BIODIEM LTD
ABN 20 096 845 993
Level 10, South Tower,
459 Collins Street,
Melbourne, Victoria, 3000
Australia
Phone: +613 9613 4100
Web: www.biodiem.com

ASX Announcement

20 October 2011

Annual General Meeting

CHAIRMAN'S ADDRESS

Over the past year there we have seen many significant developments in your Company.

They have included:

- the first receipt of royalties to the Company from sales of the Live Attenuated Influenza Virus (LAIV) influenza vaccine product following the launch of "NasoVac™" in India by the Serum Institute and the receipt of additional monies under a new direct commercial licence to the Serum Institute.
- the recovery of wider territory rights for the LAIV technology including expansion of the LAIV vector territory;
- a new licence directly with the World Health Organization for use of the egg-based LAIV technology in developing countries;
- acquisition of materials and documentation from Nobilon's cell-based LAIV Phase II program under a termination agreement with them;
- investigation of an expanded testing program of BDM-I, the company's antimicrobial, against micro-organisms responsible for serious human disease. From this we have received encouraging preliminary results. US and Chinese patents were also granted for BDM-I during the year;
- publication of the pandemic and avian LAIV influenza study results from the work carried out at the Centers for Disease Control (CDC), Atlanta; and
- granting of Orphan Drug designation by the US Food and Drug Administration (FDA) for retinitis pigmentosa for BDM-E.

The major event during the year was regaining the rights to the LAIV technology. This, together with the identification of the new LAIV vector program, presented an opportunity to move the company towards a vaccine focus. Our focus on vaccines positions us within the fastest growing life sciences sector. It also allows us to leverage the know-how and expertise within the company concerning the LAIV technology. As a result of this new direction we have opened discussions with companies owning vaccine intellectual property which is complementary to our own. We expect the results of these discussions to be made public over the next few months.

The company's strategy review is an ongoing process including an annual two-day meeting. The Board is conscious of its proximity to receipt of income from various projects and is conscious of the prevailing share price, which, although disappointing, is not out of line with the rest of the market in the current circumstances. As a result of the board's review of the requirement to reduce outlays it unanimously elected to reduce its own costs by 20% by reducing Directors fees in addition to other cost reductions within the company. I should add that the CEO also offered a 20% reduction in her salary.

While on the subject of the share price, I should add that we recognise the lack of liquidity that is associated with having 60% of our shareholding spoken for by our three major shareholders.

The board strongly believes in the development and commercial plans which have been put into place and which are beginning to bear fruit. The focus on vaccines is playing to the strengths of our business. The significant assets of BDM-I and BDME will be divested since we have progressed the technology as far as we can alone. New intellectual property protection is being drafted for BDM-E based on the results on completed non-clinical studies. BDM-I is undergoing highly cost-effective development and giving surprising and pleasing results. The CEO presentation will outline more information about our progress with these projects.

It has been an extraordinarily busy year for us and I would like to thank the board and staff for their dedication and significant progress through the year. To our director Professor Rudenko, the head of the Virology department at the Institute of Experimental Medicine, we thank her for her continued successful promotion and the progress of the LAIV technology through her extensive network with leading organisations such as the WHO and CDC.

Also I would like to thank Mr Don Brooks, whose assistance over the past 18 months with the discussions with Merck and finalisation of agreements with many parties has been invaluable. Don has previously been Senior Counsel – Licensing at Merck & Co., Inc., and his insight and advice has been most helpful.

It is also a privilege for us to have Professor Arthur Li present in person for this meeting and we are extremely grateful to him for his advice and time made available to us during the past year.

BioDiem continues to be committed to creating shareholder value through development and exploitation of the Company's intellectual property assets.

Our focus for the coming year is:

- to secure additional commercial partners for our LAIV rights through the WHO and for cell-based LAIV programs, and to increase commercial returns;
- to pursue the LAIV Vector program, now with expanded territories, with the prospect of multiple income streams to the Company from licences to this platform technology in development,
- to complete the lodgement of new intellectual property, then data packaging and divestiture of BDM-E to a company with ophthalmological expertise for further development and commercialisation;

- to finalise the ongoing development work on BDM-I and seek to partner or co-develop the product for the treatment of serious infectious disease; and
- to consider the acquisition of complementary and high value technologies to add to our existing portfolio of assets.

Our company is well-positioned to complete the tasks ahead for the year and I wish to thank our shareholders for their ongoing support. We look forward to the challenges of the coming year to build upon the solid work undertaken thus far.

Hugh M Morgan AC
Chairman

ENDS

About BioDiem Ltd

BioDiem is an ASX-listed company, based in Melbourne, with an international focus on finding, adding value to and commercialising world-class research and technology for vaccines. The company uses a cost-efficient approach to development through collaborations with academic centres of excellence, contract research organizations and partnerships with international pharmaceutical companies.

BioDiem's lead technology is the Live Attenuated Influenza Virus (LAIV) technology, which has been developed as an intranasal vaccine to prevent infection from seasonal and pandemic influenza. The technology was licensed to BioDiem by the Institute of Experimental Medicine (IEM) in St Petersburg. The LAIV influenza vaccine can be produced using egg-based and cell-based manufacturing methods. The cell-based LAIV vaccine has completed a Proof of Concept (Phase II) clinical trial .The egg-based LAIV vaccine technology is licensed to the World Health Organization as part of the Global Pandemic Influenza Action Plan to Increase Vaccine Supply. This allows governmental and non-governmental organizations or private companies in developing countries to produce seasonal and pandemic vaccines in eggs. The egg-based LAIV vaccine has been launched in India as Nasovac™ for protection against H1N1 influenza.

The LAIV is also being explored as a viral vector for use in the design of novel non-influenza vaccines.

For additional information please visit www.biodiem.com

Contact

COMPANY
Julie Phillips - Chief Executive Officer
BioDiem Ltd
Ph: +61 3 9613 4100
Email: jphillips@biodiem.com

MEDIA & INVESTOR RELATIONS
Fay Weston - Director
Talk Biotech
Ph: +61 2 4885 2662 or 0422 206036
Email: fayweston@talkbiotech.com.au