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ASX Announcement

HALF YEAR RESULTS

Melbourne, Tuesday 28 February 2012: Australian vaccine development company BioDiem Ltd (ASX: BDM) today announced the release of its interim results for the half-year ended 31 December 2011.

Highlights

- Revenue increase due to receipt of a milestone payment from the Serum Institute of India from the licence of BioDiem's LAIV vaccine technology.
- BioDiem signed an exclusive licence for the Chinese private sector of BioDiem's LAIV vaccine technology to China-based Changchun BCHT Biotechnology Co. (BCHT).
- In December 2011 BioDiem acquired Savine Therapeutics Pty Ltd. Savine is a platform technology for the design of antigens for incorporation into vaccines targeting a range of different diseases.
- Research by US Institutes into applications for BioDiem's BDM-I antimicrobial compound is ongoing.

Key Results Summary

		% Change from PCP		A$'000
Revenue from ordinary activities	Up	118%	to	550
Loss from ordinary activities	Down	49%	to	(689)
Net loss for the half year attributable to equity holders	Down	49%	to	(689)

Other information

	December 31, 2011	June 30, 2011
Net tangible assets per ordinary share	1.76 cents	2.45 cents
	December 31, 2011	December 31, 2010
Total equity ($M)	1.82	3.76

Commenting on the results, BioDiem Chief Executive Officer Julie Phillips said: "In the past six months we have consolidated our vaccine business by completing transfer to BioDiem of the extensive world rights to the LAIV vaccine, preparing our LAIV vector research program for the next phase of development, and extending the patent position around synthetic compounds BDM-I and BDM-E.

"We have also extended licensing arrangements in both the public and private sectors through agreements with the World Health Organization, the Serum Institute of India (SII), and more recently BCHT in China. Our revenues from our SII partnership have offset expenditures significantly during the period, and we anticipate that contribution from future royalties will grow as a portion of cash inflows. We also expect significant revenues in the current half from our recent LAIV vaccine license agreement with BCHT".

ENDS

About BioDiem Ltd

BioDiem is an ASX-listed vaccine development company based in Melbourne focussed on commercialising world-class research and technology. BioDiem's lead technology is the Live Attenuated Influenza Virus (LAIV), which has been developed as an intranasal vaccine to prevent infection from seasonal and pandemic influenza.

The LAIV influenza vaccine is marketed as Nasovac™ in India by the Serum Institute of India, and is licensed to China-based Changchun BCHT Biotechnology Co. for commercialization in China. LAIV is also licensed to the World Health Organization as part of the Global Pandemic Influenza Action Plan to Increase Vaccine Supply.

LAIV is administered by nasal spray and induces a rapid immune response in the nose and pharynx. The LAIV is also being developed for use in non-influenza vaccines.

BioDiem holds the license for LAIV from the Institute of Experimental Medicine in St Petersburg, Russia where it has been used successfully for over a decade by many millions of people - children, adults and the elderly.

BioDiem has two synthetic compounds BDM-I and BDM-E, which are targeted at infectious and eye diseases respectively. Both are at the preclinical stage with outlicensing as the intended outcome. Antimicrobial BDM-I is active against a range of pathogenic micro-organisms including bacteria, fungi and protozoa, with key patents filed. BDM-E is being developed as a treatment for eye disorders. In September 2010 the US Food & Drug Administration (USFDA) granted Orphan Drug designation to BDM-E for the treatment of retinitis pigmentosa, a degenerative disease of the retina.

BioDiem is also researching and developing vaccines and treatments for a range of infectious diseases and cancers including: tuberculosis, hepatitis B, ovarian cancer, melanoma, MRSA and other bacteria, schistosomiasis, biological weapons, Respiratory Syncytial Virus (RSV), a common childhood respiratory infection and nasopharyngeal carcinoma (NPC) which is a common Epstein Barr Virus (EBV)-related cancer common in South East Asia.

For additional information, please visit www.biodiem.com

Contact

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BioDiem Ltd
ABN: 20 096 845 993

ASX Preliminary final report ~ December 31, 2011

Lodged with the ASX under ASX Listing Rule 4.3A

This report is to be read in conjunction with any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Contents

BioDiem Ltd
ABN: 20 096 845 993

Reporting period: 6 months ended December 31, 2011.
Previous period: 6 months ended December 31, 2010.

Results to be announced to the market

		% Mvt.		A$'000
Revenue from ordinary activities	Up	118%	to	550
Loss from ordinary activities	Down	49%	to	(689)
Net loss for the half year attributable to equity holders	Down	49%	to	(689)

Dividends

No dividends proposed

Explanation

The increase in revenue reflects the receipt of an initial milestone payment from the Serum Institute of India following the launch of Nasovac™ into the Indian market in July 2010.

Other information	December 31, 2011	June 30, 2011
Net tangible assets per ordinary share	1.76 cents	2.45 cents

BioDiem Ltd
ABN 20 096 845 993

Interim Financial Report
31 December 2011

The Directors present their report together with the consolidated interim financial report of BioDiem Ltd ("the Company") and its subsidiary (together referred to as the "Group") for the half-year ended 31 December 2011 and the independent review report thereon.

Directors

The directors of the Company at any time during or since the end of the half-year are:

Name	Period of directorship
Mr. Hugh M. Morgan	Director and Chairman since 2005
Ms. Julie Phillips	Director since 2010
Mr. Donald S. Brooks	Non-executive director since 2002
Dr. Larisa Rudenko	Non-executive director since 2003
Dr. Arthur K. C. Li	Non-executive director since 2010

Executive

Ms Phillips joined BioDiem Ltd in July 2009 as the Chief Executive Officer and was appointed as a Director in May 2010.

Review of Operations

In the six months to 31 December 2011, BioDiem has progressed both the core portfolio centred on the Live Attenuated Influenza Virus (LAIV) technology as well as the non-core assets, namely the synthetic compounds BDM-I and BDM-E which are aimed at antimicrobial and eye disease indications respectively. Revenue from ordinary activities is up 118% on the six months to 31 December 2010, reflecting an initial payment from the Serum Institute of India (SII) following the launch of the LAIV vaccine Nasovac™ into the Indian market in July 2010. We have reduced losses from ordinary activities from $1,356,536 in the 6 months to 31 December 2010, to $689,295 (49%) over the same period in 2011.

Live Attenuated Influenza Virus portfolio developments

The LAIV portfolio has passed several milestones in the last 6 months. In August 2011 BioDiem announced the transition of ownership of the global rights (excluding Russia and the Commonwealth of Independent States) to the LAIV vaccine technology from Nobilon, following its acquisition by Merck. As part of the agreement, the Company received valuable Good Manufacturing Practice (GMP) biomaterials for vaccine manufacture from Nobilon, as well as supportive documentation around the cell-based influenza vaccine programme which has completed Proof of Concept (Phase II) trials.

Serum Institute of India licensing

The agreement with the SII delivered US$563,068 in initial milestone payments during the period. It provides SII with an exclusive license for sales of the intranasal influenza vaccine (egg-based production method) into the private market of India. In addition the agreement grants a non-exclusive license for the private markets of Argentina, Peru, South Africa, Mexico, Bangladesh, Nepal, Pakistan, and Sri Lanka.

Further international licensing

On 9 February 2012 BioDiem announced that it has licensed its Live Attenuated Influenza Virus (LAIV) vaccine technology to China-based Changchun BCHT Biotechnology Co. (BCHT).

This is an exclusive licence for the Chinese private sector market for pandemic and seasonal influenza vaccines made using an egg-based production method. BioDiem's ongoing relationship with the World Health Organisation (WHO) also reached a new level as the Company entered a direct license agreement for egg-based production of LAIV influenza vaccine for use in the public markets of developing countries. The Chinese public market has been accessed via the WHO's granting of a public market license in December 2011 to BCHT Changchun Biotechnology Co.

The Company's cell-based development programme for LAIV influenza vaccine has been boosted by data published and presented as a consequence of the collaborative research arrangement (CRADA) between BioDiem, Nobilon, and the US Center for Disease Control and Prevention (CDC).

BioDiem's focus in 2011 was the consolidation of the Company's positioning as a specialist vaccine developer and licensor. The finalisation of the rights transfer with Nobilon clarifies the LAIV portfolio's ownership and strategy and should assist with pushing forward our commercialization activity. The depth of the portfolio has been further enhanced by the acquisition of Savine Therapeutics whose Scrambled Antigen Vaccine Technology (SAVINE) is highly complementary to BioDiem's LAIV vector research, boosting the range of possible applications for the technology and thus its potential value.

Preparatory work for the LAIV vector programme has been completed, including the placement of requisite biomaterials at the BioReliance biorepository in the UK in August 2011. This was a necessary step to ensure the quality of the materials being used, and enhance the reliability of the data BioDiem will produce. The next step is to confirm the feasibility of the LAIV vector in models of disease.

BDM-I and BDM-E

In line with these actions the development of supportive nonclinical data around BioDiem's non-vaccine assets has been progressed, increasing their value as outlicensing targets. The Company will continue to push towards a high-value divestment, in order to align strategic focus further with the vaccine business. The BDM-I programme has received additional preclinical support to add to the encouraging existing data including characterization studies at Monash University, and *in vitro* activity screening against a range of disease causing agents including *Bacillus anthracis* (anthrax) and *Yersinia pestis* (plague) under a relationship with the United States Army Medical Research Institute of Infectious Diseases (USAMRIID). Where appropriate, screens may also be undertaken in animal models.

BioDiem is using NIAID's[1] In Vitro Assessment for Antimicrobial Activity Service[2] to assess BDM-I's activity *in vitro* against a range of disease-causing agents.

The BDM-E programme has also seen preclinical development, with non-clinical studies at Monash University confirming an effect of the compound in a retinopathy model. Supporting the scientific work, BioDiem has lodged a new provisional patent for BDM-E analogues.

Development costs

BioDiem's net operating cash loss in the six months to 31 December 2011 was $788,354, down from $1,265,077 in the same period in 2010. It is anticipated that further royalty payments in the next six months and reduced expenditure will reduce cash burn.

BioDiem has spent considerable effort consolidating the value of current assets over the period. The Company is confident that further development of the preclinical value of internal research programmes, combined with expanding BioDiem's licensing network, will lead to a strengthening of revenue streams and outlicensing opportunities over the next fiscal year.

[1] NIAID is the National Institute of Allergy and Infectious Diseases, an institute of the National Institute of Health (NIH) (US)
[2] http://www.niaid.nih.gov/LabsAndResources/resources/dmid/invitro/Pages/default.aspx

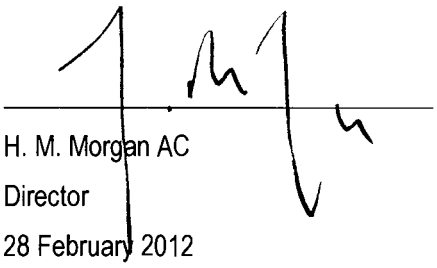
Events subsequent to balance date

On 9 February 2012 the Company announced it had licensed its Live Attenuated Influenza Virus (LAIV) vaccine technology to China-based Changchun BCHT Biotechnology Co. (BCHT). This is an exclusive licence for the Chinese private sector market for pandemic and seasonal influenza vaccines using an egg-based production method.

Lead auditor's independence declaration under Section 307C of the Corporations Act

The auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half-year ended 31 December 2011.

Signed in accordance with a resolution of the directors.



H. M. Morgan AC
Director
28 February 2012

KPMG

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

Report on the financial report

We have reviewed the accompanying interim financial report of BioDiem Ltd, which comprises the consolidated statement of financial position as at 31 December 2011, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to14 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entity it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the interim 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 interim 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 interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2011 and its performance for the interim period 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 an interim 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 interim financial report of BioDiem Ltd is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without modifying the conclusion expressed above, we draw your attention to the following matter:

As set out in note 3 to the interim financial report, there is material uncertainty as to whether the Group will be able to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the interim financial report.

KPMG

Tony Romeo
Partner

Melbourne
28 February 2012

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 2011 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

Tony Romeo
Partner

Melbourne

28 February 2012

BioDiem Ltd
Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2011

	Note	31 Dec 2011 $	31 Dec 2010 $
Revenue from licensing activities	6	549,901	252,317
License fees and royalties	6	(109,993)	(50,463)
Gross Profit		439,908	201,854
Research and development	6	(479,426)	(689,285)
Administration expenses		(712,531)	(816,848)
Loss from operating activities		(752,049)	(1,304,279)
Financial Income		23,569	43,483
Foreign Exchange Gains / (losses)		39,185	(95,740)
Net financial income / (expenses)		62,754	(52,257)
Loss from ordinary activities before income tax expense		(689,295)	(1,356,536)
Income tax expense		-	-
Net loss attributable to equity holders		(689,295)	(1,356,536)
Other comprehensive income		-	-
Total comprehensive loss attributable to equity holders		(689,295)	(1,356,536)
Loss per share:			
Basic loss per share	10	(0.68) cents	(1.37) cents
Diluted loss per share	10	(0.68) cents	(1.37) cents

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the interim financial statements.

BioDiem Ltd
Consolidated Statement of Changes in Equity
For the six months ended 31 December 2011

	Issued capital	Share based compensation reserve	Accumulated losses	Total Equity
	$	$	$	$
Balance at 1 July 2011	26,919,511	262,176	(24,682,957)	2,498,730
Total comprehensive loss for the period	-	-	(689,295)	(689,295)
Transactions with owners, recorded directly in equity				
Issue of shares	10,000	-	-	10,000
Balance at 31 December 2011	26,929,511	262,176	(25,372,252)	1,819,435
Balance at 1 July 2010	25,962,532	257,910	(22,064,024)	4,156,418
Total comprehensive loss for the period	-	-	(1,356,536)	(1,356,536)
Transactions with owners, recorded directly in equity				
Proceeds from the issue of shares	956,979	-	-	956,979
Equity settled share based payments	-	3,822	-	3,822
Balance at 31 December 2010	26,919,511	261,732	(23,420,560)	3,760,683

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

BioDiem Ltd
Consolidated Statement of Financial Position
As at 31 December 2011

	Note	31 Dec 2011 $	30 June 2011 $
Current assets			
Cash and cash equivalents	8	1,821,230	2,580,399
Trade and other receivables		50,812	55,787
Other assets		42,036	29,397
Total current assets		1,914,078	2,665,583
Non-current assets			
Intangible assets	11	20,000	-
Plant and equipment		11,832	17,628
Total non-current assets		31,832	17,628
Total assets		1,945,910	2,683,211
Current liabilities			
Trade and other payables		74,387	102,249
Employee benefits		44,956	76,851
Total current liabilities		119,343	179,100
Non-current liabilities			
Employee benefits		7,132	5,381
Total non-current liabilities		7,132	5,381
Total liabilities		126,475	184,481
Net assets		1,819,435	2,498,730
Equity			
Issued capital	9	26,929,511	26,919,511
Share based compensation reserve		262,176	262,176
Accumulated losses		(25,372,252)	(24,682,957)
Total equity		1,819,435	2,498,730

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements which follow.

BioDiem Ltd
Consolidated Statement of Cash Flows
For the six months ended 31 December 2011

	Note	31 Dec 2011 $	31 Dec 2010 $
Cash flows operating activities			
Cash receipts in the course of operations	6	549,901	252,317
Cash payments in the course of operations		(1,361,824)	(1,560,877)
Interest received		23,569	43,483
Net cash used in operating activities		(788,354)	(1,265,077)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	11	(10,000)	-
Payments for plant and equipment		-	(17,791)
Net cash used in investing activities		(10,000)	(17,791)
Cash flows from financing activities			
Proceeds from shares issued		-	1,000,000
Net cost of issue		-	(43,021)
Net cash provided by financing activities		-	956,979
Net decrease in cash held		(798,354)	(325,889)
Cash at the beginning of the financial period		2,580,399	4,188,039
Effect of exchange rate fluctuation on cash held		39,185	24,773
Cash at the end of the financial period	8	1,821,230	3,886,923

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements which follow.

1 Reporting entity

BioDiem Ltd (the "Company") is a Company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2011 comprising the Company and its subsidiary (together referred to as the "Group"), was authorised for issuance on 28 February 2012.

2 Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the Corporations Act 2001. The financial report of the Group also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board, to the extent required for interim reporting.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the most recent annual financial report as at and for the year ended 30 June 2011.

3 Going Concern

Despite the loss of $689,295 (Dec 2010: $1,356,536) for the half-year ended 31 December 2011, the Directors have prepared this interim financial report on the going concern basis under which assets are assumed to be realised and liabilities extinguished in the ordinary course of business. The going concern basis is considered appropriate since the net assets of the Group are $1.819 million (June 2011: $2.499 million), which includes cash and cash equivalent assets of $1.821 million (June 2011: $2.580 million). Based on management's current forecasts, the balance of cash and cash equivalents is sufficient to fund the Company's ongoing operations for at least the 12 months from the date of approval of this interim financial report. The Company has marketing agreements with the Serum Institute of India and the Changchun BCHT Biotechnology Co. (BCHT) and expects that these agreements will generate further royalties in due course. Directors also have the ability to curtail discretionary expenditures, which form a significant part of the Group's total expenditure. For these reasons, the Directors believe that the Group does not need to prepare these interim financial statements on a liquidation basis. Should the above expectations and plans not come to fruition, a material uncertainty exists as to whether the Group will be able to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

4 Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its annual financial report as at and for the year ended 30 June 2011, unless stated otherwise.

5 Estimates

The preparation of an interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group'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 2011.

6 Loss from operating activities	31 Dec 2011 $	31 Dec 2010 $
Individually significant items included in loss from ordinary activities before income tax expense		
Revenue		
Royalties arising from the sales of influenza vaccines	-	252,317
Licensing Fees	549,901	-
Expenses		
Milestones and royalties	109,993	50,463
Research and development	479,426	689,285

7 Segment reporting

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

8 Cash and cash equivalents	31 Dec 2011 $	30 June 2011 $
Cash at bank and on hand	1,720,566	2,485,157
Short term deposits	100,664	95,242
	1,821,230	2,580,399

Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank, short term deposits at call and bank accepted bills with a maturity of less than 90 days.

9 Contributed equity

Share capital	31 Dec 2011 $	30 June 2011 $
102,095,554 (30 June 2011: 101,984,443 ordinary shares fully paid)	26,929,511	26,919,511

10 Loss per share	31 Dec 2011 $	31 Dec 2010 $
Loss reconciliation		
Basic loss	(689,295)	(1,356,536)
Diluted loss	(689,295)	(1,356,536)
Weighted average number of shares used as a denominator	**No.**	**No.**
Number for basic loss per share		
Ordinary shares	101,994,765	98,978,979
Number for diluted loss per share		
Ordinary shares	101,994,765	98,978,979

Basic and diluted loss per share are calculated using the loss attributable to the ordinary equity holders of the entity.

11 Acquisition of subsidiary

On 14 December 2011 the Company acquired control of Savine Therapeutics Pty Ltd ("Savine") a company that has developed a proprietary method for designing synthetic vaccines that are expected to stimulate and enhance the body's immune system. The Company acquired all of Savine's issued shares and Savine's directors resigned on that date except for Julie Phillips (refer note 13 – related parties). The acquisition of Savines antigen technology is considered to be highly complementary to BioDiem's vaccine programme. The Savine technology is also expected to add value to the LAIV vector programme as it will enable BioDiem to expand its range of targetable diseases.

The purchase consideration comprised the issuance of 111,111 ordinary shares (market value $10,000) and $10,000 in cash. The existing carrying value of the net assets of Savine at acquisition amounted to $nil (the completion balance sheet is unaudited and unreviewed). The $20,000 purchase consideration has been provisionally recognised as intellectual property.

12 Contingent assets and liabilities

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

The Company has a licence to commercialise certain technologies from the 000 Klinika Instituta Bioregulyatsii I Gerontologii ("the Clinic"). Under this agreement the Company is to pay the Clinic 20% of all payments received from any Licensee and a percentage of any royalties arising from net sales.

13 Related parties

Directors

The names of each person holding the position of director of the Company during the half-year year were H. M. Morgan, L. Rudenko, D. Brooks, J. Phillips and Arthur K. C. Li. On 14 December 2011 the Company acquired Savine Therapeutics Pty Ltd. Julie Phillips was a director of Savine Therapeutics Pty Ltd at the time and continues to be a director of Savine Therapeutics Pty Ltd. The Board is satisfied with the corporate governance process put in place to manage this process and that the transaction occurred on an arm's length basis.

14 Events subsequent to reporting date

On 9 February 2012 the Company announced it had licensed its Live Attenuated Influenza Virus (LAIV) vaccine technology to China-based Changchun BCHT Biotechnology Co. (BCHT). This is an exclusive licence for the Chinese private sector market for pandemic and seasonal influenza vaccines using an egg-based production method.

Directors' Declaration

1 In the opinion of the directors of BioDiem Ltd ("the Company"):

(a) the consolidated interim financial statements and notes, set out on pages 7 to 14 are in accordance with the Corporations Act 2001, including:

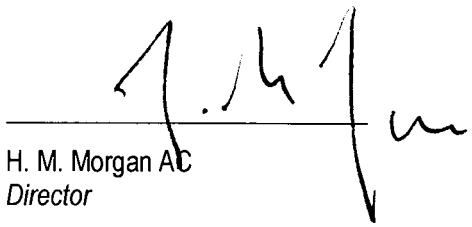
(i) giving a true and fair view of the financial position of the Group as at 31 December 2011 and of its performance, as represented by the results of its operations and its cash flows, for the interim six month period ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 28th day of February 2012.

Signed in accordance with a resolution of the directors:



H. M. Morgan AC
Director