scheduled for completion in early June.

### Investee Companies

#### Evivar Medical Pty Ltd

Legal documentation establishing this joint venture and the licensing of all relevant intellectual property was signed on 16 February 2006. The joint venture partners in Evivar include ATF Group, Austin Health, Bayside Health (Vic), Fundacion Investigacion Y Educacion en Sida (Madrid), Melbourne Health, Southern Health and St Vincents Hospital.

On 9 March 2006, Chief Executive Officer Bernie Romanin was appointed to drive Evivar's international expansion. Bernie has extensive international experience spanning some 28 years in the market development of molecular-based and immuno-based diagnostics in Hepatitis and HIV/AIDS. Bernie was formerly based in the USA with Chiron and Bayer.

Meetings have been held in Europe and the United States with Clinicians, leading Pathology companies and the major Diagnostics companies. Meetings in Asia are scheduled for early June. The results confirm strong interest in licensing Evivar's patent portfolio, database of mutations and on-line thera-nostics services. As a result, pricing strategy is being formulated for each segment of the market and a revised business plan being prepared prior to the listing of ATF. Within eight weeks of the appointment of the CEO, progress is as follows:

## Europe

Agreement in principal to form a collaborative partnership has been reached with two European groups established to develop best clinical practice and address drug resistance for Hepatitis patients across all EU countries. The details of these agreements are currently under development.

Evivar has been approached by a major European Pathology company to collaborate in support of the expansion of its pathology services across Europe, leveraging Evivar's patent portfolio and on-line resistance testing capabilities.

Discussions have commenced with a significant European Diagnostics company regarding the licensing of Evivar's patent portfolio for both the European and US markets. This company is aware that in order to continue to sell its own diagnostics products in Europe and/or in the US market, it requires a license from Evivar so as not to breach Evivar's patents.

## United States

One of America's largest diagnostics companies has approached Evivar to discuss Evivar's patent portfolio. These discussions are targeted for the end of May. Negotiations with two of the larger Pathology Groups have commenced following earlier correspondence confirming their willingness to enter into license arrangements.

These negotiations will be formalised once Evivar's pricing strategy is finalised.

## Asia

Meetings with Clinicians, Diagnostics companies and Pathology companies are scheduled to follow in June 2006.

## Hunter Immunology Ltd

Since the time of ATF's original investment in Hunter Immunology Ltd ("Hunter") in late January, ATF has been in negotiation with the Company with a view to its recapitalisation. The result of these negotiations, as approved by the Board of Hunter, is approximately a 42% increase in the proportion of Hunter's capital held by ATF following the recapitalisation of Hunter. ATF is not participating further in this recapitalisation.

The Company has completed the first round of clinical trials on its bronchitis vaccine and is currently well into the second round of clinical trials. The Directors of Hunter have elected to focus on this product in the expectation that it will be the first to generate revenue.

## Medcina Pty Ltd (formerly Clinically Proven Natural Medicines)

Legal documentation for the formation of the natural medicines joint venture partnership has been agreed and scheduled for signing during the week of 15 May 2006. The name "Medcina" has been selected as a brand name reflecting the Chinese origins of the natural medicines.

The interim business plan for the joint venture has been completed between ATF and CMSC. Implementation will commence immediately upon signing of documentation with a view to the three year business plan and working capital requirements for the business being finalised within eight weeks.

Consistent with ATF's objective to add value to each of its investments, negotiations have commenced to secure the marketing and distribution rights for a range of natural medicines treating women's health.

### **Immune Alert (formerly SIDS)**

The Managing Director of TUNRA agreed to delay the completion of this proposed joint venture for a few months while ATF completed the establishment and initial development of its other investments.

Preparation of legal documentation will now commence with a view to cementing this joint venture quickly. In the interim, a potential manufacturer of the "over the counter" test kits has been identified.

### **Summary of ATF First Quarter Activity**

The Directors consider that solid progress has been made during a very busy first quarter of 2006 to add value to ATF's portfolio prior to listing. The Directors confirm their intention to take ATF to listing and are committed to this upon the finalisation of working capital requirements for investee companies and at such time as in their opinion sufficient value has been added to Evivar and Medcina. We thank you all for your continued support.

With Kind Regards

Sean Magee  
Managing Director