

NORWOOD ABBEY LTD
CHAIRMAN'S ADDRESS TO ANNUAL MEETING NOVEMBER 21 2008

Good morning ladies and gentlemen and welcome to the annual meeting of Norwood Abbey Ltd.

The past year has been one of considerable trials for the company. I assumed the Chairmanship at the request of the other directors a year ago. At the time, the Board was faced with having to deal with a significant level of liabilities whilst holding assets which have not been readily convertible into cash.

The Board and management continued on a program of restructuring. This program of restructuring has been exacerbated by the global financial crisis, which has impacted on asset values.

The program has required the completion of the dismantling of the costly personnel infrastructure (created to support the EyeCare project which did not achieve its objectives), slashing corporate overheads to a minimum and raising further capital to maintain the existing assets, deal with outstanding liabilities and ongoing working capital requirements.

The Board and management have also worked diligently in an effort to bring each of the company's projects towards a cash neutral position. The company successfully negotiated new arrangements in relation to the EyeCare project, with Prof Pallikaris's interests being converted into direct equity in the EyeCare project. As part of this new agreement, over \$500,000 was removed from the company's liabilities. The EyeCare project is now in a position to be commercialised through sale or licensing.

The company is now close to completing the restructure of the Needle-free project. The new arrangement is expected to result in the removal of a further \$500,000 from the company's liabilities and leave Norwood with a carried royalty interest in the project, with no further capital exposure.

The company's 20.1% interest in Norwood Immunology Ltd continues to be held. NIM has foreshadowed a focus on revenue generating stem cell therapies which are designed to bring the company towards profitability in the next year.

The company has been successful in continuing to raise funds to meet its needs. A rights issue in late 2007 raised \$3.3 million. A convertible note financing of \$350,000 was made and subsequently repaid. A placement through Shadforths Ltd raised \$200,000 and a recent placement to Lettered Management Pty Ltd raised \$500,000.

In another positive action by certain company personnel, over \$300,000 in accrued entitlements and fees has been agreed to be converted into equity. This further reduces

the company's liabilities and this voluntary action exemplifies the commitment of remaining personnel to support the company.

Together, these restructuring and financing activities have enabled the company to continue and for the Board to seek out and evaluate a range of alternative opportunities that may recover some value for shareholders.

The Board believes that a decision regarding additional activities for the company will be reached in the coming quarter.

At this time, I would like to express my sincere thanks for the support of all Board members and the remaining staff during this exceptionally difficult period. I must especially thank COO Jeff Bell for his tireless efforts during the past year.

Finally, I thank shareholders for their patience during the difficult times.