

**The Australian Stock Exchange Limited  
Companies Announcements Office  
SYDNEY**

**25 November 2009**

**Chairman's AGM Speech**

Ladies and Gentlemen, welcome to the Probiomics 2009 Annual General Meeting. My name is Patrick Ford, and I am the Chairman of Probiomics Limited. Also in attendance today are my fellow directors Mr Simon Taylor and Mr Simon O'Loughlin, and the company's CFO, Mr Ashok Jairath.

It is with great pleasure that I am able to inform you today that, in my opinion the company has 'turned the corner' financially, and can now look towards the future with renewed confidence.

As you would be aware from addresses that I have given at the past two annual general meetings, the company has adopted an aggressive approach towards cutting costs wherever possible, whilst retaining its focus on optimizing its core business opportunities.

As a result, the company's cash burn rate has continued to decline, to the extent that the most recent quarterly report disclosed that we were cash flow positive for the quarter. Additionally, the company is on track to be cash flow positive for the current quarter. This is a pleasing result and highlights our ongoing commitment in this regard.

During this past financial year, the company achieved several key goals, as follows:

1. The conversion of 90% of the company's convertible note debt to equity (\$450,000 of a possible \$500,000), meaning that the company now has only \$50,000 of convertible note debt outstanding. This amount is due to be either repaid or converted (at the election of the note holder) during FY 2010, leaving the company debt free.
2. Publication in the prestigious International Journal of Probiotics and Prebiotics of a paper titled "Use of Probiotic Bacteria as an Adjuvant for Influenza Vaccine". This paper details the outcome of a double blind, placebo controlled clinical trial examining the ability of our proprietary probiotic strain (PCC) to boost the immune response to influenza vaccine during an influenza period.

3. The continuation of the Nestle Nutrition Infant Nutrition Agreement. Our next milestone payment regarding this agreement is scheduled to arrive within the next few days.
4. The exclusive multi level marketing agreement with USA based NuSkin continues to perform well, with demand for the Company's PCC strain up 32% on a year on year basis.
5. Successful completion of a clinical trial (with Chr.Hansen A/S of Denmark, Griffith University and The Australian Institute of Sport (AIS)) showing that PCC reduced illness and provided a significant positive effect on the mucosal immune system in a group of male cyclists over a winter training period.
6. The signing of an Exclusive Global Distribution Agreement with Chr.Hansen A/S of Denmark. Under the terms of this agreement, our proprietary probiotic strain, PCC will be manufactured and then marketed globally (including in Australia) in dietary supplements, over the counter drugs, sports nutrition, slimming products and clinical nutrition. Chr. Hansen is a global leader in the development of natural ingredient solutions for the food, pharmaceutical, nutritional and agricultural industries, has 2,150 employees globally, a presence in 30 countries and has distributors and agents around the world. This is an extremely exciting deal for our company, which we believe will yield substantial and increasing cash flows for the company and its shareholders, over the period of the agreement (10 years).

In addition to these key business milestones, I would like to inform shareholders of other current opportunities for the company's technology;

1. The use of *Lactobacillus fermentum* PCC as a bio adjuvant to enhance the performance of vaccines. Since the publication of our study in the *Journal of Probiotics and Prebiotics* (mentioned above), the company has decided to aggressively explore licensing opportunities for this exciting application.
2. The use of PCC in the veterinary/companion animal market.
3. The use of PCC in the livestock industry as a natural growth promoter by improving the intestinal health and overall immune system of feed animals. Current growth promoters include the use of antibiotics and hormones (both with negative side effects for human consumption). We believe that this could prove to be a significant market opportunity for our company in the future.

Ladies and Gentlemen, on behalf of the company I would like to thank you all for the patience and support that you have shown to the company over the previous years. This support has

been instrumental in allowing us to maintain our commitment to the strategy of seeking global alliances for the manufacture and marketing of our product, a strategy that we believe is now in the process of being vindicated financially. Thank you again for your attendance today.

Patrick Ford

Non Executive Chairman.

### **About Probiomics Limited**

Probiomics has proprietary ownership of a unique probiotic strain – PCC<sup>®</sup>

PCC<sup>®</sup> has been clinically proved to have superior qualities to other probiotic strains – particularly in promoting systemic immune response.

Probiomics' commercial objective is to earn royalties from licensing PCC<sup>®</sup> to distribution companies selling products in global markets.

### **CONTACTS**

Mr Ashok Jairath - Chief Financial Officer and Company Secretary

Tel: 02 9844 5422

Email [ashok.jairath@probiomics.com.au](mailto:ashok.jairath@probiomics.com.au)