



COMPANY ANNOUNCEMENT

HELICON TO ACQUIRE MEDICAL DEVICE COMPANY WITH EARLY EARNINGS AND HIGH GROWTH POTENTIAL

KEY POINTS

- **COMPANY MAKING EVENT**
 - **COMMERCIALY UNIQUE PRODUCTS**
 - **EARLY POSITIVE CASHFLOW WITHOUT NEED FOR FURTHER CAPITAL RAISING**
 - **DISCUSSIONS PROGRESSING WITH LARGE PHARMACEUTICAL COMPANIES**
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PERTH, 10th November 2010. HELICON GROUP LIMITED (ASX: HCG) is pleased to announce that it has executed a Heads of Agreement (HOA) with Leading Edge Instruments Ltd (LEI) to acquire up to 100% of the issued capital of LEI.

LEI is an unlisted public company that controls two exciting, near-market medical device technologies, BreatheAssist® and Vibrovein® that have the potential to become major products. The Vibrovein® technology is wholly owned by LEI and the BreatheAssist® technology is wholly owned by ASAP Breatheassist Pty Ltd (“ASAP”), a company LEI will acquire prior to the completion of this transaction.

BreatheAssist® is a nasal device that has broad medical and healthcare applications including improved breathing outcomes, sleep improvement, and as an innovative and potentially revolutionary nasal drug delivery device.

Vibrovein® is an adjunct device that can be attached to any needle with applications including reduced pain, ease of puncture and ease of use targeting a multi billion dollar market.

The LEI business strategy is based on a licensing model that removes direct manufacturing and marketing risk in exchange for a licensing fee. The company expects to spend a further \$1.2 million on the development of these technologies to bring them to a stage ready for licensing to a global pharma or medical device group. Helicon has

more than \$2 million in cash reserves, sufficient for the merged group to reach licensing deals.

Dr Saliba Sassine, Chairman of Helicon commented "the Board of Helicon is delighted to announce this transaction which provides Helicon with the opportunity to generate significant revenue in two high potential market segments from Australian developed technologies."

Rod Tomlinson, Executive Director of ASAP and Chairman of the LEI Scientific Committee commented "BreatheAssist® and Vibrovein® have exciting potential. Whilst they each offer suitable global licensees an opportunity in billion dollar plus markets, the risk factor of each is an order of magnitude lower than marketing a new drug molecule or vaccine". Mr Tomlinson was formerly Chief Chemist at Smith and Nephew Australia and subsequent to that built and owned Soltec Research Pty Ltd. Soltec was the recipient of a number of awards including an Australian Small Business Award and an Australian Export Award. Soltec developed, patented and licensed products including world leading products for the treatment of microbial infections, psoriasis, fungal infections, alopecia, acne, and a revolutionary low chemical aerosol delivery system. Sales of these products exceeded \$1b USD globally.

Following conclusion of the transaction and approvals by the shareholders of Helicon and LEI, Mr Tomlinson will become responsible for the overseeing and direction of the completion of the technologies' development and preparing them for out licensing to major pharmaceutical companies.

The transaction is subject to conditions precedent set out below and approvals by LEI and Helicon shareholders.

Helicon has commissioned Acuity Technology Management Pty Ltd, an independent expert group to advise the board on the two technologies and their market potential.

PRODUCT DESCRIPTION

BreatheAssist® is a disposable soft polymer plastic device that is inserted into the nasal cavity to aid in the treatment of snoring and other breathing disorders. The product is also efficient in pollen and infectious particle filtration. Studies have demonstrated applications in:

- sports performance improvement;
- a medication delivery device for providing dosages of respiratory dilators or drugs such as nicotine; or
- a filtration device for hay fever or influenza minimisation.

A major competitor to BreatheAssist® recently sold for circa US\$350 million on revenues of US\$150 million. LEI believes the BreatheAssist® product to be superior to the competitor product and to have significantly greater market reach, given the unique and patented drug delivery system which affords the device several large markets to target.

Licensing discussions have been held with four global pharmaceutical companies. BreatheAssist® has been granted patents in respect to this technology. BreatheAssist® is preparing to embark on a number of clinical trials to support the multiple licensing opportunities.

Vibrovein® is a unique electronic device designed to significantly reduce the trauma associated with the 20 billion syringes used annually. The re-useable device can be clipped to any syringe and by imparting a high speed vibration it reduces the force necessary for injection and thereby reduces the pain associated with needle use. The vortex created by the device also results in more rapid perfusion and reduced tissue damage around the injection site. By way of simple comparison, the function is not unlike that of an electric carving knife, vibrating razor or jack hammer. It removes friction and makes for a far superior medical device. The device has been used for three years in a beta format at several cosmetic surgery clinics across Melbourne, and has been presented on a number of occasions to physicians at medical conferences. .

TRANSACTION DETAILS

Under the HOA, Helicon has the right to acquire 81 % of the issued capital of LEI for a consideration of 248,000,000 Helicon shares. Furthermore, Helicon and LEI have agreed to Helicon having certain call options for the remaining 19 % of LEI. These call options may be exercised at the sole discretion of Helicon at any time up until April 18, 2012. Each of the two call options separately provide Helicon with the right, but not the obligation, to acquire an additional 9.5% of LEI in return for a consideration of 126,000,000 Helicon shares upon the exercise of each call option. In the instance that both call options are exercised, the gross consideration for the remaining 19 % of LEI will be 252,000,000 Helicon fully paid shares. In addition to this, Helicon has granted LEI two put options, namely the Vibrovein Put Option, 'VPO' and the BreatheAssist Put Option, 'BAPO'. These individual Put Options can be exercised by a LEI shareholder representative committee. Certain licensing and marketing performance conditions of the Vibrovein hypodermic attachment and BreatheAssist drug delivery system must be met prior to the VPO and BAPO being exercised. These options shall expire 18 months after the completion of the Sale and Purchase Agreement. Upon the exercise of each Put Option, the Shareholders of LEI will have the right to sell a further 9.5% of LEI shares in exchange for some 126,000,000 HCG shares. If the VPO and BAPO Put options are both exercised, HCG will have acquired a further 19% of LEI with consideration granted of 252,000,000 HCG shares.

Under the terms and conditions of the HOA, Helicon will provide LEI with a loan of \$200,000 to further the development of its product during the transaction implementation period. The funds are repayable to Helicon if the transaction does not complete.

HOA CONDITIONS PRECEDENT

The Heads of Agreement is subject to the following conditions:

Helicon completing its due diligence investigations with respect to LEI and issuing a notice to LEI by 14 November 2010 or such later date as agreed by the Parties advising that Helicon is satisfied with its due diligence in its sole and absolute discretion;

LEI completing due diligence investigations with respect to Helicon and issuing a notice to Helicon by 14 November 2010 or such later date as agreed by the Parties advising that LEI is satisfied with its due diligence in its sole and absolute discretion;

LEI completing the acquisition of ASAP BreatheAssist Pty Ltd by 8th November 2010, or such later date as agreed by the Parties;

Helicon entering into a Share Sale Agreement and Put and Call Option Agreements on the terms outlined above by 16th November 2010 or such later date as is agreed by Helicon and LEI; and

Helicon entering into and advancing the LEI Loan within 1 day of completion by Helicon of its due diligence enquiries to its satisfaction.

CAPITAL STRUCTURE

The capital structure of Helicon Group following settlement of the transaction would be as follows.

	Shares	%	Options
Existing securities	249,191,134	50.1%	6,000,000
HCG acquires 81% of LEI	248,000,000	49.9%	
TOTAL	497,191,134	100%	6,000,000

Subsequently, if HCG does acquire a further 9.5% of LEI upon the satisfaction of milestone events, a further 126 million shares would be issued and total HCG shares on issue would be 623,191,134 shares. HCG acquisition of the final 9.5% would bring total HCG shares on issue to 749,191,134 and existing LEI shareholders would hold 66.7% of Helicon Group shares on issue at that time.

About the Helicon Group

Helicon Group is a medical devices company listed on the ASX. whose objective is to acquire and/or license innovative products with very significant market potential.

For further information please contact:

Dr Saliba Sassine
Helicon Group Limited
Suite 3, 257 York Street,
Subiaco WA 6006

Tel: 0412 533 966
Email: s.sassine@snacapital.com.au
Website: www.helicongroup.com.au