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Probiomics re-negotiates profitable global supply agreement

Sydney, Australia 2 March 2006: Probiomics (ASX:PCC) has renegotiated a two year global distribution agreement with US-based Pharmanex, a major distributor of its probiotic products, which will result in a 350% improvement on the profit margin from this customer.

Pharmanex is a subsidiary of Nu-Skin International Inc., which is one of the world's largest multi-level marketing companies. In 2004/2005 Pharmanex sales accounted for approximately 50% of Probiomics' total sales.

"The new deal will be 350% more profitable for Probiomics and will be considerably cheaper and easier to manage," said Kim Slatyer, CEO, Probiomics.

Under the previous three-year agreement, Probiomics had been responsible for encapsulation and packaging the product for Pharmanex using a contract manufacturer in the USA. This production process was increasingly costly for Probiomics, particularly after Pharmanex expanded its international distribution of the product.

Under the new agreement, Probiomics will supply its proprietary probiotic, PCC[®] in its basic form and Pharmanex will manage the balance of the production process for the global distribution.

"We expect Pharmanex sales to increase during the year as a result of the new deal," says Slatyer. "This agreement is a significant step forward and provides Probiomics with a solid foundation from which to generate and grow revenue."

ABOUT PROBIOMICS

Probiomics is developing product applications for its proprietary probiotic strain PCC[®] for global marketing and distribution by its industry partners.

PCC[®] is a superior probiotic strain that has been shown to modulate the body's immune system systemically and to provide health benefits in a range of disorders including gastrointestinal, dermatological, allergic, respiratory and inflammatory conditions.

For further inquiries please contact Kim Slatyer, CEO on 02/9209 4268

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