

## **ASX Announcement**

**12 November 2012**

### **Annual General Meeting**

#### **CHAIRMAN'S ADDRESS**

Welcome to the BioDiem Annual General Meeting. 2012 has been an extremely busy year, marked by strong revenues from our vaccine technology licensing program, development progress across our programs, and expansion of our patent portfolio into major indications.

This morning I will briefly recount the significant events of the year before handing over to our CEO Julie Phillips who will look to the year ahead.

I am pleased to share with you the following achievements:

- the receipt of \$1.3m in revenue to the company from milestone payments and royalties on our LAIV influenza vaccine technology from our new licensee BCHT Changchun Biotech in China, and from our Indian sublicensee, Serum Institute. It is a signal achievement to have the two major markets of India and China now licenced for our influenza vaccine technology;
- the conduct and completion of Phase I clinical trials of avian flu vaccines in Thailand and Russia, using new LAIV vaccines prepared by our long-time partner the Institute of Experimental Medicine in Russia, from whom we have licensed the LAIV technology. These trials progress new potential products for our use;
- the commencement of a partnership with French commercial vaccine technology developer, VIVALIS, for our customisable vaccine or 'vector' project and the successful Stage One results from them in August;
- acquisition of three world-class Australian vaccine technologies which complement our existing portfolio;
- granting of patents in the US, Europe and Japan for our broad spectrum antimicrobial, BDM-I in the areas of sexual health and other common infections; and lodgement of a new patent for a serious fungal infection;
- instigation of an expanded testing program of BDM-I, against micro-organisms responsible for serious human disease including "superbugs", fungal infections and tuberculosis; and also ongoing investigation into BDM-I's effectiveness against bioterrorism agents; and

- presentation of the BDM-E results in retinal disorders at the ISER conference in Berlin in July this year, and the establishment of a partnership with the Foundation Fighting Blindness in the USA for new preclinical exploration of BDM-E.

The transformation of our company over this past year has been accompanied by intense activity which you will have seen from the higher flow of announcements on our progress made to the Australian Stock Exchange.

Our business plan is delivering results in growing our existing business and moving our development projects more rapidly towards commercialisation. This is being achieved highly cost-effectively with significant support from our international partner network.

A number of factors combine to make BioDiem's portfolio a more compelling investment than ever. Healthcare systems worldwide are increasingly aware of the antibiotic-resistant infections targeted by our antimicrobial product. Infectious diseases are a major focus for large pharmaceutical deals, and the precedent for significant value creation from vaccine platforms has been set. Our existing revenue-generating business division of LAIV vaccine technology licensing grew significantly in the last year, and we remain committed to continuing this growth primarily through the issue of new licences. The timing of further income flows from both India and China is dependent on the respective regulatory authorities of those countries and market conditions.

More information on our international influenza vaccine licences and partnerships will be presented by Professor Larisa Rudenko.

Our CEO's presentation will outline more information about progress with BioDiem's projects.

While our Board has been pleased with the company's progress in all its project areas, it has been disappointed with the performance of the share price and shallow trading in the market despite our increased flow of good news and raised profile. The dilemma faced by the board was to seek additional funds for the company in this context. BioDiem is not alone in this quandary, but given the advantage we have over many of our peers of possessing a revenue-generating business, we believe we have an edge over this end of the market.

Last month we announced a rights issue to shareholders to raise \$2.5m, underwritten by Patersons Securities. The funds raised will move our development projects closer to commercial returns. Our major shareholders have already committed to this raising so that together with Patersons' commitment we have \$2m of this \$2.5m already secured. We are deeply appreciative of our major shareholders' loyalty and significant support.

Other shareholders can apply for their entitlement and both shareholders and non-shareholders can apply for any shortfall shares. This opportunity is open now for applications until closure on 27<sup>th</sup> November.

Coincident with the capital raising, the board and management have significantly reduced administrative expenditure and will continue to do so aggressively. Board fees and the CEO salary have been maintained at the reduced level instigated in August 2011. And my thanks go to board members and staff for this investment in the company.

I note in passing the support given to us by the US government through its subsidised development programs and also the important support by the Victorian State government. BioDiem is pleased with the R&D Tax credit scheme which has delivered more than \$315K to us this year to assist with our ongoing programs. Our company prioritises Australia where possible for our expenditure, however many biopharmaceutical development capabilities are just not available here.

The company continues to be highly active, and I would like to thank the board and staff for their energy, dedication and continued progress over the past year. Our international board presence requires board meetings at all hours of the night and often at short notice. I am grateful for the support of directors and staff to make these important meetings run as smoothly as they can.

Finally, as a major shareholder of BioDiem, I am impressed with the opportunities open to us as a small Australian company and the achievements we have made already in spite of our size.

Our focus for the coming year is

- to grow revenues from our LAIV influenza vaccine technology;
- to pursue the development of the vector program towards proof-of-concept;
- to proceed to the next stage of our hepatitis program towards developing a vaccine for hepatitis D and hepatitis B;
- to continue development of BDM-I towards use in a range of infectious diseases where treatments are badly needed; and
- to complete data packaging and divestiture of BDM-E to a company with ophthalmological expertise for further development and commercialisation.

Early-stage development of preventative and curative treatments for serious human diseases undoubtedly has its challenges, but I am pleased with the progress BioDiem has made across our project areas and with our plans for the coming year.

Our shareholders' support gives us the momentum we need to develop our projects and work towards the milestones that signify value creation for our portfolio. I sincerely hope that you are pleased with the progress achieved in this last year. We look forward to delivering more significant progress in the coming year.

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