

NORWOOD IMMUNOLOGY TO SELL BESTIWIL/VIROSOME

Key points:

- ***Norwood Immunology (“NIM”) signs agreement to sell Bestiwil Holding B.V. (“Bestiwil”) to Mymetics Inc. (“Mymetics”)***
 - ***Upfront cash payment to NIM of near A\$10 million***
 - ***Upfront issue of convertible notes in Mymetics to value of near A\$5 million***
 - ***Potential milestone payments to NIM to value of near \$11.5 million***
 - ***Subject only to NIM shareholder approval***
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Norwood Abbey Ltd (ASX:NAL) advises that the 21%-owned Norwood Immunology has signed an agreement with NASDAQ-listed Mymetics Inc for the sale of Bestiwil. Bestiwil is the parent entity of the group holding NIM’s Virosome assets.

The transaction, subject to approval by NIM shareholders, provides for substantial cash payments to NIM, including an upfront sum of near A\$10 million, the issue to NIM of convertible notes in Mymetics to the value of near A\$5 million and the issue to NIM of options in Mymetics to the value of US\$9.6 million.

Potential milestone payments to the value of near \$11.5 million and ongoing royalty entitlements further enhance the deal.

The full transcript of the NIM announcement is reproduced below.

Norwood Immunology Limited

Disposal of Bestewil

Introduction

Further to the announcement dated 5 December 2008 in which the Directors stated that Norwood had signed a letter of intent to sell Bestewil, Norwood today announces the proposed disposal of its wholly owned subsidiary Bestewil (and its subsidiary, V.B.) to Mymetics. Further details of the Disposal are set out below.

Background to the Disposal

Bestewil was acquired by the Company in November 2006 as part of an expansion plan that aimed to combine Virosome Biological's complementary technology with the Company's core technology for rejuvenation of the adult immune system. Post acquisition, the enlarged group had combined research capabilities, a joint intellectual property portfolio and a suite of clinical trials.

Given the Company's current financial position, the Directors consider the realisation of value for the Company's core asset to be essential to Norwood's continued long term strategy to develop and commercialise technology in the field of immunology.

Importance of vote

Note 3 to the financial statements of the Company and the Group for the year ended 30 June 2008 sets out the going concern basis and included the following statement:

"To continue as a going concern the Company requires the continued support of its loan note holders and shareholders, or to raise new facilities or equity from other parties or to realise assets to provide the necessary cash for the business to continue to trade. In the light of the current environment in world capital markets, the directors have concluded that realisation of group assets is the most appropriate route to ensure that capital is available to continue as a going concern.

As announced on 6 December 2008, the Company has now entered into a non-binding Letter of Intent (LOI) with a NASDAQ listed international biotechnology company focused on developing innovative vaccines interfering with early pathogen transmission events, for the sale of 100% of the Company's interest in Bestewil Holding B.V, the immediate holding company of Virosome Biologicals B.V. In connection with the execution of this LOI and the granting of a period of exclusivity to the NASDAQ company to 31 January 2009, the Company has received a non refundable goodwill deposit of €100,000.

The consideration proposed under the LOI includes cash on completion, the issue to the Company of a secured loan note by the acquirer, milestone payments due on successful development of the Virosome Biologicals' technology, share options in the NASDAQ company and a share in the ongoing income streams of certain of Virosome Biologicals' vaccine development programmes. The initial cash consideration would be sufficient to fund the remaining operations of the group for at least 12 months from the date of the accounts. There are a number of uncertainties as to the completion of the sale, including the signing of a legally binding sale agreement, the potential acquirer raising the necessary finance and the approval of the sale by the Company's shareholders. However, the directors have a reasonable expectation that the proposed transaction will be completed on the basis that the Company has a signed Letter of Intent with the NASDAQ company, has been paid an exclusivity fee of € 100,000 in connection with the transaction, has received a draft Sale and Purchase Agreement, their discussions to date with the NASDAQ company's management and their discussions with the Company's major shareholders.

These financial statements have therefore been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In the event that the Company is unable to complete the present sale transaction, there is material uncertainty whether the Company can continue as a going concern. If the Company is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements."

If Shareholders do not approve the Disposal, the Directors believe that the Company will not be able to meet its current commitments and may have to consider ceasing to trade forthwith.

Information on Bestewil

Bestewil owns all of the issued share capital of V.B. V.B. engages in the development and commercialisation of vaccines based on adjuvanted virosomes. Both companies are incorporated and based in the Netherlands. V.B.'s adjuvanted virosome technology is licensed to Solvay (a research driven group of companies that constitute the global pharmaceutical business of Solvay Group) in the field of intranasal influenza vaccines.

The financial information of Bestewil set out below has been extracted from Bestewil's unaudited annual financial statements for the period ended 30 June 2008.

	18 months ended 12 months ended	
	30 June 2008	31 December 2006
	Unaudited €	Unaudited €
Profit & Loss		
Turnover	235,960	746,994
Gross profit	235,960	707,167
Profit/(loss) before taxation	(734,424)	57,719
Profit/(loss) after taxation	(731,416)	54,287
Balance sheet		
Fixed assets	126,129	8,887
Current assets	369,535	647,285
Current Liabilities	746,926	176,020
Net assets/(liabilities)	(251,262)	480,152

Terms of Disposal

Under the terms of the SPA, Norwood has agreed to sell, subject to Shareholder approval, the entire issued share capital of Bestewil to Mymetics for the following consideration to be settled at completion of the SPA:

- cash consideration of €5 million,
- €2.5 million of convertible and redeemable Loan Note (convertible at the Conversion Price), repayable 36 months after issue with an interest rate of 5%, accruing until date of repayment; and
- options with a value of approximately US\$9.6 million over Mymetics shares .

Further consideration to be paid after completion of the SPA is as follows:

- payment of up to €3 million of cash on the event of Solvay commencing a Phase 3 clinical trial in its intranasal influenza vaccine;
- payment of up to €2.8 million of cash on the event of a license agreement being signed with a third party to access Bestewil intellectual property and know how in the field of RSV (Respiratory Syncytial Virus) ("RSV Licence");
- a 50% share of net royalties received by Mymetics from a RSV License, payable in cash; and
- a 25% share of any net amounts received by Mymetics from a third party HSV (Herpes Simplex Virus) License based upon Bestewil intellectual property payable in cash.

Completion of the SPA is due to take place as soon as reasonably practicable after Shareholders have approved the Disposal.

Future Strategy

The core Norwood strategy is to generate revenues and ultimately profitability via the development and commercialisation of its technologies and intellectual property which are currently associated with (a) the provision of stem cell services and therapies, (b) licensing and partnerships for intellectual property and therapies based on stem cells and the immune system; and (c) the immune cell targeting of vaccines using adjuvanted virosomes.

Norwood has out-licensing arrangements with Abbott Laboratories (USA) and Solvay for two of its core technology platforms and is in a period of exclusive collaboration with MedImmune LLC for its RSV virosomal vaccine candidate.

The aims of the Board in the near term is to secure the future of the Company through the divestment of its virosomal vaccine development business and thereafter to create shareholder value via the possible development and provision of both veterinary and human stem cell banking and processing services, as well as the possible provision of veterinary and human stem cell (and immunology based) clinical therapies. In this regard, Norwood is currently evaluating the commercial opportunities flowing from the potential provision of stem cell processing services as well as the provision of stem cell therapies - initially in the veterinary setting. The aim is to develop revenue producing stem cell technologies in the near term.

Circular, Annual Report & Accounts and Suspension from Trading

The Disposal will result in there being a fundamental change in Norwood's business under the AIM Rules and, therefore, requires Shareholder approval. A circular setting out details of the Disposal is expected to be sent to Shareholders during the week commencing 9 March 2009. Further, the Directors expect that the Company's Annual report and Accounts for the year ended 30 June 2008 are expected to be sent to Shareholders at the same time as the circular, together with details of the Company's Annual General Meeting and that suspension of trading of the Company's ordinary shares on AIM will be lifted thereafter.

Enquiries:

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Expected timetable of principal events

Latest time and date for receipt of Form of DI Instruction 09.00 a.m. on 29 March 2009
Latest time and date for receipt of Forms of Proxy 09.00 a.m. on 30 March 2009
Extraordinary General Meeting 09.00 a.m. on 1 April 2009

Annual General Meeting 09.30 a.m. on 1 April 2009

All times referred to in this circular refer to the time observed in Melbourne, Australia.

Definitions

The following definitions apply throughout this announcement unless the context requires otherwise:

"Board" or "Directors" the Directors of Norwood

"Bestewil" Bestewil Holding B.V, the owner of (1) the entire issued and outstanding share capital of V.B. and (2) certain intellectual property relating to the scientific projects of V.B.

"Company" or "Norwood" Norwood Immunology Limited, a company incorporated in Australia (ABN 91 095 271 186)

"Depository Interests"	depository interests issued on behalf of the Company representing a beneficial interest in certain Ordinary Shares
"DI Holder"	a registered holder of Depository Interests
"Disposal"	the disposal of Bestewil Holding B.V. (and its subsidiary V.B.)
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company convened for 09.00 a.m. 1 April 2009 at the offices of Minter Ellison, Level 23, South Rialto Tower, 525 Collins Street, Melbourne, Victoria Australia
"Form of Proxy"	the form of proxy for use at the EGM
"Form of DI Instruction"	the Form of DI Instruction to be completed by DI Holders for use at the EGM
"Group"	Norwood Immunology Ltd and its subsidiaries
"Mymetics"	Mymetics Corporation, a company with the registered address at 230 Park Avenue, New York, NY 10169
"Ordinary Shares"	the ordinary shares in the capital of the Company
"Solvay"	Solvay Pharmaceuticals B.V.
"Shareholder" or "Member"	a holder of issued Ordinary Shares
"SPA"	the sale and purchase agreement entered into between (1) the Company and (2) Mymetics on 5 March 2009 in relation to the Disposal
"V.B."	Virosome Biologicals B.V.
