



PROBIOTEC LIMITED

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ASX ANNOUNCEMENT

5 February 2010

Acquisition of Sports Nutrition Brands

The board of directors of Probiotec Limited (ASX:PBP) ("**the Company**") is pleased to advise that the Company has entered into an agreement to acquire the business assets of four sports nutrition brands. The brands to be acquired are RedBak, Black Widow, Lady Bird and Natural Health Supplements. A description of these brands is set out below.

The purchase price for this acquisition is \$1,800,000 which includes all intellectual property in the brands, goodwill, distribution arrangements, plant and equipment and inventory. Adjustments to the purchase price may occur based on the actual amount of inventory being acquired on completion. The Company will fund the acquisition out of existing cash reserves. A further amount of consideration of up to \$800,000 in total over the next two years is payable on the achievement of prescribed future sales levels. Based on current forecasts, the directors believe that this acquisition will be earnings per share positive in the current financial year and the payback period for the investment is expected to be less than three years.

Wayne Stringer, Manager Director of Probiotec Limited said "the acquisition of these brands provides the Company with a comprehensive sports nutrition offering. Significantly, it will open a major new distribution channel of health food stores for the Company's existing products where we currently have limited distribution in the approximate 2,000 health food store market in Australia. The Company's entry into the sports nutrition market is expected to be synergistic with our functional food and specialty ingredient businesses, including leveraging value from our manufacturing capabilities and capacity".

The board believes the acquired products present an opportunity to further increase the Company's export sales, and management will be investigating export distribution opportunities in a number of overseas markets.

Below is a brief summary of the acquired brands:



RedBak – One of Australia’s best-known sports nutrition brands. Featuring quality protein powders, weight gainers, amino acid nutrient powders, nutrition bars and supplements.



Ladybird – A women specific and comprehensive range of sports supplements. Products in the range include protein supplements, meal replacement powders, internal cleansers and herbal fat loss products all designed to meet the specific nutritional needs of women.



Black Widow – Sports supplements targeting a younger market of weight trainers who are looking for economical but high quality protein and weight gain products.



Natural Health Supplements – Natural single ingredient proteins, carbohydrates, fibres, nutrients and health specific formulations. Single ingredient products are free from additives, making them ideal for individuals wishing to follow a more natural diet.

About Probiotec

Probiotec Limited is a brand owner, manufacturer, marketer and distributor of a range of prescription and over-the-counter (OTC) pharmaceuticals, complementary medicines and specialty ingredients. The company owns four manufacturing facilities in Australia and distributes its products both domestically and internationally. Products are manufactured by Probiotec for both its own products and on behalf of others, including major international pharmaceutical companies.

Further details about Probiotec are available at www.probiotec.com.au.

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