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ASX Announcement

BioDiem Releases Half Year Results

Melbourne, 21 February 2013: Australian infectious disease therapy and vaccine development company BioDiem Ltd (ASX: BDM) today announced its financial results for the half year ended 31 December 2012.

Highlights

- Commercial partner Serum Institute of India (SII) progresses plan to allow international export of BioDiem's Live Attenuated Influenza Vaccine (LAIV). SII preparing to file documentation with the World Health Organization (WHO) and Drugs Controller General of India to permit the export of seasonal flu vaccines produced using BioDiem's technology.
- Successful results from two programs of work conducted by French partner VIVALIS (NYSE Euronext: VLS) confirming the ability of LAIV to grow in VIVALIS' proprietary cell line.
- Agreement signed with RMIT University to investigate new vaccine development using the LAIV technology .
- Anti-microbial (BDM-I) portfolio strengthened with Griffith University collaboration to increase commercial applications and preclinical data from internal programs supporting it as a broad spectrum antimicrobial for a wide range of major market infectious disease. New patents granted in Europe and Japan Patent Office.
- Presentation of the BDM-E disease model results at the International Society of Eye Research in Berlin in July 2012. The result showed BDM-E's potential to reduce formation of abnormal blood vessel growth; reduce the signs of damage typical to retinitis pigmentosa; and improve the function of the retina and inhibit the death of cells imperative for sight.
- Operating expenditure further reduced through strong cost management.
- Cash position strengthened with \$1.87 million (net of costs) raised through a Renounceable Rights Issue. Cash at the end of the period was \$2,324,909.



Key Results Summary

	% Change from PCP			A\$'000
Revenue from ordinary activities	Down	99%	to	3
Loss from ordinary activities	Up	74%	to	(1,200)
Net loss for the half year attributable to equity holders	Up	74%	to	(1,200)

Other information

	30 June 2012	31 December 2012
Net tangible assets per ordinary share	\$0.015	\$0.023
	30 June 2012	31 December 2012
Total equity	\$1.50m	\$2.18m

No dividends have been declared or are expected to be declared in the remainder of the fiscal year.

Commenting on the results, BioDiem Chief Executive Officer Julie Phillips said: "The Company has made significant progress in the period as we continue to strengthen the portfolio with significant milestones achieved on all our programs and through new and exciting commercial and research collaborations."

The attached preliminary final report is based on accounts which have been reviewed. The review report, which was unmodified, will be made available when the company lodges its complete Directors' and Financial Report.

ENDS



About BioDiem Ltd

BioDiem (ASX: BDM) is an ASX-listed company based in Melbourne with an international focus on discovering, developing and commercialising world-class research and technology targeting infectious diseases and related cancers. BioDiem's core technologies include the Live Attenuated Influenza Virus (LAIV), the BDM-I antimicrobial compound and the SAVINE vaccine technology platform. BioDiem has also in-licensed vaccine technologies from Australian National University and the University of Canberra with initial target indications of dengue fever and hepatitis respectively.

The LAIV influenza vaccine is an intranasal vaccine to prevent infection from seasonal and pandemic influenza. The LAIV influenza vaccine can be produced using both egg-based and cell-based manufacturing methods. BioDiem's 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 in developing countries. The cell-based LAIV vaccine technology has completed a Phase II clinical trial in Europe in seasonal influenza. Serum Institute of India markets the influenza vaccine, Nasovac™ in India under a license from BioDiem. A licence has also been issued by BioDiem to China-based Changchun BCCT Biotechnology Co.

BDM-I is a synthetic compound targeting the treatment of serious human infections. BDM-I is in the preclinical stage with outlicensing as the intended outcome. BDM-I is active against a range of pathogenic micro-organisms including gram-positive and gram-negative bacteria, fungi and protozoa. Key patents have been granted in Europe, Japan and the US around BDM-I's antimicrobial activity.

SAVINE (patented Scrambled Antigen Vaccine) is a platform technology for the design of antigens for incorporation into vaccines targeting a range of different diseases. SAVINE antigens, when partnered with technology such as BioDiem's LAIV-based vaccine vector technology, can be used to develop novel vaccines.

BioDiem's research is ongoing in partnerships with internationally recognised laboratories and commercial groups.

For additional information, please visit www.biodiem.com

Contact

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BioDiem Ltd

ABN 20 096 845 993

Half-Year Financial Report - 31 December 2012

BioDiem Ltd
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31 December 2012

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BioDiem Ltd
Corporate directory
31 December 2012

Directors	Mr Hugh M Morgan AC (Chairman, Non-Executive Director) Ms Julie Phillips (Chief Executive Officer) Mr Donald S Brooks (Non-Executive Director) Dr Arthur Kwok Cheung Li (Non-Executive Director) Dr Larisa Rudenko (Non-Executive Director)
Company secretary	Melanie Leydin
Registered office	Suite 3 Level 11 470 Collins Street Melbourne Vic 3000
Principal place of business	Suite 3 Level 11 470 Collins Street Melbourne Vic 3000
Share register	Computershare Investor Services Pty Ltd Yarra Falls, 452 Johnston Street Abbotsford, VIC 3067
Auditor	KPMG 147 Collins Street Melbourne, VIC 3000
Stock exchange listing	BioDiem Ltd shares are listed on the Australian Securities Exchange (ASX code: BDM)
Website	www.biodiem.com

BioDiem Ltd
Directors' report
31 December 2012

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of BioDiem Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2012.

Directors

The following persons were directors of BioDiem Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Hugh M Morgan AC
Ms Julie Phillips
Mr Donald S Brooks
Dr Arthur Kwok Cheung Li
Dr Larisa Rudenko

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- The development and commercialisation of pharmaceutical and biomedical research.
- Securing licences for its range of biopharmaceutical products currently under development.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,200,771 (31 December 2011: \$689,295).

During the six months ended 31 December 2012, significant progress has been made on all key development programs towards commercial milestones.

Revenue from licensing activities for the period \$2,500 (2011: \$549,901) was down compared to the previous period, which included a major initial payment from the Serum Institute of India ('Serum Institute'), the company's commercial partner in India. Expenses of \$1,192,330 (2011: \$1,301,950) showed a small reduction.

Achievements since 30 June 2012

- Cash position strengthened with \$1.879 million (net of costs) raised through a Renounceable Rights Issue. Cash at the end of the period was \$2,324,909.
- Commercial partner, Serum Institute achieved first stages of regulatory approval required for export of its influenza vaccine to other developing countries.
- Construction of a vaccine production facility by BioDiem's China licensee, BCHT Changchun Biotech for the LAIV influenza vaccine, and plans to move towards clinical trials in calendar 2013 in China.
- Successful results from two programs of work conducted by French partner VIVALIS (NYSE Euronext: VLS) confirming the ability of LAIV to grow in VIVALIS' proprietary cell line.
- Strengthening of BDM-I (antimicrobial) program through grant of new patents for BDM-I in Europe and Japan and extension of US research centre studies towards fungal and tuberculosis disease targets. The BDM-I program was also augmented by an agreement signed with Griffith University to investigate new variants of antimicrobial, BDM-I for additional commercial applications.
- Initiation of LAIV vector study under Prof Peter Smooker at RMIT University for novel vaccine development.
- Presentation of the BDM-E disease model results at the International Society of Eye Research in Berlin in July 2012. The results showed BDM-E's potential to reduce formation of abnormal blood vessel growth; reduce the signs of damage typical to retinitis pigmentosa; and improve the function of the retina and inhibit the death of cells imperative for sight.

During the year the company successfully implemented its strategy to focus on vaccines and infectious disease therapies, and to take its pipeline programs closer to commercial milestones.

LAIV Influenza Vaccine

Seasonal & Pandemic Influenza (including avian or "bird flu")

- The company's lead technology is the LAIV influenza vaccine technology used for both pandemic and seasonal influenza vaccines to protect against influenza.
- The flu technology is licensed to the World Health Organisation for developing countries, and BioDiem receives royalties from sales into the private markets in these countries. Licences have been issued in both India and China.
- Following the launch of a swine flu vaccine in India, our licensee, Serum Institute, is progressing its seasonal influenza vaccine through the regulatory pathway for marketing in India and also for export.
- Phase I clinical trials for avian flu vaccine candidates were completed successfully in Russia and Thailand.

LAIV Vector

- French vaccine developer Vivalis successfully tested BioDiem's virus technology in its proprietary EB66 tissue culture technology. This is the first step in a program to develop novel vaccines for many different diseases.
- A study program was initiated under Prof Peter Smooker at RMIT University to explore new aspects of the LAIV virus vector technology towards design of novel vaccines.

BDM-I

- Additional formulation studies were completed at the CDCO, Monash University to support BDM-I in vivo administration in disease model studies.
- Preparation for disease model studies (bioterrorism targets) was completed for a United States Army Medical Research Institute of Infectious Diseases program.
- Extension studies of microbiological screening of human pathogens were successfully completed under a National Institute of Allergy and Infectious Diseases ('NIAID')s In Vitro Assessment for Antimicrobial Activity Service1 of the NIH and showed activity against some human pathogens causing serious hard-to-treat fungal diseases.
- Extended tuberculosis (TB) screening was completed by NIH under the NIAID's In Vitro Assessment for Antimicrobial Activity Service1 and preparation for disease model studies commenced.
- Planning was completed for extended studies in schistosomiasis (bilharzia) at Queensland Institute of Medical Research under Prof Don McManus.
- Additional patents were granted in Europe and Japan to complement the US patents.

BDM-E

- The results of the Monash University non-clinical studies in retinopathy of prematurity confirming effect were presented at the International Society of Eye Research meeting in Berlin.
- Collaboration was initiated with the University of California, San Francisco for extended studies into eye disease model testing.

Hepatitis Vaccine

- Technology acquisition from the University of Canberra and Australian National University (flavivirus technology) was completed and development of therapeutic hepatitis vaccine based on the hepatitis D virus was continued.
- Intellectual property review was undertaken for lodgement of potential new patents.
- Preparation of manuscript for publication of work done to date was completed.

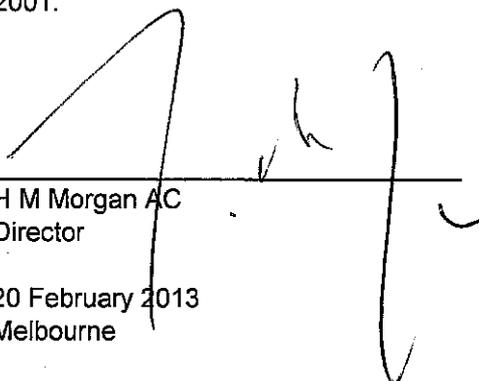
Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



H M Morgan AC
Director

20 February 2013
Melbourne



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of BioDiem Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

James Dent
Partner

Melbourne

20 February 2013

BioDiem Ltd
Statement of comprehensive income
For the half-year ended 31 December 2012

		Consolidated	
	Note	December 2012 \$	December 2011 \$
Revenue from licensing activities	5	2,500	549,901
License fees and royalty expenses		<u>(21,657)</u>	<u>(109,993)</u>
Gross Profit/(Loss)		(19,157)	439,908
Research and development expenses		(419,178)	(479,426)
Administration expenses		<u>(751,495)</u>	<u>(712,531)</u>
Loss from operating activities		<u>(1,189,830)</u>	<u>(752,049)</u>
Finance income		9,821	23,569
Net foreign exchange gain/(loss)		<u>(20,762)</u>	<u>39,185</u>
Net finance income		<u>(10,941)</u>	<u>62,754</u>
Loss before income tax expense		(1,200,771)	(689,295)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of BioDiem Ltd		(1,200,771)	(689,295)
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of BioDiem Ltd		<u><u>(1,200,771)</u></u>	<u><u>(689,295)</u></u>
		Cents	Cents
Basic earnings per share		(1.11)	(0.68)
Diluted earnings per share		(1.11)	(0.68)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

BioDiem Ltd
Statement of financial position
As at 31 December 2012

		Consolidated	
		December	
	Note	2012	June 2012
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	6	2,324,909	1,369,347
Trade and other receivables		88,161	367,966
Other		50,968	17,188
Total current assets		<u>2,464,038</u>	<u>1,754,501</u>
Non-current assets			
Property, plant and equipment		5,181	6,127
Total non-current assets		<u>5,181</u>	<u>6,127</u>
Total assets		<u>2,469,219</u>	<u>1,760,628</u>
Liabilities			
Current liabilities			
Trade and other payables		225,408	205,072
Employee benefits		42,404	45,925
Total current liabilities		<u>267,812</u>	<u>250,997</u>
Non-current liabilities			
Employee benefits		20,358	8,863
Total non-current liabilities		<u>20,358</u>	<u>8,863</u>
Total liabilities		<u>288,170</u>	<u>259,860</u>
Net assets		<u>2,181,049</u>	<u>1,500,768</u>
Equity			
Issued capital	7	28,810,563	26,929,511
Reserves		263,598	263,598
Accumulated losses		<u>(26,893,112)</u>	<u>(25,692,341)</u>
Total equity		<u>2,181,049</u>	<u>1,500,768</u>

The above statement of financial position should be read in conjunction with the accompanying notes

BioDiem Ltd
Statement of changes in equity
For the half-year ended 31 December 2012

	Issued Capital \$	Share based Compensation Reserve \$	Accumulated Losses \$	Total equity \$
Consolidated				
Balance at 1 July 2011	26,919,511	262,176	(24,682,957)	2,498,730
Loss after income tax expense for the half-year	-	-	(689,295)	(689,295)
Other comprehensive income for the half-year, net of tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the half-year	-	-	(689,295)	(689,295)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 7)	10,000	-	-	10,000
	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Balance at 31 December 2011	<u>26,929,511</u>	<u>262,176</u>	<u>(25,372,252)</u>	<u>1,819,435</u>

	Issued Capital \$	Share based Compensation Reserve \$	Accumulated Losses \$	Total equity \$
Consolidated				
Balance at 1 July 2012	26,929,511	263,598	(25,692,341)	1,500,768
Loss after income tax expense for the half-year	-	-	(1,200,771)	(1,200,771)
Other comprehensive income for the half-year, net of tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the half-year	-	-	(1,200,771)	(1,200,771)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 7)	1,881,052	-	-	1,881,052
	<u>1,881,052</u>	<u>-</u>	<u>-</u>	<u>1,881,052</u>
Balance at 31 December 2012	<u>28,810,563</u>	<u>263,598</u>	<u>(26,893,112)</u>	<u>2,181,049</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

BioDiem Ltd
Statement of cash flows
For the half-year ended 31 December 2012

	Note	Consolidated	
		December 2012	December 2011
		\$	\$
Cash flows from operating activities			
Cash receipts in course of operations		-	549,901
Cash payments in course of operations		(1,277,570)	(1,361,824)
Interest received		8,979	23,569
Government grants received		2,500	-
R&D Tax Offset received		317,000	-
		<u> </u>	<u> </u>
Net cash used in operating activities		<u>(949,091)</u>	<u>(788,354)</u>
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		<u>-</u>	<u>(10,000)</u>
Net cash used in investing activities		<u>-</u>	<u>(10,000)</u>
Cash flows from financing activities			
Proceeds from issue of shares	7	2,000,000	-
Net costs of issue of shares		<u>(74,608)</u>	<u>-</u>
Net cash from financing activities		<u>1,925,392</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		976,301	(798,354)
Cash and cash equivalents at the beginning of the financial half-year		1,369,347	2,580,399
Effects of exchange rate changes on cash		<u>(20,739)</u>	<u>39,185</u>
Cash and cash equivalents at the end of the financial half-year	6	<u><u>2,324,909</u></u>	<u><u>1,821,230</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

BioDiem Ltd
Notes to the financial statements
31 December 2012

Note 1. General information

The financial report covers BioDiem Ltd as a consolidated entity consisting of BioDiem Ltd and the entities it controlled. The financial report is presented in Australian dollars, which is BioDiem Ltd's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

BioDiem Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3 Level 11
470 Collins Street
Melbourne Vic 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 20 February 2013. The directors have the power to amend and reissue the financial report.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2012.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Going Concern

The financial report has been prepared on a going concern basis. During the half-year ended 31 December 2012, the consolidated entity incurred a loss of \$1,200,771 (2011 comparative period: loss \$689,295) and had net operating cash outflows of \$949,091 (2011 comparative period: \$788,354). During the period the company raised \$1,879,184 (net of costs) by way of a rights issue. These funds will be used to finance the current research projects.

The going concern basis is considered appropriate since the net assets of the consolidated entity are \$2.18m (June 2012: \$1.50m), which includes cash and cash equivalent assets of \$2.32m (June 2012: \$1.37m).

Directors always have the ability to curtail discretionary expenditures, which form a significant part of the consolidated entity's total expenditure and will explore new capital raising opportunities at the appropriate time. Based upon management's current forecasts, Directors believe that the balance of cash and cash equivalents is sufficient to fund ongoing operations for a period of not less than twelve months from the date of this report.

Note 2. Significant accounting policies (continued)

New, revised or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. These new standards did not have a material impact on these financial statements.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. None of these is expected to have a significant effect on the consolidated financial statements of the consolidated entity.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial report as at and for the year ended 30 June 2012.

Note 4. Operating segments

Identification of reportable operating segments

The Group operates solely in the biopharmaceutical industry developing and/or commercialising biomedical research. The operations are predominantly in Australia.

Note 5. Revenue

	Consolidated	
	December 2012	December 2011
	\$	\$
Licence fees	-	549,901
Grant income	<u>2,500</u>	<u>-</u>
Total Revenue	<u>2,500</u>	<u>549,901</u>

BioDiem Ltd
Notes to the financial statements
31 December 2012

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	December	June 2012
	2012	2012
	\$	\$
Cash at bank	2,219,007	1,267,211
Cash on deposit	105,902	102,136
	<u>2,324,909</u>	<u>1,369,347</u>

Note 7. Equity - issued capital

	Consolidated		Consolidated	
	December	June 2012	December	June 2012
	2012	2012	2012	2012
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>142,105,934</u>	<u>102,095,554</u>	<u>28,810,563</u>	<u>26,929,511</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2012	102,095,554		26,929,511
NED Purchase	14 September 2012	10,380	\$0.18	1,868
Rights issue, net of costs	5 December 2012	<u>40,000,000</u>	\$0.05	<u>1,879,184</u>
Balance	31 December 2012	<u>142,105,934</u>		<u>28,810,563</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 8. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 9. Contingent Liabilities

The consolidated entity holds a licence to commercialise influenza vaccine technologies from the Institute of Experimental Medicine. Under this agreement the consolidated entity is obliged to pay the Institute of Experimental Medicine 20% of all payments received from any Licensee and 20% of any royalties arising from net sales.

The consolidated entity also holds a licence to commercialise certain technologies from the 000 Klinika Instituta Bioregulyastii I Gerontologii ('the Clinic'). The licence is in relation to retinal eye disease. The consolidated entity is obliged to pay the Clinic 20% of all payments received from any Licensee and 20% of any royalties arising from net sales.

Note 10. Commitments

The company entered into a non-cancellable operating lease on 7 January 2013 in respect of its current office. The twelve month lease expires on 6 January 2014 with an option to extend for a further twelve month period. The future operating lease rentals totalling \$50,000 have not been provided for in the financial statements as a liability.

Note 11. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Equity holding	
		December 2012	June 2012
		%	%
Savine Therapeutics Pty Ltd	Australia	100.00	100.00

Note 12. Events after the reporting period

No matter or circumstance, except as disclosed elsewhere in this report, has arisen since 31 December 2012 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

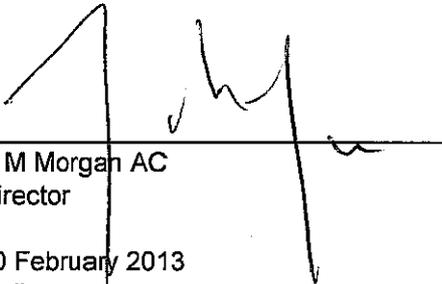
BioDiem Ltd
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



H M Morgan AC
Director

20 February 2013
Melbourne



Independent auditor's review report to the members of BioDiem Ltd

Report on the financial report

We have reviewed the accompanying half-year financial report of BioDiem Ltd, which comprises the consolidated statement of financial position as at 31 December 2012, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Consolidated entity comprising the Company and the entity it controlled at the half-year's end and during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of BioDiem Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BioDiem Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'James Dent', written in a cursive style.

James Dent
Partner

Melbourne

20 February 2013