



## INVESTOR Update

### Message from the CEO

Dear Shareholder,

Welcome to the first edition of Select's *Investor Update*.

Our business focus is the development and commercialisation of diagnostics, vaccines and therapeutic products for infectious diseases, based on research performed at Melbourne's Burnet Institute.

Our well-timed entry onto the Australian Stock Exchange in July was an overwhelming success and it has set the scene for the ensuing months. We raised \$2.4m through the issue of 12.2 million shares at 0.20 cents and 6.1 million free attaching options. At the issue price Select was capitalised at \$5 million, and as a result of our growing share price, our current market capitalisation is now around \$18 million.

We have already achieved one of our key milestones; the out-licensing of our Hepatitis E diagnostic kit to an established international company.

This is a significant deal on a number of fronts:

Firstly, we have achieved this milestone as

promised in our prospectus and ahead of time;

Secondly, of our hepatitis tests it targets the smallest market, with the market for our rapid tests for hepatitis C and A estimated to be many times larger; and

Thirdly, the deal validates our technology and provides an early revenue stream for Select.

To assist us with commercialisation activities, we have appointed Dr Anthony Filippis to the position of Vice President, Business Development.

Select is now on track to generate cashflows within the current financial year, in keeping with the company's business strategy.

We welcome all our shareholders to Select Vaccines. We are committed to keeping you updated on our progress with quarterly updates.

Thank you for your continuing interest in Select Vaccines.

## First hepatitis rapid test deal

**As stated in our prospectus, the first major milestone was the completion of a commercial deal with a major distribution partner for our Hepatitis E rapid diagnostic test.**

On 24 September we announced that Select had agreed to grant Genelabs Diagnostics Pte Ltd an exclusive, worldwide 12-year license for the manufacture and distribution of the Hepatitis E kit, subject to completion of a technology evaluation and the finalisation of contracts.

The deal is a sign of bigger things to come, with our rapid diagnostic tests for Hepatitis C and A supporting a much bigger world wide market. The deal with Genelabs Diagnostics for Hepatitis E validates our technology and we are

confident of the opportunities to maximise our Hepatitis C and A tests also.

Genelabs Diagnostics is a wholly-owned subsidiary of Genelabs Technologies, Inc. (NASDAQ: GNLB). It is an international company that develops, manufactures and distributes diagnostic tests for the detection of infectious human diseases. Genelabs Diagnostics has headquarters in Singapore, regional offices in Switzerland and China, and an impressive distribution network in the major markets for hepatitis E diagnostics.

The financial terms are confidential, however the up-front payments and on-going royalties that Select will receive over the lifetime of the Genelabs Diagnostic

licence are consistent with our internal revenue projections. The USA has not been included in the current agreement and remains available for a separate licensing deal, although Hepatitis E is not as significant a problem as A or C in that country.

Whilst Hepatitis E is not common in Australia, it is endemic in many parts of the developing world and there is currently no effective diagnostic.

The disease is transmitted through contaminated water and is most common in South East Asia, Africa, the Middle East and Japan. Australian travellers, particularly those spending longer periods in these area, are at risk.

# TECHNOLOGY UPDATE

## ***Hepgenics Pty Ltd and Hepatitis***

The Hepgenics hepatitis program has projects in three of the five types of hepatitis virus – A, C and E. One program deals with diagnostic products for these viruses and another is involved in the development of a vaccine delivery platform technology based on proprietary discoveries.

The most advanced projects are license-ready kits for the rapid point of care diagnosis of hepatitis A and E viruses.

There are no similar products currently on the market. The rapid test kits take only minutes to diagnose viral infection with 98% accuracy in blood taken from a finger prick.

A currently marketed competitor product for the diagnosis of hepatitis E requires more blood (from a vein), takes up to 48 hours to yield a laboratory result and costs several times as much.

Hepatitis is inflammation of the liver, most commonly caused by infection with one of the five types of hepatitis virus.

Symptoms can last from weeks to years and include extreme fatigue, nausea, vomiting and abdominal pain.

## ***Picoral Pty Ltd and the Antiviral Program***

Picoral Pty Ltd is developing highly-promising R&D projects for antiviral agents with activity against RNA viruses such as the rhinoviruses that cause the common cold, and enteroviruses.

These RNA viruses, also called picornaviruses, are responsible for diseases including sinusitis, bronchitis, conjunctivitis, polio, encephalitis, rhinitis and viral meningitis. Estimates suggest that more than 50 per cent of the world's population is infected by a picornavirus each year.

Viral meningitis attacks the central nervous system and affects more than 500,000 people annually. Viral respiratory infection is estimated to account for more than 30 million visits to the doctor annually in the United States. Untreated viral disease has a profound impact on society in terms of human suffering, lost productivity and financial costs to the health care system. However to date, there are no effective treatments for most of these diseases.

Initially, Picoral will progress two R&D projects – one to trial novel compounds that block the changes to normal cells caused by viral infection and the other to identify additional compounds with anti-viral activity.

Picoral believes that a drug-based approach will be more successful at finding effective therapies than vaccines which have performed poorly against picornaviruses to date, due largely to the wide diversity of the viruses. An Australian patent application has been filed based on the finding that three readily available drugs can prevent the development of particular viruses in infected cells.

| Hepatitis Virus | Cases per year   | Transmission method        | Existing rapid diagnostic test available? | Select Vaccines rapid diagnostic test available? |
|-----------------|--|----------------------------|---|--|
| A               | 1.5 million (known clinical cases only)                          | Contaminated food or water | No  | Yes – subject to out-licensing deal              |
| C               | At least 3-4 million new cases with 170 million already infected | Contact with blood         | No  | No – currently under development                 |
| E               | Millions (numbers not known - mostly developing countries)       | Contaminated food or water | No  | Yes – licensed to Genelabs Diagnostics           |

### ***Appointment of Dr Anthony Filippis***

Dr Anthony Filippis has recently been appointed Vice President, Business Development. He has extensive experience in business development in the life sciences sector, having negotiated international licensing agreements for Australian clients.

Anthony was previously Vice President, Business Development at Biocomm Services Pty Ltd. Among his early priorities at Select is the out-licensing of our point of care rapid diagnostic kits for hepatitis A & E. He has already made his mark by settling the initial arrangements with Genelabs for the commercialisation of our Hepatitis E kit.

### **Contacts:**

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