



# ASX Company Announcement

13 February 2008

---

## NEW DISTRIBUTION AGREEMENTS

Sun Biomedical Limited (ASX:SBN) advises that the Company's wholly owned subsidiary, Sun Biomedical Laboratories, Inc., has signed two new product distribution agreements.

### 1. BioScreens

The first agreement is a supply and development agreement with BioScreens Inc, a company based in Norfolk Virginia, USA.

Under the terms of the agreement the parties will jointly fund the development and launch of an innovative new urine drug screening device targeted for launch in to the U.S. workplace testing market in Q3/08.

BioScreens has an existing drugs of abuse testing device business complimented by a direct marketing business "Preferred Direct Marketing", who dispatch over 100 million direct mailing promotions per annum. Under the terms of the agreement, Sun Biomedical Laboratories Inc will develop and manufacture the drugs of abuse membranes and dip cards and obtain and maintain the necessary FDA clearances required for marketing of the product for workplace testing. BioScreens will manufacture the collection device and manage the marketing and distribution of the finished product.

The initial term of the agreement is five years, and it may be renewed for a further three years. SBN and BioScreens estimate that the following annual sales will be achieved over the first 3 years of the Agreement:

Calendar Year	Estimated Sales
2008	\$0.5 million
2009	\$0.9 million
2010	\$1.6 million

Under the terms of the agreement, BioScreens are required to meet minimum order quantities which represent 25% of the estimated sales outlined above.

Whilst there is a trend toward the use of saliva drug screening devices, the long established U.S. workplace drug testing market is still predominantly based on the use of urine tests. The urine on site testing market for the product under development by SBL and BioScreens is estimated at \$300 million<sup>1</sup>. The new product under development will improve the Company's ability to penetrate this market establishing a cash flow business that will support the continued development and commercialisation of the Company's illicit drug testing platforms.

## 2. MediNat

The second agreement is an exclusive marketing and distribution agreement with MediNat for the marketing and distribution of OraLine IV through MediNat's subsidiary in Russia. MediNat is an Australian owned entity with its Russian subsidiary located in Moscow, Russia. MediNat Russia has established relationships with Government Departments and distribution networks across the Russian Federation.

Under the terms of the agreement, MediNat is responsible for obtaining regulatory approval for the marketing of OraLine IV in Russia. The Russian regulatory authorities have their own regulatory process that is independent of the European CE Mark system. The parties do not expect that additional clinical studies will be required in order to achieve registration with the Russian regulatory agencies and hence it is anticipated that approval can be obtained within 8 months.

The agreement is exclusive for a period of three years with a three year renewal period based on the successful attainment of minimum sales volumes following realisation of regulatory approval. Under the agreement, the minimum annual sales volumes are as follows:

Year	Minimum Annual Sales
1	\$60,000
2	\$240,000
3	\$300,000

For further information contact:  
Peter King  
Chairman

---

<sup>1</sup> Source: BCC Inc Research Report 2002