

Implementation of Nutri Pharma's new Market and Sales Strategy

Presentation

Of



Meridian International
GROUP

Meridian International Group Ltd.

Acquired 1 July 2005 by

Nutri Pharma ASA

14 October 2005

NUTRIPHARMA 

LIABILITY STATEMENTS AND DISCLAIMERS

Board of Directors

This Presentation has been prepared in connection with the acquisition of Meridian International Group (MIG) as per 1 July 2005 and the release of Nutri Pharmas's 3. Quarter 2005 reporting.

The Board of Directors confirm that, to the best of their knowledge, the information contained in the Presentation is in accordance with the facts and contains no omissions likely to affect the import of the Presentation.

Information concerning MIG is according to documentation from the Sellers and have not been verified by auditor. Market conditions and future prospects have been appraised on the basis of best judgement.

Oslo, 14 October 2005

The Board of Directors of Nutri Pharma ASA

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GLOSSARY

CIS	Commonwealth of Independent States, a term commonly used for the 11 former Soviet republics Russia, Belarus, Ukraine, Kazakhstan, Uzbekistan, Turkmenistan, Georgia, Azerbaijan, Kirgizstan, Tajikistan and Moldova.
EPO	European Patent Office
Functional Foods	Any food that, by virtue of richer than normal physiologically active ingredients, and in addition to nutritional value, can improve health or prevent disease.
Isoflavones	Naturally occurring plant chemicals belonging to the Phytoestrogen class
MLM	Multi-level marketing, a distribution concept based on the principle that if a person signs up to sell a company's products, the company will pay a commission on all sales generated by that person, as well as the sales by additional distributors the person refers (limited to the marketing plan).
NOKUS	Norwegian Controlled Foreign Corporation Taxation
Nutrilett	The trade name of the soy based weight reduction product developed by NutriPharma and currently marketed and distributed on licence by Collett Pharma.
NutriPro	The trade name of the new product version of Nutrilett, which is being offered through MIG's distribution network.
Phytoestrogen	A non-nutritive substance that has potent biological activity and may help to lower risk of several chronic diseases such as heart disease, osteoporosis, cancer and diabetic kidney disease.
Soy Fiber	Fiber derived from soybeans
Soy Isoflavones	Plant bioactive substances unique to soybeans. See Isoflavones
Soy protein	Protein derived from soybeans

1 INTRODUCTION

This Presentation has been prepared in connection with the acquisition by Nutri Pharma ASA of Meridian International Group (MIG) as per 1 July 2005. This summary contains basic information about the transaction, Nutri Pharma as well as Meridian International Group and its business model.

The basis for the acquisition of MIG is Nutri Pharma's search for direct distribution of its products at a lower cost than traditional distribution offers. The agreement offers a geographical expansion into Russia and the other CIS-countries from the current licence agreement for the Nordic area. Through this acquisition Nutri Pharma also obtains control over the distribution for its products. By reducing the number of distribution levels the company believes that margins will be higher than operating through traditional distribution channels. The agreement with MIG will not impact on the existing sales agreements in the Nordic countries.

MIG is a Malta-registered multi-level distribution company, which is founded on basis of businesses that since July 2003 have achieved strong sales growth in Russia and the other CIS-countries based on direct sales of art products and from September 2004 also skin care & cosmetics products. In April 2005 MIG entered into a distribution agreement with Nutri Pharma for the sale of NutriPro, a product variant of Nutrilett, into the rapidly expanding direct sales network of MIG.

Nutri Pharma has evaluated alternative distribution strategies for its products and decided in 2004 to focus its resources on the development of a direct sales project in cooperation with a partner with strong distribution experience in Russia and other parts of Eastern Europe. This approach would combine a strong product portfolio, unique distribution outside the traditional channels, with one of the large direct sales networks in these markets.

According to the original agreement Nutri Pharma would become a 51% owner of a new entity within the MIG group. The distribution network in question had been started in July 2003 on the basis of art products, and in 2004 skin care & cosmetics products were added to the product portfolio. Nutri Pharma would have no ownership in the art and skin care businesses. However, a new agreement was entered into on 1 June 2005 in which all three product groups were included in the new distribution entity and Nutri Pharma became a 100% owner of MIG.

The commercialisation of the Nutrilett product portfolio outside the Nordic and Baltic countries will in the future mainly be directed through MIG and its direct sales infrastructure under the trade name NutriPro. The product positioning will be on health care focusing on the benefits derived from the soy components, i.e reduction of Cholesterol, rather than weight management as in the Nordic region.

The new R&D strategy implies no further basic research and clinical studies. The main focus will be product adjustments as well as improvement of existing products according to new customers groups and/or new application areas.

2 NUTRI PHARMA'S ACQUISITION OF MIG

2.1 Introduction

On 1 June 2005 Nutri Pharma entered into an agreement with the owners of Meridian International Group (MIG) to purchase all shares in the company against payment of Shares in Nutri Pharma. This agreement replaces the agreement publicly announced 19 October 2004 in which Nutri Pharma was intended to own 51% of a company to be formed within MIG to sell health care and nutrition products only. MIG is described in detail in section 4.

On 1 July 2005 the shares of Meridian International were purchased. The Sellers were Cleverling and Jamie Mather. Cleverling is a BVI-registered company owned 100% by Dany Laroque, the President of MIG. For detailed CVs of Daniel Laroque and Jamie Mather, see section 4.10.

2.2 The agreement with the owners of MIG

MIG has sought to expand their product line with a health product of high quality. In 2003, the company identified Nutri Pharma as having a product considered ideally suited for direct distribution in Russia and the other CIS-countries.

As part of the agreement, Nutri Pharma has entered into a distribution agreement with Meridian International Group for NutriPro in the mentioned geographical area with option for MIG to extend this agreement to all other countries except the Nordic countries and Baltic states.

The acquisition covers 100% of the shares in MIG. This company consists of agreements with strategic partners, brand names, full sales and distribution rights to the existing distribution network in Russia, other CIS-countries and Mongolia of products formerly sold through Meridian Art and Meridian Beauty as well as all health care and nutrition products from Nutri Pharma.

Based on this, the parties have entered into an agreement in which:

- MIG has been granted exclusive distribution rights for NutriPro in Russia and the other CIS-countries, with an option to expand exclusivity to other territories.
- Nutri Pharma ASA has acquired all shares in MIG for a consideration of NOK 92,4 million, which at the option of Nutri Pharma may be made in shares of Nutri Pharma ASA (Nutri shares) which shares shall be valued at NOK 3,85 each.

Nutri Pharma ASA acquired all shares in MIG as per 1 July 2005 for a consideration to consist of a maximum of 24 million Nutri Pharma ASA shares.

Nutri Pharma ASA has agreed with the sellers of MIG that the consideration shall be made in instalments at the latest by 31 March 2007. A first instalment of the purchase consideration consisting of 6 million treasury shares in Nutri Pharma ASA shall be made by 31 October 2005, provided that Nutri Pharma has completed a satisfactory due diligence of MIG. The balance of the purchase consideration, consisting of a maximum of 18 million new issued Nutri Pharma ASA shares, shall be made in one or more instalments at the latest by 31 March 2007, provided that an independent auditor confirms the agreed valuation of MIG.

The Board of Directors of Nutri Pharma ASA plan to summon an extraordinary General Meeting during October 2005 and will ask the general meeting to authorise the board to issue the required number of new shares in Nutri Pharma ASA in order to settle the agreed purchase consideration for the acquisition of MIG.

3 NUTRI PHARMA

3.1 Introduction

Nutri Pharma is one of the global leaders in soy technology for treatment and prevention of life-style related diseases and has developed unique products, documented by extensive clinical trials and protected by a broad patent portfolio, in the following fast-growing areas:

- Weight management and meal replacement products
- Dietary supplements for female health, heart health and sports nutrition
- Functional foods for cholesterol reduction
- Soy proteins and ingredients

3.2 Vision

Nutri Pharma's vision has been redefined in accordance with the change of main focus from international cooperative relationships to a direct sales approach:

“Nutri Pharma aims to become a major supplier of its own proprietary soy based health and weight reduction product (Nutrilet/NutriPro) and other health care and nutrition products, based on direct sales in various markets internationally”.

3.3 Intellectual property

Nutri Pharma's intellectual property position internationally is founded on a broad portfolio of patent claims, covering compositions of soy ingredients, improved soy proteins, process technologies and methods of use claims.

The main focus for Nutri Pharma going forward is to keep three main composition/product patents, which give the best protection for its existing products and already are approved or applied for in most major markets world wide. These patents are valid until 2017-22.

Patent	Geographical coverage	Duration	Status
Protein and fibre composition	All major markets	2017	Patent upheld by EPO at opposition hearing in January 2005
Composition including isoflavones	Most major markets	2019	Opposition to grant was lodged with EPO in August 2004
Composition including phosphatidyl choline	US and EPC countries	2022	Application pending

3.4 Market trends and -drivers

Demand

The demand for health and lifestyle products is increasing strongly. Increased focus on health by individuals is linked to increased wealth. In parallel, overweight is an accelerating problem in most countries, increasing the willingness to pay for effective health and weight reduction products and cures.

Product trends

Meal replacement products are dominating the market. At the end of the 1980s nutrition powder variants dominated. In 1997/98 nutrition bars were introduced. Today, nutrition powders and bars are equal product categories. In 2005, Nutrilett has also been introduced as “Ready to drink”.

Functional food has also increased, but has generally not yet become the expected success. This is probably a combination of lack of ability to make appealing products, difficulties with communication with the customers as well as lack of control for the consumers of the amount of nutritional intake.

There is a strong trend towards more focus on health products and less on weight reduction only. The product positioning will be on health care focusing on the benefits derived from the soy components, i.e reduction of Cholesterol, rather than weight management as in the Nordic region.

Distribution trends

Internationally, there has been a consolidation trend among wholesalers, which has reduced the total number of traditional distribution channels. Increasing costs of building new brands have increased the barriers of entry, which has contributed to the challenges of introducing new products to the market. This has increased the attractiveness of seeking alternative distribution channels (such as direct sales).

In addition, direct sales channels are especially suited for the parts of the world that have a poorly developed infrastructure of traditional wholesale and retail outlets. This is particularly the case in Eastern Europe, Russia, the CIS-countries, South America and parts of Asia. The lack of alternative, well-paid opportunities for entrepreneurial minded persons, also makes these regions well suited for multi-level marketing set-ups.

3.5 Competition

Meal replacement

Most meal replacement competitors are focused on weight reduction products, of which the majority is based on milk-proteins.

The major competitors world-wide are Slim Fast (which was sold from Thompson Medical to Unilever for USD 2.3 billion a few years ago) and Atkins Diet. In the Nordic region the main competitors are Atkins Diet and the Cambridge Diet (both distributed by Midelfart), Nutridiet (Sweden) and Nupo (Denmark).

Functional food

Functional food products are focused on health, but should not be regarded as direct competitors to Nutrilett. Large players in the Nordic region are Benecol and Take Control, both targeting cholesterol reduction.

Medications

To the extent that Nutri Pharma’s products are being defined as healthcare products and not weight reduction products, medicines for cholesterol reduction or diabetes can be regarded as directly competing products. Nutri Pharma may capitalize in the market place by having products which are based on natural ingredients only, and without side-effects.

4 MERIDIAN INTERNATIONAL GROUP

4.1 Introduction

MIG was established in Malta as an independent company in March 2005 and is mainly active in Russia and the other CIS-countries. MIG is a combination of an established business model and internet solution, has outsourcing agreements with core strategic partners, a multi-level distribution network and a product portfolio containing art, cosmetics and now nutrition products.

MIG is an organisation with services delivered from staff located in Malta, France, UK and Russia. MIG has no direct employees. However, a total of approximately 65 persons are working for MIG, on the basis of outsourcing agreements with strategic partners.

4.2 Multi-level marketing

The distribution of MIG products is through a multi-level direct sales model. Multi-level marketing is based on the concept that if a person signs up to sell a company's products, the company will pay a commission on all sales generated by that person, as well as on the sales by additional distributors this person recruits. Direct sales means that there are no distribution units located between the company and the end-customers other than the individual distributors.

Internationally, multi-level distribution is a growing trend. For certain product categories, for instance beauty products, household products and health products, multi-level marketing is a common alternative to the traditional distribution outlets. This is based on the efficiency of bypassing costly links in the distribution chain (importers, wholesalers and retailers) as well as the strong incentives provided to the individual sellers in the network. Direct sales is a common way of distributing goods and services in most countries, with particularly high penetration in countries like Japan, USA, Mexico and Brazil.

Even though direct sales is estimated to grow faster than traditional distribution, it still represents a modest share of total sales in its main product categories.

A selection of globally leading multi-level marketing companies includes:

- *Avon*, which is the world's largest direct seller, with main focus on beauty products and presence in both North-America, Latin-America, Europe and Asia Pacific. Total sales in 2004 were approx. USD 8 bn, and the total number of distributors are close to 5 million. Avon is listed at NYSE, and the capitalized value as of 1 June 2005 was USD 19 bn.
- *Oriflame Cosmetics*, which is a Swedish international direct sales cosmetics company, with sales in 55 countries. Total sales were EUR 670 million in 2004, of which half were in the CIS-region. The total number of sales consultants is 1.5 million. Oriflame was listed on the Stockholm Stock Exchange in 2004, and the capitalized value as of 1 June 2005 was SEK 9 bn.
- *Amway/Quixtar*, a privately owned MLM-group with total annual sales of USD 6.2 bn and with presence in more than 80 countries.
- *Nu Skin Enterprises*, which has direct sales through three divisions; Nu Skin, Pharmanex and Big Planet. Total sales in 2004 were USD 1.1 bn, of which 84% were in Asia. The network consists of 820,000 distributors in 40 countries. Nu Skin is listed at NYSE, and the capitalized value as of 1 June 2005 was USD 1.6 bn.
- *Excel Communications*, selling telecom services in the US on basis of MLM.

- *Herbalife*, selling health and weight-loss products on basis of network marketing. Herbalife is listed, with a capitalized value as of 1 June 2005 of USD 1.3 bn.
- *Primerica*, a division of Citigroup engaged in network marketing of insurance products.

Examples of large multi-level marketing companies particularly active in MIG's current primary markets are Oriflame Cosmetics, Vision and Herbalife.

Multi-Level Marketing is a perfectly legitimate way of distributing products or services. However, some marketing schemes, which on the surface may seem similar, are illegal and commonly known as pyramid schemes. A problem for serious multi-level marketing companies is that the distinction between MLM and pyramids is not always clear. In a pyramid set-up, customers are not paying for the products or services, but mainly in order to become a member of the network. In these cases, the actual products are unimportant for the buyers. In a serious MLM-company, the price/performance of the products/services is the main motivation for buying them. Pyramid systems can also be identified by the fact that payments are given mainly on recruitment or on sales of recruiting or training materials.

The European Union is currently developing rules and regulations for multi-level marketing companies. MIG expects to be in full compliance with these guidelines. Accordingly;

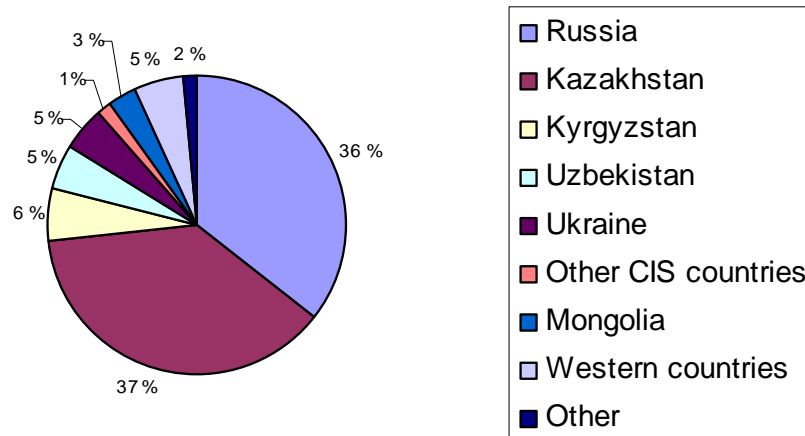
- Only bona-fide products with high product quality are distributed.
- The company is not paying distributors commissions for recruitment, but on actual sales of products only.
- The company is not paying commissions on sales of instructional and motivational material (catalogues, DVDs, etc.).
- In order to keep commissions from people recruited, the individual distributor must continue being an active buyer of products.
- The total number of commission levels are limited to seven, which makes it possible to earn well on the basis of active recruitment of new distributors. However, the commission received by the distributors generating the actual product sale is between 30 and 40%, depending on the evolution of the plan, which makes it possible to generate an acceptable income even without having recruited any new distributors.

4.3 MIG's distribution network

The formation of the MIG distribution network was initiated in July 2003 by Dany Laroque on the basis of art products that were sold to Russian customers. The geographical coverage was initially mainly the central parts of Russia, but soon the network spread to all parts of Russia and several other CIS-countries.

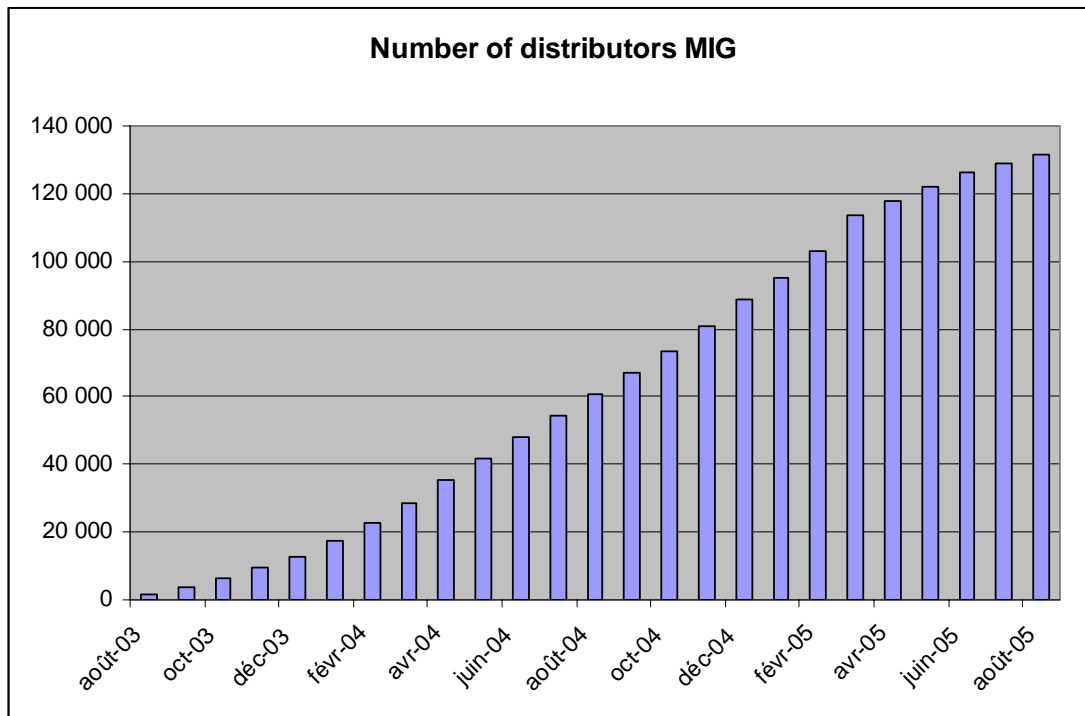
Today, MIG's network is particularly strong in Russia and Kazakhstan, but is covering all CIS-countries, as well as Mongolia:

Geographical distribution of network



Meridian International Group has achieved this position on the basis of 10 years of experience in those countries by Dany Laroque and his team. MIG has demonstrated that Russia and the other CIS-countries, which currently are the main region for the company, are particularly well suited for multi-level marketing of the current product portfolio. The combination of growing entrepreneurial spirit, excellent income opportunities for people with limited alternatives, a not very developed traditional distribution infrastructure and rising national income with a rapidly growing middle-class, creates great opportunities for direct sales companies like MIG.

The size of the MIG distribution network has been growing fast and steady since the start-up and was approx. 131,000 distributors at the end of August 2005.



The share of active distributors is currently between 10 and 15% (with active being defined as having average product sales of minimum USD 100 per month since the initial product sale).

4.4 Commission plan overview

MIG operates a commission structure that falls into the following two categories:

- (i) The Online Rewards Matrix
- (ii) Executive Commission Program

(i) The Online Rewards Matrix

This system can be compared to any reward point systems operated by many online and normal stores.

Each person who joins MIG's online club is entitled to have their own account and back office login to the website. This back office login is used to remember and track how many Reward Points that have been awarded as a result of a purchase.

Every €100 of product purchased from MIG's Online Store gives the member one reward point. This reward point is placed in the online commission matrix underneath the reward points of the person who referred the member making the purchase. This in effect helps the referrer or sales advocate by allowing the referrer to earn points towards filling up their own personal rewards matrix. This could be compared to a card that collects stamps for each purchase, but in a virtual online way.

The aim is to refer enough sales of others to collect 14 reward points in your matrix (or 14 stamps on your reward card) in order to receive €100 EuroBonus, which can be taken as cash or further product purchase from the online store. MIG then mark that reward point as paid, and it takes no further role in the commission plan.

Through this system, advocates of MIG's products can earn anything from a free product through to sizable commission payments depending on the level of effort and number of sales they generate. This acts as an attractive direct sales benefit that drives new customers to look at MIG's website and take an interest in the products, something which is not normally possible through conventional advertising.

This Reward point system is presented by the company online where each member can see the total number of points they have to collect in order to receive the next benefit in cash or new products.

(ii) Executive Commission Program

This part of the commission structure is for members who typically take a more full-time interest in promoting MIG's products. The system allows members who collect large numbers of points from referring sales to enter into small percentages of the sales of the products they advocate. This is a typical and familiar structure operated by many large direct sales and network sales companies.

MIG chooses to depict the different benefits available through the use of the universally understood rankings of Bronze, Silver, and Gold. This kind of target and reward sales structure is the backbone of any company that operates a sales force. However, MIG stands out with its advanced IT-technology and ability to depict the sales, targets, and current monthly volumes online to the members themselves.

The commission program has the following characteristics:

- Each member of the online club is notified as to how to achieve their next step and more importantly how close they are to achieving their next step.
- Through the system many members are recognised as Bronze, Silver, and Gold in each month and earn additional sums of money, which again they can take in cash or select as products.
- Through the system people are encouraged to manage their own teams of people and empower training, encouragement, and the company's code of ethics and standards to the people within their team.
- The bonus is calculated monthly based on Reward Points within their team and paid directly to the members.

The described methodology has proved successful to many companies including MIG and has allowed members to be rewarded for sales management skills and the direct results of their promotion of the products.

Commission to distributors is only made on the basis of achieved sales to end-customers, performed by people recruited by the distributor in question. Total commissions to the network is somewhat varying between product groups but is approximately 30-40% of the total MIG-sales on average.

In addition, distributors have the possibility to generate additional profits by selling the products to their customers with some mark-up. This is however, not a part of MIG's business.

4.5 Product portfolio

Meridian International Group is currently concentrating on the following three product groups:

1. Art products
2. Cosmetics products
3. Health Products

Art products

Art products was the first product group of the business and the MIG distribution network was initially built on the basis of this product group. After the start-up in early 2003, the art business grew rapidly to reach monthly revenues of USD 2 million in June 2004. The revenues have declined for a period due to the launch of new product line, which had been expected.

The art products are exclusive limited edition prints produced by artists from mainly Western Europe and Asia, but lately also from Russia and other CIS-countries. The complete gallery is presented on www.meridianart.net.

Cosmetics products

The cosmetics products were launched in the MIG-distribution network in August 2004. Until March 2005, monthly average revenues were close to USD 2 million. However, in April and May sales dropped considerably mainly due to negative effects from the introduction of NutriPro into the distribution network. The product line consists of various skin products. A new cosmetic line will replace the current one in a short period of time.

Health products (NutriPro)

The health products initially consists solely of NutriPro, which is a further developed version of Nutrilett, the well-known soy based nutrition and health product, which has been the number one weight reduction product in Scandinavia for 16 years. The product approval of NutriPro in Russia and several of the CIS-countries was granted in March 2005 by the Russian Health Ministry, and the initial product launch in the distribution network took place in April 2005.

Unfortunately, MIG experienced quality problems with the first batch of NutriPro, which was supplied into the distribution network. As a consequence, MIG had to stop supplying the products and postpone further sales until new batches could be manufactured and distributed. This incident obviously affected NutriPro sales after introduction and also has had negative effects on the trust of the distribution network in all range of products. However, the initial quality problems have been solved, and the feedback from the network on the product is positive. The result so far is that NutriPro has accounted for more than 50% of sales revenues since launch in April.

Meridian International Group has high expectations for the future sales volumes of NutriPro. Traditionally poor nutrition among the population of the CIS countries and growing interest in health products that may prolong life in parallel with increasing income levels among a continuously growing middle-class, is expected to contribute to a successful introduction of nutritional and health products.

4.6 Outsourcing partners

Altadigit

Altadigit is a US-registered company owned by Dany Laroque (95%), with the responsibility of running all management of MIG and the distribution system, developing, training and maintaining the distribution network, organising events and sales activities, etc. In total, six persons are working for Altadigit, which has a commission of sales for the delivery of services to MIG based on a commission rate of 10%.

Nexus

Nexus is a British Virgin Islands-registered company owned by Jamie Mather. The Nexus organisation has offices in Sheffield, UK and developers working at the MIG headquarter in Malta. The company is responsible for development and operation of all IT and internet solutions, including continuous development of web-software and the day to day operation of the IT-infrastructure. Programmers and developers are awarded special incentive deals (bonus and shares) depending on their level of dedication to the project. The remuneration of Nexus is based on a commission on sales of 5%.

Gerund Holding

Gerund is a Cyprus-registered company with strong connections into Russian society and authorities. The company is responsible for obtaining official approvals and handling paperwork in connection with products, imports, logistics as well as the security of the business in Russia and ex CIS. In total, 10 people at Gerund Holding are working for MIG on a full-time basis. The remuneration is based on a commission on sales of 5%.

4.7 Marketing and sales promotion

Marketing is performed through active use of the internet sites and organisation of meeting sessions and events with the aim of motivating and training the individual distributors. Access to most of these activities is not open to everyone, but is based on the achievement of qualifications. To support the distributors, MIG also supplies sales support material and catalogues.

Direct sales companies like MIG do not support sales by marketing through ordinary media channels like newspapers, television, direct mail, etc. The considerable savings realised by not paying for traditional advertisement costs is a major contributor to the margins of this kind of business.

4.8 Ordering and payment

All orders from end-customers are placed via the company's internet site:
www.meridianinternational.net



No products are delivered to the customers without payment having been received by Dexia Bank, Luxembourg, which is Meridian International Group's bank partner. Payment is made via ordinary transfer from the customers' bank account, credit cards or via Internet-bank.

4.9 Company strategy

Distribution network

The main focus for the management of MIG is expansion and maintenance of the current distribution network. This is mainly achieved by:

- Providing attractive products that are delivered on time with the promised quality.
- Keeping a commission system that attract new distributors and has the right incentives for existing distributors to work actively to sell and recruit new distributors
- Providing a reliable, user-friendly web-based back-office solution giving the individual distributor full control with his/her orders, deliveries, commission earned and recruitments.

Product strategy

After the launch of the third product line, health products, MIG has no plans to expand its product portfolio further with the exception of additional product variants inside the current product lines.

4.10 Senior management team MIG

Daniel Laroque (born 1960), President

Mr. Laroque obtained his Masters degree in Business and Administration in 1984 at USF. His professional life has been dedicated to the management of different companies in Europe. Mr. Laroque has been involved in network marketing since 1996. He first worked by subcontracting for network marketing companies to open or develop distribution in Russia and other countries. He then created Vision, a still successful direct distribution company in Russia. Mr. Laroque's extensive international experience in multi-level marketing, which together with his experience and knowledge in

management, sales and promotion, made him the best possible choice as the new President of Meridian Art in 2003. Today Mr. Laroque is the President of MIG and is managing this company supported by his team from his management company, Altadigit.

Jamie Mather (born 1971), IT Software and Systems

Mr. Mather obtained his degree in Business and Computing in 1993 at Sheffield University in England. He first worked for companies like Sheffield Computer Consultancy Organisation and Synergies Developments (partner) in the field of Marketing and Software. Since 1996 he has gained insight into the specialist field of Relationship Marketing while working as a consultant for Network companies like NSA, Cascade, YB Online and ID Netherlands on the design of their commission programs, software and marketing strategy. Mr. Mather's range of contacts and knowledge of commission program design made him ideally equipped to develop and found Meridian Art and its compensation plan in 2003. Since then he has built Meridian Art along with Daniel Laroque and managed the technology, contributed to marketing and defined and employed the office staff and systems along with building the current technology team, as a director of Meridian Art and owner of his IT-company, Nexus. Today Mr Mather is executive vice president of MIG.

4.11 MIG Organisation

Meridian International Group has currently no own employees. MIG has outsourced all of its central functions, and the people working for the company are employees of strategic partners or other outsourcing firms. Main IT operations as software developments are outsourced to Nexus, which has 5 employees working full-time for MIG in the UK and Malta. All top management, marketing and events and management of distribution network is outsourced to Altadigit, which currently has a total of 6 employees, based in France. The responsibility for product and import approvals, security and dealing with the Russian authorities has been outsourced to Gerund Holding, where 10 people are working full-time for the Company.

Total number of people working for MIG is 65, divided on the various functions and countries as follows:

	Top Management	Marketing and network management	IT	Logistics and warehouse	Other	Total	Employer/subcontract
Malta	0	5	2	3	4	14	Meridian Art
Malta	1		1			2	Nexus
Total Malta	1	5	3	3	4	16	
Total England		0	3			3	Nexus
France	1	3				4	Altadigit
France		1			1	2	Subcontract MIG
Total France	1	4			1	6	
Russia	1		4	13	1	19	Meridexpress
Russia		3				3	Altadigit
Russia		5				5	Felice Holding
Russia	1			4	5	10	Gerund Holding
Total Russia	2	8	4	17	6	37	
Kazakhstan				3		3	Felice Holding
Total	4	17	10	23	11	65	

5 RISK FACTORS MIG

Dependency of key persons

The development of MIG is dependent on the ability of the senior management to manage and motivate the current network and expanding it on basis of new and profitable products. In particular, Dany Laroque and Jamie Mather are instrumental to reaching the Company's business objectives in this respect.

Maintenance and development of distribution network

To keep a strong network and secure its continuing expansion, it is crucial that the 5-10,000 most active sales persons of the current network are kept motivated and well trained. In addition to good leadership, this particularly requires that:

- new products meet the expectations with regards to pricing, uniqueness, product quality and design
- targeted application areas of NutriPro are well received by end-users
- the internet-based back-office system is functioning and is further developed in a user-friendly way
- the commission plan gives the right incentives for the distributors to continue prioritize working for the MIG-system.

Prices and gross margins

In order for the sales volumes to grow, MIG is dependent on pricing the products in a way that combines good perceived price/performance among end users with a satisfactory level of commissions into the distribution network. There is no guarantee that the right balance is found.

Protection of trust and ethics

MIG is a multi-level marketing company. Long-term success for this kind of distribution company is crucially dependent on its ability to protect the trust that the members of the current network are placing on the behaviour of the top management and its ability to conform with the ethic standards that are expected.

Repurchase of Nutri Pro

NutriPro seems to have been well received by the distribution network initially, and the most significant commercial risk short term is the extent to which network customers will repurchase this product. The rate of repurchase has been satisfactory for both art and cosmetics products, demonstrating the power of the current distribution network. Nevertheless, repurchase of NutriPro is dependent upon the perceived health effects, taste and quality of the product among the customers, and to the extent they will want to incorporate NutriPro into their daily nutritional intake going forward.

Software/IT operations

The whole business concept is based on a well functioning web-platform. If the basis software or the IT-infrastructure is not functioning well, this might hurt the business and reduce the trust that is placed on MIG by the distribution network.

Logistics

Always being able to deliver the ordered goods promptly is important for achieving sales. This requires a logistics system that works well. The combination of a state-of-the-art internet based ordering system and a professional transport partner, UPS, should secure logistics at the best possible level. However, no guarantees can be given with logistics operations in this part of the world.

Policial risk/authorities

Operating in countries with a weak legal system, changing laws and an unstable political environment, there is a political risk, especially in relation to the way of distribution, taxation, various kinds of product and import approvals, etc. Although MIG has partners that currently are handling this kind of issues very well in the Russian-speaking countries, there is no guarantee that this may not be an issue in the future, and especially in countries that are new to the company.

Foreign exchange risk

All product sales, commissions and operational costs of MIG are nominated in Euro. Nutri Pharma is currently not hedging against fluctuations in the NOK/Euro exchange rate. Therefore, the profits of MIG reported by Nutri Pharma in Norwegian kroner, are exposed to any changes in the NOK/Euro exchange rate.

MIG is also exposed to changes in the rouble/Euro exchange rate since changes may make it necessary to adjust product prices nominated in Euro in order to maintain an affordable price in the market place.

Taxes

All payments are made to MIG's main office in Malta, and the profits are being taxed there under the favourable taxation laws of Malta. There is a risk of future increases of tax rates of Malta. There is also a risk that dividends from Malta to Norway will not be tax-free in the future.

6 TAXATION OF MIG

The summary is of a general nature, and investors who wish to clarify their own tax situations should consult with and rely upon their own tax advisers.

6.1 Corporate taxation Malta

MIG will as a starting point be taxed at a level of 35% in Malta on profits earned. Assuming that MIG will qualify as an International Trading Company (ITC) the effective tax rate for the shareholder and MIG may however be reduced to 4.17% after a refund (from Maltese authorities) of taxes paid..

International Trading Company

An ITC means a company registered in Malta which is engaged solely in carrying out trading activities with persons outside Malta who are not resident in Malta and which has its objects expressly limited to such trading activities, as well as to such acts and activities as are necessary for the conducts of its operations from Malta.

ITC and tax refund to the shareholder

An ITC is liable to tax in Malta at 35% on its chargeable income. The tax paid by the ITC is credited in favour of the the shareholder upon distribution of a dividend. According to Maltese rules the shareholder is taxed at 27.5% on the dividend income, but in view of the the imputation system in Malta the shareholder obtains a refund of 7.5% (being the difference between 35% and 27.5%). In order to obtain the refund an income tax return must be filed in Malta by the shareholder. The shareholder may claim a further refund of 2/3 of the tax paid by Malta ITC (which is 2/3 of 35% = 23.33%) upon receipt of the dividend. The net effective tax cost is thus 4.17% (which is 35% less 7.5% less 23.33%)

Norwegian CFC regulation (NOKUS)

Profits earned by non-Norwegian companies located in a low tax country which are owned by Norwegian shareholder(s) with at least 50%, is as a starting point taxable in Norway. Norwegian shareholders are taxed in Norway on (its part of) profits earned by the non-Norwegian company. This is often referred to as NOKUS rules, below as CFC rules. A jurisdiction is normally regarded as a “low tax country” if the effective tax rate (for the type of company in question) is less than two third of what it would have been had the company been located in Norway.

The CFC rules do however not apply if Norway has entered into a tax treaty with the country where the company is resident *and* the income earned by the foreign company is not mainly of a passive character. Income of a passive character will typically be interest income, royalties and similar.

Norway has entered into a tax treaty with Malta. MIG will carry an active trade in Malta - purchase and sale of goods on its own risk and account - and should therefore not be affected by the Norwegian CFC rules.

6.2 Taxation of distributions from Malta

Dividends to Nutri Pharma from MIG will be exempt from Norwegian taxation as Malta is an EEA country. It can be argued that the tax refunds should be treated in the same way in Norway as (ordinary) dividend distributions as the refunds have similar characteristics as dividend distributions. Effectively the tax in Malta is 4.17% and the paid tax by MIG is only a temporary payment to the Maltese Government which will be refunded as dividends are distributed. If the refunds are treated tax wise in the same way as ordinary dividend distribution, the total effective tax rate on profits earned by MIG will be 4.17%.

There is however a risk for that the Norwegian tax authorities will view the refunds as taxable income. If so, there will be an additional tax burden of 8.6% (28% tax in Norway on the refund of taxes initially paid by MIG; i.e. 28% of 30.88), and the effective overall tax rate will be some 12.77%.

7 OTHER INFORMATION

7.1 Business address and organisation number

Nutri Pharma ASA is a public company limited by shares organised under the laws of Norway. The Company was incorporated in January 1993 and listed on the Oslo Stock Exchange in May 2000. Other information regarding the Company and its Shares is given in the table below:

Head Office and company registration	Kronprinsesse Märthas plass 1, P.O. Box 1477 Vika, 0116 Oslo, Norway
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Internet site	www.nutripharma.com
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Company registration number	NO 966 033 967
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7.2 Share information

The Nutri Pharma share is registered in the Norwegian Central Securities Depository (VPS) and listed on the Oslo Stock Exchange:

VPS securities number	ISIN NO 0003106700
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Ticker code Oslo Børs	NUT
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Account manager	SEB
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7.3 Presentation

This Presentation is available at Nutri Pharma ASA, Kronprinsesse Märthas plass 1, P.O. Box 1477 Vika, 0116 Oslo, Norway, tlf. +47 23 31 08 80, telefax +47 23 31 08 90.

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