

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

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NEW VRI PROGRAM TO IDENTIFY ANTI-INFLAMMATORY MOLECULES FROM ITS PROBIOTIC STRAIN

VRI BioMedical Ltd (ASX: VRI) has commenced a new program to identify the anti-inflammatory molecules in its proprietary probiotic strain – PCC™.

R&D will be conducted by the Rowett Research Institute (RRI) in Aberdeen, Scotland.

The initial outcome from the program - expected within six months – will be the characterisation of the mechanism by which PCC™ induces an anti-inflammatory response at the molecular level.

VRI expects this outcome to enhance the attraction of its probiotic technology to prospective licensing partners. This higher level of scientific validation should also prompt key medical opinion leaders to endorse the product.

The second phase of the program will be the identification of the specific molecules responsible for the anti-inflammatory response.

A successful outcome in this phase would result in VRI patenting a novel molecule with anti-inflammatory characteristics. The size of the market for anti-inflammatory products would indicate potential for licensing to a major pharmaceutical company for development, registration and marketing.

THE ROWETT RESEARCH INSTITUTE

The Rowett Research Institute (RRI: www.rowett.ac.uk) is an internationally-recognised centre of excellence for nutrition research and disease prevention.

The institute has a staff of 300 and has produced three Nobel laureates.

In January 2004 Dr Denise Kelly, head of the Gut Immunology Group at RRI published a paper in the prestigious journal Nature Immunology, describing an assay used to characterise the molecular interaction between a non-pathogenic organism and cultured human intestinal cells, demonstrating activation of anti-inflammatory molecules.

Dr Kelly's assay will be used to evaluate VRI's proven anti-inflammatory organism.

Eminent clinical immunologist Professor Ron Penny, AO, a member of VRI's scientific and medical advisory board, believes this is an important step for VRI. Professor Penny said, "This research program will fast track the understanding of the mechanism of action of VRI's clinically effective PCC strain, thereby verifying its biological function. The program has the potential to uncover novel pathways for health benefit, initially at the gut level, but more importantly, the treatment of a broader range of diseases, especially those of an immune or inflammatory nature. This could then generate new intellectual property for VRI to serve as a platform for novel drug discovery in the future."

proTract® SALES UPDATE

VRI has now sold some 28,000 packets of proTract® through pharmacies.

VRI BioMedical Ltd
is bringing science to wellness by
commercialising a range of
products for health maintenance and
disease prevention, based on robust
scientific and clinical research.

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With another marketing initiative about to commence, VRI is expecting sales to increase further and include a higher proportion of second time buyers.

Higher sales along with cost efficiencies already introduced within VRI will take the company closer towards its objective of being cash flow positive during calendar 2005.

The success of the proTract® launch has prompted approaches from larger companies exploring licensing opportunities for VRI's technology in Australian and overseas markets.

ABOUT VRI BIOMEDICAL

VRI Biomedical Limited (ASX Code: VRI – www.vribiomedical.com) is an Australian biopharmaceutical company pursuing the commercialisation of its world leading **probiotic** technology.

VRI recently launched its proTract® range of gastrointestinal products (www.protract.com.au) in Australian pharmacies.

VRI is exploiting the commercial potential of its probiotic technology in the following markets:

1. Therapeutic Probiotics
2. Biopharmaceuticals
3. Functional Foods

FOR MORE INFORMATION CONTACT:

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