

## FOR IMMEDIATE RELEASE

### Zodiac Reports JV Progress

Sydney, 3 May 2010 - Zodiac Capital Limited (NSX:ZOD) advises that as the Company has Joint Ventures with Stirling Products Limited (Stirling) in its botanical products as well as in its Inhalation Drug Delivery Platform and as Stirling this morning released a Progress Report, it is reproduced herein in its entirety.

### Progress Report (Stirling) – 3 May 2010

#### Major Highlights of Q1 and Year to Date:

- Progress ahead of schedule for Inhalation Drug Delivery Platform devices development
- Stirling settles purchase of multi-million high-tech pharmaceutical manufacturing plant in Canada
- Launch of 'Stirling Health' pharma sales business in Australia and engagement of a premier National pharmaceutical sales force
- Major Pharma relationship established with Cipla

#### Overview:

In 2010 to date, the Company has further consolidated its positioning as a global pharmaceutical and healthcare group as it continued its strategic and aggressive growth.

Although approximately \$3.5 million was raised during the quarter, expenditure was also relatively high at \$1.35 million, as the Company settled its newly acquired pharmaceutical manufacturing facility in Canada, secured and engaged a national premier Australian pharmaceutical marketing team and continued its ongoing commitments to product launches and to ongoing clinical trials in the Ukraine and Nigeria. Following the commissioning of the Company's manufacturing facility over the next 3-4 months, revenues from this facility as well as from the 'Stirling Health' division and 'Nature's Firewall' sales are expected to commence to contribute to operations cost reduction.



Zodiac Capital Limited, ACN 126 263 170  
Level 1, 275 George Street, Sydney NSW 2000  
Australia  
Phone +61 2 9299 9270  
Fax +61 2 9299 9276

### **Sales:**

Following the launch of 'Stirling Health' at the industry's largest pharma conference a month ago, the business unit has now commenced operations nationally with representation to pharmacies throughout all States and Territories.

Although initially commencing with only a small representative product range, the Company is pleased to advise that 'Stirling Health' in its first month of operations has generated over \$300,000 in gross product sales to pharmacies. Monthly gross pharmacy sales are expected to increase substantially especially as the product range progressively expands as inventory is shipped to 'Stirling Health' and as specific products obtain TGA registration.

Sales of the first 'Nature's Firewall' products are expected to commence in the Canadian and US markets during the course of the current month and manufacturing sales, through 'Stirling Pharma' are being originated to coincide with the re-commissioning of the Company's new pharma plant in Canada, scheduled for Q3, 2010.

### **Pharmaceutical Manufacturing:**

Recommissioning and re-licensing of the Company's 4,300 sq m high-tech pharmaceutical manufacturing plant at Cape Breton in Canada is expected to take approximately three months. Key appointments, including Plant Manager, QA/QC, CFO and Sales Management have been completed. Over the next three months, operational staff will be hired, and trained where applicable, and contract-manufacturing sales are also being initiated to run parallel to the plant re-commissioning schedule.

With a capacity under its current configuration to manufacture and package over 550 million tablets, the plant is expected to become a substantial contributor to revenue and earnings in the new financial year

## **Inhalation Drug Delivery Platform:**

As announced to the market on 29 April 2010, work is progressing on schedule with the pre-production units expected to be available for testing by end of 2010.

Against a background of major change within the pharmaceutical industry as the major blockbuster drugs lose their patent protection, the generics sector is set for unprecedented growth. Over the past 2-3 years the market capitalisation of most major pharmas has already been slashed by around a third as the effect of massive revenue losses and the associated move of major products to the generic sector gains momentum.

This 'reordering' within the industry sector, whereby Stirling can avail itself of any of the blockbuster products as they come off patent and adapt them to its new delivery platform is viewed as the Company's major and unique opportunity. This is particularly the case as the Company's Delivery Platform has already demonstrated drugs delivered through its inhalation devices only require approximately 10-15% of normal oral dosage to achieve the same effect (as the equivalent orally delivered drug). Most importantly, the Stirling Platform technology provides for the Company to have an 'exclusive' or the equivalent of a de facto patent over any or each of the drugs (off-patent) that are adapted for use through the Company's delivery devices.

## **Cipla Ltd – Major Pharma Relationship:**

A significant relationship has been established with Cipla Limited, one of the world's largest generics manufacturers that exports to over 180 countries.

Cipla provides Stirling the capability of provisioning almost any drug to its planned Inhalation Drug Delivery devices. Cipla is also providing the manufacturing of 'Stirling Health' brand products that are in the process of TGA registration and will be added to the Company's pharma range progressively as its range expands.

## **Trials:**

The Influenza trials in the Ukraine and the AIDS and TB trial in Nigeria are all progressing well and will be updated during the course of the next 4-6 weeks.

Stirling also advises that the Company's South African Animal Products JV last week commenced a two month Feedlot Trial of the Company's patented animal growth promotion agent at the University of Pretoria. A total 80 beef cattle are being used to investigate the potential of the Company's beta agonist as an alternative beta-agonist to improve growth and efficiency of feedlot steers, as well as the related carcass and meat quality attributes.



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**For further information contact:**

Peter Boonen  
Managing Director  
Zodiac Capital Limited  
Ph: +61 2 9299 9270  
E: [peter.boonen@zodiaccap.com](mailto:peter.boonen@zodiaccap.com)

**For all Investor Relations inquiries please contact:**

James Moses Mandate Corporate  
Ph: +61 420 991 574  
E: [james@mandatecorporate.com.au](mailto:james@mandatecorporate.com.au)