



## **Viral Genetics is Moving in the Right Direction**

*SOURCE: Viral Genetics, Inc.*

***Viral Genetics Is Moving In The Right Direction Zacks Equity Research, On Tuesday August 9, 2011, 11:55 am EDT  
Grant Zeng, CFA Viral Generics Reports On Progress On August 3, 2011,***

Viral Genetics (VRAL) held a its first corporate presentation via webcast. During the webcast, the Company's CEO Mr. Haig Keledjian reviewed recent and ongoing developments at Viral Genetics and VG Energy. This webcast is also one of the moves the Company is taking to enhance shareholder communications.

According to Mr. Haig, Viral Genetics has made fundamental advancements implementing the Company's strategic plan in the past six months. Our key takeaways from the webcast include:

- **HIV/AIDS Program:** In early 2011, the Company received feedback from the US FDA on its pre-IND for its HIV/AIDS drug program, APi1177 (VGV-X), asking for more in vitro and animal safety and toxicity studies. Currently, the Company is updating the final protocol and will submit it to FDA within 30 to 60 days. Furthermore, the Company is now completing the securing of a long-term manufacturing relationship for its clinical-grade drug (GLP and GMP). If the IND were approved, the clinical trial would be a Phase I study and require 9-12 months to conduct including preparation, recruitment of study centers, contracting service providers, enrollment of patients, treatment, follow up, and statistical evaluation.
- **Lyme Disease Program:** The Company is in the process of completing its pre-IND for the Lyme Disease drug program. A clinical investigator is now being recruited who will assist in completing the clinical design aspects of the pre-IND.
- **Drug-Resistant Cancer Program:** The investigator study of the Company's Metabolic Disruption (MDT) compounds for treatment of drug-resistant cancers at Scott and White Hospital is undergoing Institutional Review Board review. The Company expects that this study will commence soon, with approximately 12 months of follow up. The study was funded by an anonymous grant of \$1.5 million to Scott and White, specifically directed to the study.
- **VG Energy – Industrial Scale Testing:** Viral Genetics' majority-owned subsidiary, VG Energy, successfully completed the first phase of an independent industrial-scale demonstration of MDT lipid-enhancing compounds, which resulted in significantly increased yields of oils from algae. The second phase of this testing is dose response analysis, which examines whether manipulation of different quantities of MDT compounds can further enhance yields. Once this portion of testing is complete, it will be followed by industrial scale testing in a closed bioreactor algae-cultivation environment. Final results of this testing are expected within 2-3 months.
- **VG Energy – Other Testing:** VG Energy is also completing testing of MDT compounds on various additional strains of algae and different processes. These tests include algae used in open pond or raceways (a circular configuration for moving nutrients and water through the algal growth pools); "reversing" the lipid-enhancing properties of MDT to increase glucose rather than oils, which reduces the steps needed to convert the algal product to a usable fuel; and testing MDT compounds on yeast used for production of omega-3 fatty acids.
- **VG Energy – Partnering Efforts:** VG Energy is actively engaged in exploring strategic partnerships and

business relationships including, but not limited to, licensing or collaborative research relationships with leading firms and academic institutions for the purpose of achieving commercialization and/or developing new applications of MDT compounds in energy, food, cosmetics and nutraceuticals.

### **Viral Generics Reports First Quarter of 2011**

Results On June 9, 2011, Viral Genetics (VG) filed its quarterly report for the first fiscal quarter ending March 31, 2011.

The Company had no revenue for the first quarter ended March 31, 2011 as expected.

R&D expenses were \$0.27 million, SG&A expenses were \$0.25 million. Legal and consulting fee were \$0.56 million.

Net loss was \$1.6 million for the first quarter ended March 31, 2011, or -\$0.00 per share.

VG had only \$40,191 in cash. While there were \$1.9 million long term debts sitting on the balance sheet. The Implications we think VG is moving in the right direction.

Although the HIV/AIDS clinical program is a little delayed as originally planned, the commencement of the Phase I clinical study is likely to happen in 4Q11 or 1Q12 when the Company continues to make progress in in vitro and additional animal studies.

Other drug programs such as Lyme disease and Cancer programs are also advance as planned.

At the front of biofuel business, the Company is also making progress in its industrial scale testing. The Company has successfully completed the first phase of an independent industrial-scale demonstration of MDT lipid-enhancing compounds. The second phase of this testing of dose response analysis is ongoing, which will be followed by industrial scale testing in a closed bioreactor algae-cultivation environment.

We believe financial performance is a non-event for VG. Investors will be focused on its balance sheet and its R&D programs advancement. Cash burn is still our chief concern.

VG had only \$40,191 in cash. While there were \$1.9 million long term debts sitting on the balance sheet. When the Company moves its clinical programs into clinic later this year, R&D expenses will soar. We believe Viral Genetics needs to tap the capital market very soon and will continue to do so on a regular basis before the Company achieves revenue from product sales or establish any partnership with major pharma or biotech companies.

We maintain our Neutral rating on Viral Genetics.

For a free copy of the full research report, please email [scr@zacks.com](mailto:scr@zacks.com) with VRAL as the subject.

Follow Zacks Small Cap Research on Twitter at [Twitter.com/ZacksSmallCap](https://twitter.com/ZacksSmallCap)

VIRAL GENETICS INC DEL (VRAL): Read the Full Research Report Zacks Investment Research



**Contact:**

Viral Genetics, Inc.

Haig Keledjian, 626-334-5310