



19 October 2006

Company Announcement Office
Bendigo Stock Exchange
PO Box 191
Flinders Lane, Melbourne
Vic 8009

By email; announcements@bsx.com.au

RE: Announcement by State Development Fund Limited

Please find attached a Shareholder Presentation on Auspep Holdings for release to the market. Auspep Holdings is a subsidiary of State Development Fund Limited.

By order of the Board of Directors

Peter J.Kral
Company Secretary

Auspep Holdings



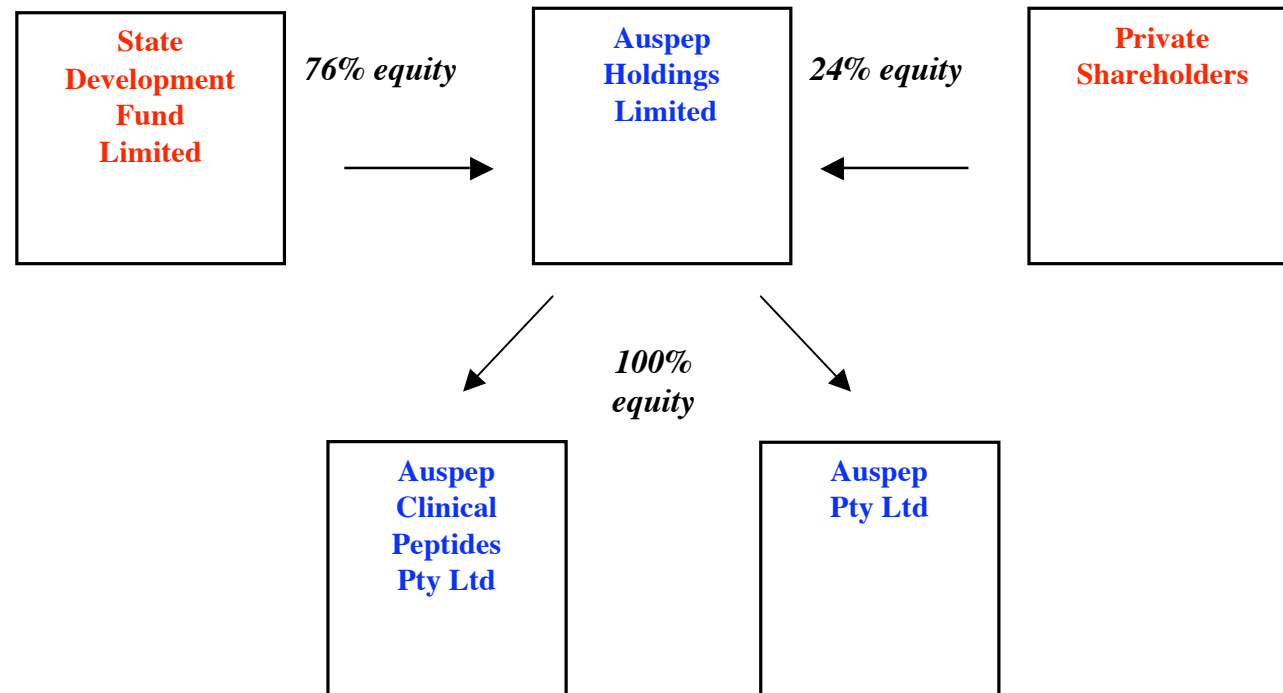
The name on the world's finest peptides

Shareholder Presentation October 2006

Ownership



20,000,000 ordinary shares fully paid



Directors



- **Richard Ryan AO (Chairman)**
Chancellor of Charles Darwin University & Chair of the Northern Territory Tourist Commission.
- **Legh Davis LL.B, B.Ec, FCPA, SF Fin (Deputy Chairman)**
Chairman – South Australia, ABN AMRO Morgans.
- **Professor Ian Smith Ph.D (Non-Executive Director)**
Director, Biomedical Proteomics, Department of Biochemistry & Molecular Biology, Monash University.
- **John Nissen (Non-Executive Director)**
Director of several, Victorian time share resorts.
- **Chris Chandler Ph.D (Managing Director)**
Organic chemist with 19 years experience in the peptide industry.



Genesis

- ***Auspep Pty Ltd (established 1986)***
- ***Relocated to West Melbourne (1991)***
- ***ISO9001:2000 certified (1996)***
- ***Auspep Holdings Ltd and Auspep Clinical Peptides Pty Ltd (established 2003)***
- ***Major interest purchased by State Development Fund Ltd (2003)***
- ***Construction of GMP laboratories commences (Tullamarine 2005)***
- ***GMP facility licensed by TGA (2006)***



Who are we?

- The Auspep Group are Australian owned manufacturers and distributors of specialty chemicals (peptides) supplying products and services worldwide to Universities, Research Institutes, Biotechnology companies and the Pharmaceutical industry.
- 15 employees (70% science graduates)

Philosophy



Auspep is committed to supplying products and services of the highest quality and providing exemplary customer service.

Who are our customers?



- Research Institutes and Universities
- Government research organizations
- Pharmaceutical companies
- Biotechnology companies
- Export



What do we do?

- Custom peptide synthesis
- Active Pharmaceutical Ingredients (API)
- Peptide synthesis reagents
- Catalogue peptides
- Distribution of Acris antibodies, Avanti Polar Lipids & Dojindo Biochemicals in Australia & New Zealand

Why Peptides?

- Peptides are small pieces of natural proteins that exert *in vivo* biological activity
- High specific activity
- Unique three dimensional characteristics
- No accumulation in organs
- Low toxicity
- Excellent therapeutic targets.

Auspep Pty Ltd



Strengths:

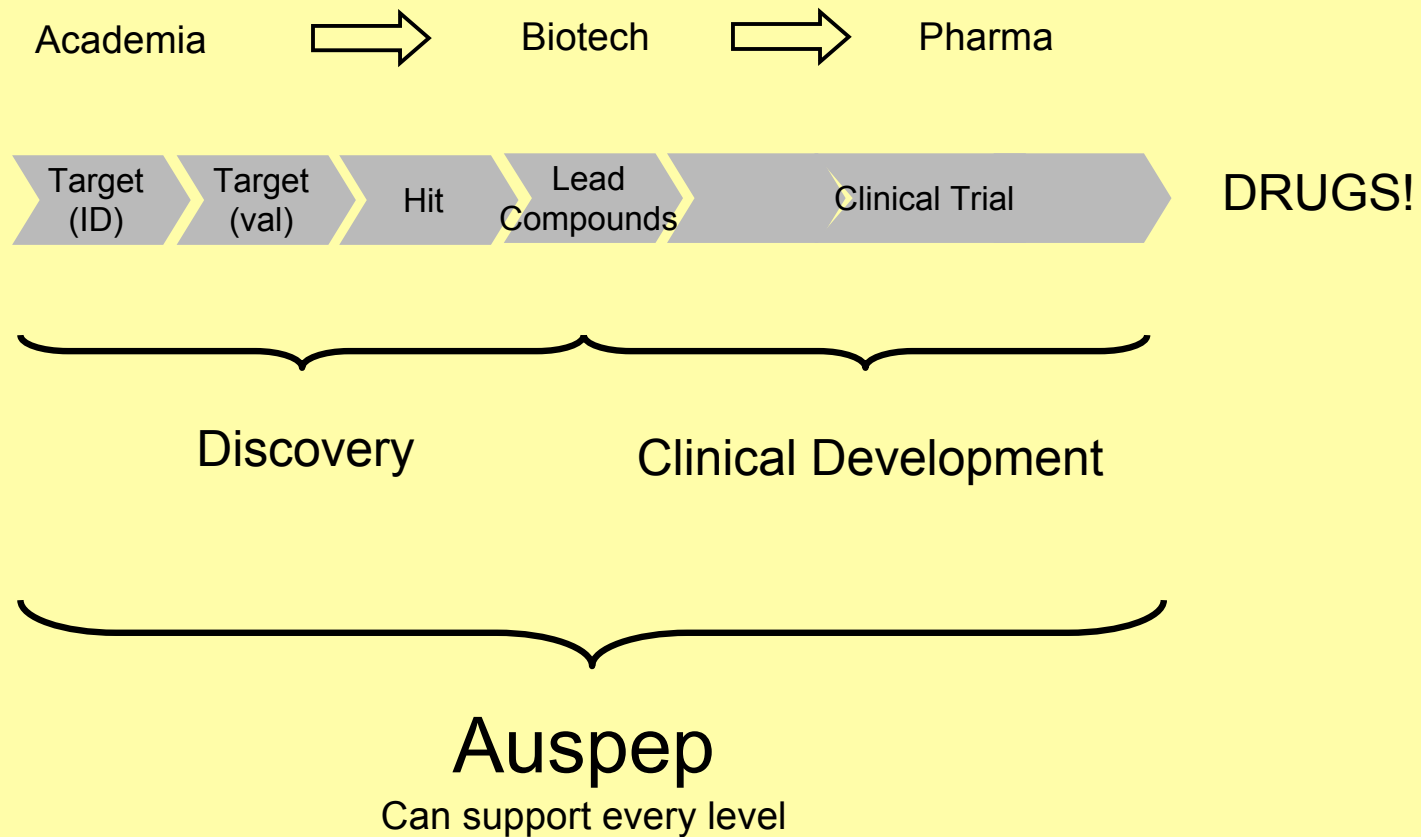
- ISO9001:2000 certified
- High product quality
- Customer Service focussed
- High level of technical support & expertise
- Reliability & consistency of supply
- Collaborative approach to business partnerships
- Price Competitive

Auspep Clinical Peptides



- Manufacture peptides utilising Good Manufacturing Practice (GMP)
- Targeting customers taking peptides from research into clinical trial
- Construction of a purpose built facility
- TGA licensed-internationally recognised
- Only GMP peptide facility in Southern Hemisphere

Discovery to Drugs: The Peptide Pipeline



Summary



- Auspep has nearly 20 years experience in supplying high quality peptide products
- Auspep Clinical Peptides has drawn on this experience and has successfully entered the market for GMP grade peptides and API's
- The Auspep group is now positioned to partner its customers from early research to commercialisation.

Market Response



- **Commercial production of API.**

- Pfizer Animal Health – Global
- Mayne Pharmaceuticals
- Ferring Pharmaceuticals

- **R & D**

- Metabolic Pharmaceuticals Ltd
- Pfizer Animal Health
- Auspep customers underlined

Clinical Trials

- Howard Florey/Austin Hospital
- Inter-K Pty Ltd
- Nucleus Network (WEHI)
- Pfizer Animal Health
- University of Edinburgh
- Starfish Ventures
- University of Minnesota
- GBS Venture Partners Ltd
- Hunter Immunology Pty Ltd
- Peptech Ltd

SALES REVENUE



	2006 \$	2005 \$	2004 \$
Revenue	2,985,516	2,942,605	2,792,922
Expenses	(2,761,945)	(2,827,001)	(2,769,120)
Depreciation and amortisation expenses	(207,612)	(110,875)	(240,255)
Finance costs	(16,234)	(7,980)	(4,994)
Profit/(loss) before income tax expenses	(275)	(3,251)	(221,447)
Income tax expense/(benefit)	(18,083)	12,960	(14,897)
Profit/(loss) for the period	17,808	(16,211)	(206,550)

BALANCE SHEET



	2006 \$	2005 \$	2004 \$
Cash	127,072	179,981	499,545
Receivable	190,861	344,254	346,954
Inventories	220,073	153,663	179,114
Current Assets	538,006	677,898	1,025,613
Non current assets (Intangible \$3,111,494)	4,256,080	4,026,351	3,689,001
Total Assets	4,794,086	4,704,249	4,714,614
Less Current Liabilities	388,782	400,689	380,446
Less Non Current Liabilities	133,627	49,691	64,088
Net Assets	<u>4,271,677</u>	<u>4,253,869</u>	<u>4,270,080</u>

CASH FLOW STATEMENTS



CASH FLOW FROM OPERATING ACTIVITIES	2006 \$	2005 \$	2004 \$
Receipts from customers	3,400,760	2,890,900	3,127,617
Payments to suppliers and employees	(2,968,200)	(2,811,468)	(3,009,524)
Interest	772	1,238	
Interest paid	(16,234)	(7,980)	(10,026)
Net cash provided by operating activities	<u>417,098</u>	<u>72,690</u>	<u>108,067</u>
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment	-	22,800	-
Payments for property, plant and equipment	(394,136)	(438,861)	(242,631)
Net cash used in investing activities	<u>(394,136)</u>	<u>(416,061)</u>	<u>(242,631)</u>
CASHFLOW FROM FINANCING ACTIVITIES			
Hire purchase repayments			(10,254)
Repayment of borrowings	(15,850)	(36,214)	500,000
Net cash used in financing activities	<u>(15,850)</u>	<u>(36,214)</u>	<u>489,746</u>
Net increase/(decrease) in cash held	7,112	379,585	355,182
Cash at beginning of financial year	119,960	499,545	144,363
Cash at end of financial year	<u>127,072</u>	<u>119,960</u>	<u>499,545</u>