

Sales Visit - Iran & Turkey

16th – 25th September 2008

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International Sales

Plan of Action

My aim in Iran was to define which distributors are to represent which products, as I believe I have made a mistake in previously giving the majority of our product range to Aria Crown Teb. It was decided that I should make the visit outside of the IranMed exhibition, so that I would have more time with each of the distributors and also have a chance to meet with a number of their customers. Viamed has many products that are yet to be sold into Iran, another aim was to evaluate the potential market for these products and identify/evaluate if one of our distributors would like the opportunity to represent them.

My plan for Turkey was to meet with our only distributor for this territory and use my time to his advantage, whether that is meeting his customers or discussing the issues he has with Viamed. ATA Medical was starting to do a reasonable amount of business with Dolphin ONE products before the issues with Dolphin, after which our business together took a steep decline. Since release of the VM2160 we have managed to regain some of the business we lost. With this meeting I hope to make sure that we continue our growth in the Turkish market.

Companies to Meet in Iran

- **Aria Crown Teb**
- **MEM**
- **Danesh**
- **Sadaat**

Aria Crown Teb

Viamed has been working with Aria Crown Teb for over 12 months and although business started very well, we have had problems with receiving payments for orders by proforma invoice and suffered a lack of communication from their side. Unfortunately, Aria Crown Teb has not reached the targets that were set by them during the signing of our company agreement.

A number of changes have been made to the company and I am led to believe that this will have a positive effect on sales of Viamed products in the future. I have asked Aria Crown Teb to focus on the products they truly believe they can sell rather than trying to represent our whole portfolio. It was agreed that they will continue with the pulse oximetry products and accessories, they would also like to continue with the Microstim DB3.

Hospital Meetings:

- Jam Hospital

We met with Dr. A Farouhi from the anaesthesia department. I gave a demonstration of the 4000 series sensors and the VM2160. The disposable sensors were not well received; they do not like the idea of the long-term costs of disposable sensors, regardless of the cross infection issues. I believe that there is a huge risk the disposable sensors would be reused in Iran. However, the Silicone sensors and the VM2160 were very well received. It appeared to be a successful meeting and Mahdi from Aria Crown Teb seemed very pleased.

- EbnSina Private Hospital

We demonstrated the VM2160 and the 4000 series sensors. The doctor that we met with was impressed enough to arrange a second meeting with the hospital manager immediately. We again demonstrated the VM2160 and due to the hospital manager's request, we left the VM2160 for trial with a view to then purchasing some initial units. The hospital manager could see a specialist market for the disposable sensors and Mahdi is going to arrange for the correct samples to be supplied.

MEM (Medical Equipment Management)

MEM have been working with Viamed for the last 2 years promoting oxygen monitoring, they are a large company that covers a very wide range of products. The department that we currently work with promotes large oxygen generator systems. MEM have 40% market share in this field and the manager of this department, Navid Sanai, is extremely driven and very keen to look into the possibilities of extending his portfolio to incorporate other product ranges. They arranged for some meetings with very influential people.

We have had some difficulties in receiving payments from MEM and believe that we can find a way round this problem with Ali's help.

I firmly believe that any Viamed product that MEM decides to represent will do extremely well. Navid explained that after our meetings and demonstrations during the week, he has decided that he would like to represent more Viamed products. MEM is desperate for a Viamed Oxygen Monitor and would like to represent the Microstim DB3 if Aria Crown Teb do not. After some of our meetings in the hospitals, it was decided that there is a huge potential for the Tom Thumb.

Hospital Meetings:

- Iranmehr Private Hospital – 300 Beds

We met with Dr. Ghamat who is the head master of the anaesthetist society in Iran; he is responsible for drawing out the guidelines for anaesthesia in Iran. They have purchased two MX300's from MEM. We were shown the inside of all six of their operating rooms and we discussed the MX300's they are currently using and to use them effectively. We then had an informal and traditional Ramadan dinner in the hospital and then to restaurant for a more formal dinner. Dr. Ghamat agreed that oxygen monitoring should be used as standard with all anaesthesia machines and ventilators and he is going to add this to the next revision of the guidelines. Dr. Ghamat spoke very highly of MEM.

NOTE: It is especially important in Iran to use oxygen monitoring, as they are not using bottled gas, the oxygen is supplied from the oxygen generators which can vary the output % dependent on the demand throughout the hospital.

- Milad Social Security Hospital – 1000 Beds and 53 Incubators

We looked around the SCBU and it became very clear that no oxygen monitoring was being used in the incubators or oxygen hoods with exception to a couple of MX300s that MEM had previously supplied. I witnessed neonates saturation levels drop to less than 90% while in an

oxygen hood, this was then treat by increasing the flow of gas into the hood. At present the clinicians do not know what oxygen percentage the patients are receiving as the oxygen supply varies the percentage due to the demand in the hospital. We had problems connecting the neonatal T piece to any of their neonatal ventilators, as the only ventilators and patient circuits they had were connected to patients.

After our trip around SCBU, we had a meeting with Dr. Toolou. The hospital has had some problems using the oxygen monitors and there has been some confusion as to where and how to use them. One of the problems was faulty sensor cables. Between Navid and myself, we demonstrated the correct use of the monitor and where to place the sensors and why oxygen monitoring is so important. Dr. Toolou understood and agreed that they will need another twenty units to start with.

Dr. Toolou explained that Envitec have approached him with some very low prices, but he would rather deal with MEM.

- Alisghar Medical Science University Hospital

We were met on the SCBU ward by Dr. Samaei and some of his colleagues. Dr. Samaei is considered the first authority on Neonatal care within Iran. We spoke briefly about oxygen monitoring and the problems that they have connecting the device to a neonatal ventilator circuit, I have promised to resolve this issue for them.

We also discussed the prospect of the Tom Thumb units; we had a very surprisingly good response. Dr. Samaei discussed our information with his colleagues and informed them that this was a very important device and how it will be a huge benefit over the BVM method they currently use. His only concern with the Tom Thumb is the price of the patient circuits. Navid was especially pleased with Dr. Samaei's response to the Tom Thumb and would like to pursue this further by supplying a unit for Dr. Samaei to evaluate. I have agreed to send them a unit on sale or return.

Danesh

I met with Danesh to view their product range and obtain an idea of how and where their products are used. Although Dr. Danesh's English is not so good, I still found the products easy to understand. I believe that the cosmetic side of the product requires some attention to make the product look more European and modern. If this is achieved and the market suggests that there is room for another device of this type, then I look forward to selling the products.

Saadat

Saadat have a very impressive facility. Unfortunately, at the time of my visit, our OEM silicone finger sensors had yet to clear Iranian customs, so they had very little feedback and were not ready to place another order. I have asked for the opportunity to quote them for the temperature sensors, they currently purchase 4000 per annum in batches of 1000. They currently source the temperature sensors from Turkey and pay (USD) \$19-\$20 per adult skin sensor. I was given a sample of the existing sensor.

Summary of Iran Visit

This was an extremely interesting visit and I believe that it will help us increase our business in Iran to a minimum of (USD) \$100,000 over the next 12 - 18 months, outside of our OEM business with Ali and Saadat.

MEM have the infrastructure and the contacts to be able to introduce a new product into the Iranian market and Aria Crown Teb appear keen to make up for their under performance over the last 12 months.

Companies to Meet in Turkey

▪ Ata Medikal

I gave Bora at Ata Medikal the opportunity to use my time to his best advantage, I offered to visit his customers with him and / or spend time discussing his issues with Viamed. Bora decided against visiting the end users and we had a lengthy discussion at his offices. I believe that we will continue to increase business with Bora within the Pulse Oximetry range as long as we can address some of the accessory prices and continue to release further models of pulse oximeters, such as a table top design. After our meeting I believe that we may need to look at an alternative distributor for some of our product range.

Costs of Visit

Flights for Iran & Turkey = £300.00 including taxes

Hotel in Iran = Paid for by MEM company

Hotel in Turkey = £235.00

Other expenses = £50.00

Total = £585.00