

Norwood Immunology Limited**Completion of Strategic Review****De-Listing, Equal Access Buy-Back and Streamlining of Operations**

Norwood Immunology Limited ('Norwood Immunology', 'the Company' or 'the Group') (AIM:NIM), the Group with technologies in the fields of the rejuvenation of the immune system and stem cell therapies, today announces the key conclusions and proposals arising from its strategic review of the business.

As announced on 20 May 2009 in the Group's interim results for the six months ended 31 December 2008, following the sale of Bestewil Holding BV (the holding company for the Group's virosomal vaccine business) the Board informed shareholders that it would be completing a strategic review concerning the future of the remaining business.

The Board has discussed the future of the Company with its AIM NOMAD, as well as with a number of major shareholders. Shareholders collectively holding in excess of the majority of the share capital expressed a strong desire to (a) have a significant proportion of the cash consideration received from the completion of the sale of Virosome Biologicals returned to them as soon as possible; (b) that the Board should consider carefully the merits of pursuing the Company's remaining projects (in particular the "thymus" project, which represents the core technology of the Company; and (c) that there should be a significant reduction in the costs of the Company's operation in the future. The Board both understands and respects the views of shareholders and, accordingly, as an immediate measure a special interim dividend of 1p per share was declared and paid on 8 May 2009. The cash cost to the Company of this dividend was approximately £2.3 million.

The key proposals and conclusions arising from the strategic review and details of certain specific proposals requiring shareholder approval at an EGM to be called for the purpose are detailed below:

Streamlining of Operations

The Board have concluded in the light of its strategic review to:

- cease further expenditure on the thymus project except where pre-existing contractual commitments exist for the finalisation of data analysis in the Company's US clinical trials; this will mean abandonment of existing IP claims and patent applications.
- terminate research and development contracts with Monash University (where the thymus project R&D is undertaken). The only remaining commitment after 30 June 2009 will be A\$187,500, being the remaining commitment under the contract for the jointly funded programme with the Australian Stem Cell Centre which expires on 31 March 2010.
- make a modest (and capped) investment into the Group's veterinary stem cell project.
- following the EGM to terminate the current employment, consultancy and services contracts of the Company's directors, employees and consultants, giving the required 3 months notice where the Company is legally required to do so and then re-engage the existing directors on

significantly reduced compensation terms, so as to comply with Australian company law director-number requirements and enable the process of rationalisation to be carried through.

- seek to maximise future returns to shareholders through future receipts arising from the sale of Virosome Biologicals to Mymetics Corporation, including realisation of loan notes, exercise where appropriate of share options and receipt of contingent milestones and royalties. Details of the Mymetics offer were contained in the EGM Notice relating to the approval of the disposal.
- the Board is proposing a De-Listing from AIM and an equal access share buy-back scheme, both of which will require shareholder approval at the EGM and are described in the remainder of this announcement.

De-Listing

The Board has also concluded that it would be in the best interests of the Company to cancel quotation of the Company's shares on AIM. The Board believes that the costs and regulatory requirements associated with maintaining the Company's listing are a significant burden on the Company's financial resources. These costs include fees paid to the Company's brokers and Registrars, annual fees paid to the London Stock Exchange, costs relating to public announcements, fees and expenses of directors and fees and expenses of accountants and lawyers engaged to provide services in connection with the Ordinary Shares being quoted to AIM.

Proposed Off Market Share Buy-Back

The Board will be recommending an equal access off market share Buy-Back offer. The size of such offer is expected to be in the region of 0.25p per Ordinary Share, but the final amount is dependent both on approval of the Scheme at EGM and, given the Company's limited cash resources following the payment of the special dividend, the number of shareholders offering their shares for buy-back. Shareholders will not have to offer their shares for Buy-Back if they do not wish to do so.

Extraordinary General Meeting

The Buy-Back and De-Listing proposals require shareholder approval at an EGM called for such purpose. The Notice of EGM and the necessary and complex legal documentation required to seek approval, and then effect, the Board's proposals is in the process of preparation. Timing of the announcement and posting of the EGM notice is dependent on legal and regulatory advice and the process in both the UK and Australia, but it is expected that this will be available during June 2009. This would then give rise to an EGM by the end of July and implementation of the EGM proposals in August 2009.

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