

**From:** **BLIS Technologies Ltd (NZX:BLT)**

**MediaPak:** NationalPak ;

**Release date and time:**

### **BLIS K12 now Approved for Sale in China.**

A major milestone has been achieved by BLIS Technologies Ltd (NZX: BLT), with the approval for its oral probiotic BLIS K12, as a food ingredient in the Peoples Republic of China.

This milestone has been achieved on behalf of the Company by the NZPR Group who is the commercialisation partner of BLIS Technologies in China. The approval of BLIS K12 by the Chinese State Food and Drug Administration represents the end of a regulatory approval process that started in 2008. This Chinese regulatory approval will enable NZPR Group to actively market BLIS K12 lozenges and associated BLIS K12 products through its distribution networks within the country. BLIS Technologies is extremely pleased with this achievement and anticipates it will soon be assisting NZPR Group further, with sales and marketing in China.

Additionally, BLIS Technologies is pleased to announce that it will enter into a market development partnership with Integra Medical Inc., headquartered in Ontario Canada. Integra Medical will produce and sell retail products in the Eastern European market. Integra Medical has already successfully achieved regulatory approval for its first BLIS K12 based product as a dietary supplement within the Russian market and has now embarked upon several clinical trials to support its application for BLIS K12 based products as an approved medicine in Russia.

BLIS Technologies Ltd have also reported their six-month operations report for the period ending 31 September 2011. The absence of licensing income and a meaningful volume of branded ingredient sales resulted in the Company reporting a net deficit of \$828k before tax and finance costs. It is a disappointing financial result for the six months to 30 September and while sales resumed into the United States in October, meaningful volumes are not anticipated until after December. New Zealand trading revenue, including a two month contribution from BLIS Functional Foods which acquired the assets of the Gourmet Icecream Company in August, increased by 76% from \$124k to \$218k and other trading revenue increased by 14% from \$80k to \$91k, with sales into Australia, Japan, Taiwan, South East Asia.

BLIS Technologies has taken action to address its concerns about the lower than expected sales performance in North America. After review, the Company has decided to end its global distribution agreement with Frutarom Ltd earlier than its 2014 renewal date. This was not a decision taken lightly by the Company and signals the importance of a solid distribution agreement to the future success of the Company. It had become apparent that as the market

has developed and evolved for BLIS probiotics within the oral care sector, the Company's market priorities and expectations had outpaced the ability of Frutarom Ltd to deliver. This termination will take effect from 30 November 2011.

The Company has subsequently been evaluating several alternative options for the distribution and marketing of its branded ingredients and after an extensive evaluation of potential partners who would also be prepared to invest in the science and support the marketing effort, the Company has signed a letter of intent to appoint Stratum Nutrition from 1 December, 2011.

Stratum Nutrition ([www.stratumnutrition.com](http://www.stratumnutrition.com)) is a human nutrition company based in St Louis, Missouri (USA). It is a subsidiary of a major international animal health company, which was formed in 1991 as a "spinout" company of what was then Monsanto's livestock feed division and is now called Novus International. This business has been operating for over 20yrs, in 90 countries with an annual turnover of US\$1 billion and has a focus on animal health and human nutrition. Although a relatively new business within the parent company, Stratum Nutrition represents the human nutrition interests of Novus International. Stratum has a small but well-defined number of products, which are backed by the extensive scientific resources and support infrastructure of Novus international.

Unlike many other companies in the US nutraceutical distribution and supply chain, Stratum Nutrition has instead chosen to keep a narrow focus on the ingredients that it will offer to the market, preferring instead to represent the best examples within an ingredient category. This is a strategy that demands a premium ingredient with the highest standards of scientific validation and it's a strategy that appears to be working for Stratum Nutrition and the ingredient manufacturers that it represents if recent awards are any indication.

Stratum Nutrition picked up the award for its cardiovascular ingredient at Nutracon (March 2011) for best in class as voted by its peers. They were acknowledged by Frost & Sullivan with the New Product Innovation of the Year Award for Joint Health with their NEM<sup>®</sup> ingredient and most recently the company won the "Investment in the Future" at the industry's showcase event; the 14<sup>th</sup> Annual NBJ Summit held in California.

Dr Barry Richardson cited the focus on research excellence; the premium positioning and most importantly the intention to keeping the breadth of their product portfolio limited to the "Best in Class" as some of the compelling reasons for making the transfer to Stratum Nutrition.

BLIS Technologies has indicated that its partnership agreement with Stratum Nutrition will be to market the entire BLIS range of probiotic ingredients on a global basis, with the exception of China and New Zealand. The probiotic ingredients which are to be marketed by Stratum Nutrition, includes BLIS K12, BLIS M18 and later, BLIS Q24 (still in development). BLIS Q24 is a novel strain of *Micrococcus luteus* for topical applications. Marketing developments for all probiotic products will be extended to include relevant products for companion animals such

as cats and dogs because this represents a signification component of the business for Stratum's parent company; Novus International.

## **YOUR CONTACT**

BLIS Technologies Ltd  
PO Box 56  
87 St David Street  
Dunedin  
New Zealand  
Phone +64 (3) 479 5337

Bevan Wallace  
+64 (21) 246 2577  
bevan.wallace@xtra.co.nz  
[info@blis.co.nz](mailto:info@blis.co.nz)