



Investor Briefing

Kim Slatyer – Executive Chairman

London – November 2004

Management



Main Board

- Kim Slatyer
- Geoff Wild AM
- Dr Peter French
- Sally Capp

SMAB

- Prof Ron Penny AM
- Prof Terry Bolin

Chief Scientist

- Prof Patricia Conway

Management (11)

- Administration (2)
- Marketing & Development (4)
- Production (1)
- Research & Development (4)

Sydney office at the ATP
UNSW laboratories

VRI Biomedical Limited



- Product development company
- Leading probiotic technology
- Multiple channels to market
- Marketing and distribution partners
- Global rollout of products underway
- Deep product pipeline

Background



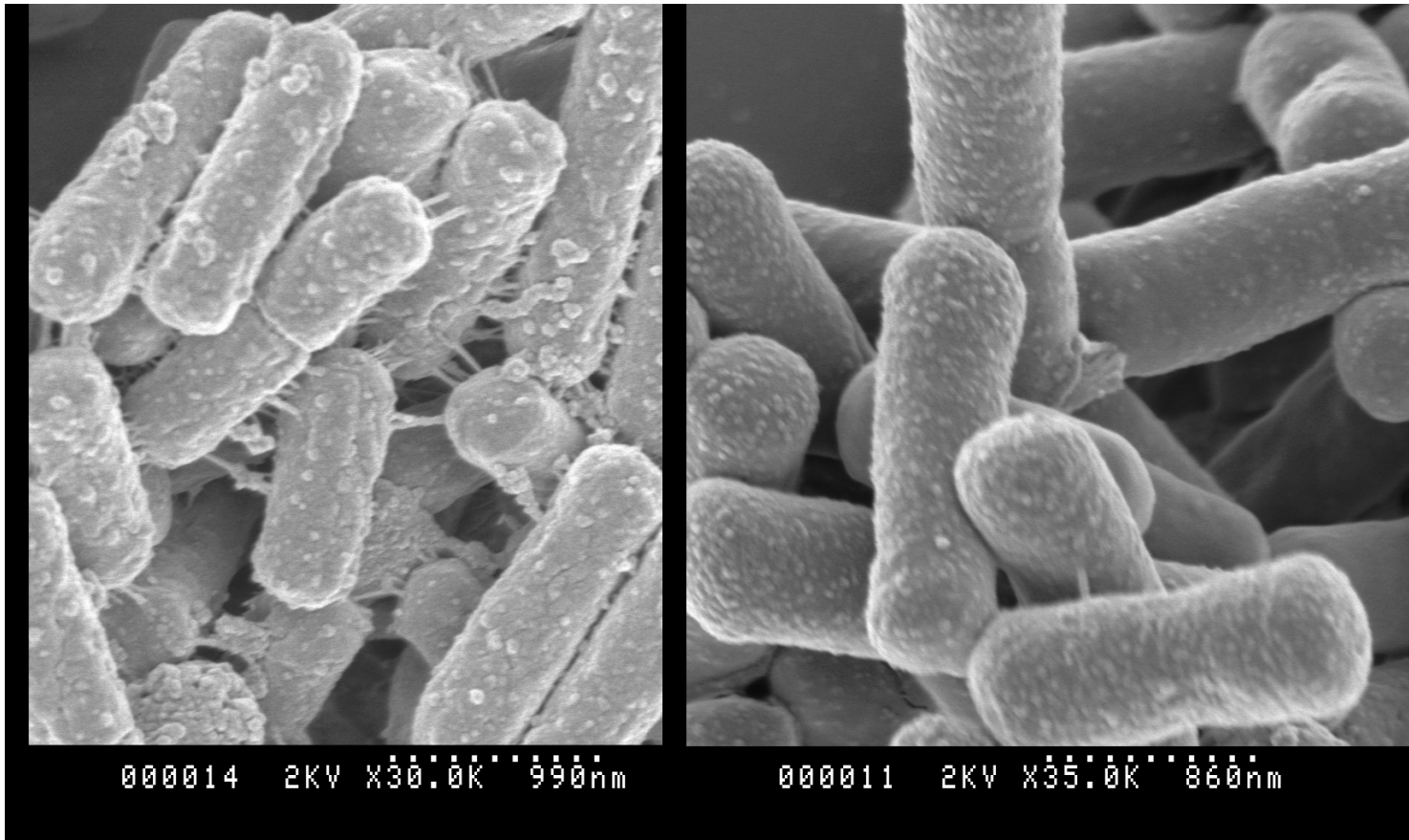
- ASX listing December 2000
- Vaccines
 - Spinout plan in progress
- Diagnostics
 - Spinout plan in progress
- Probiotics
 - Sole focus going forward

Probiotics



- Natural micro-organisms which provide a beneficial health effect by aiding digestion and/or by triggering the immune system.
- VRI has isolated, genetically typed and patented (pending): *Lactobacillus fermentum* VRI003
- Trademarked as PCC®

Lactobacillus fermentum®



bringing science to wellness™

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PCC[®] characteristics



- Patent pending
- Refrigeration not required
- Resistance to bile acids, pepsin, & low pH.
- Adhesion to GI tract
- Proven colonisation
- Inhibits human GI pathogens
- Functions as an immunomodulator

Markets for PCC®



1. Therapeutics
2. Functional Food
3. Infant formula
4. Biopharmaceuticals

1. Therapeutics



- VRI products currently sell OTC in pharmacies
- Investigating full registration of products for more serious indications – Atopic Dermatitis and IBD
- Objective is to license PCC® to pharmaceutical marketing and distribution companies
- VRI makes a margin on cost of goods and/or a royalty on sales
- Negotiations with a major Asian distribution partner progressing well

1. Therapeutics



- Current products in market
 - Intestinal Health
 - Diarrhoea
 - Irritable Bowel Syndrome
- Future products (pipeline)
 - Atopic Dermatitis
 - Psoriasis
 - Cholesterol Lowering
 - Respiratory Infection
 - Crohns Disease
 - Endotexaemia

ProTract[®] in Australia



bringing science to wellness[™]

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2. Functional Food



- Objective is to exclusively license PCC® to food companies with existing brands
- VRI offers the licensee the opportunity to promote the “wellness” benefits of PCC®
- Applications include:
 - Margarine
 - Spreads
 - Health food bars
 - Chocolates
 - Fermented drinks
 - Yoghurt
 - Oils
- Licensing discussions with large Australian food company in progress

3. Infant formula



- Global market of \$11bn
- Objective is to license PCC to major
- Discussions underway with US company

4. Biopharmaceuticals



- VRI has coined the term “Probiomics”

“The study and characterisation of the molecules that mediate the interaction between probiotic bacteria and the human body”

- Rowett Collaboration

Stage 1 - Mechanism of action. Complete Jan 05.

Stage 2 - Identification of specific anti-inflammatory molecules. 9-12 month program.

4. Biopharmaceuticals



- Successful outcome will be ownership of patented molecules with anti-inflammatory properties – enormous value
- Validation of therapeutics and functional foods using PCC®
- License to “big-pharma” for Phase 2 clinical development and marketing

Value Drivers to June 05



- Therapeutics
 - Continuing growth of proTract sales in Australian pharmacies
 - Significant licensing deal in Asia imminent
 - 2-3 new proTract® products early 2005
 - Product sales commence in Asia early 2005
 - Publication of AD trial results

Value drivers to June 05



- Functional Food
 - Licensing deal with Australian major possible
 - Discussions underway with global food company
- Biotherapeutics
 - Understanding of the mechanism of action - Jan 04 – will increase technology validation
 - Commencement of molecular discovery program
- Infant Formula
 - Discussions continue with US major

Value drivers to June 05



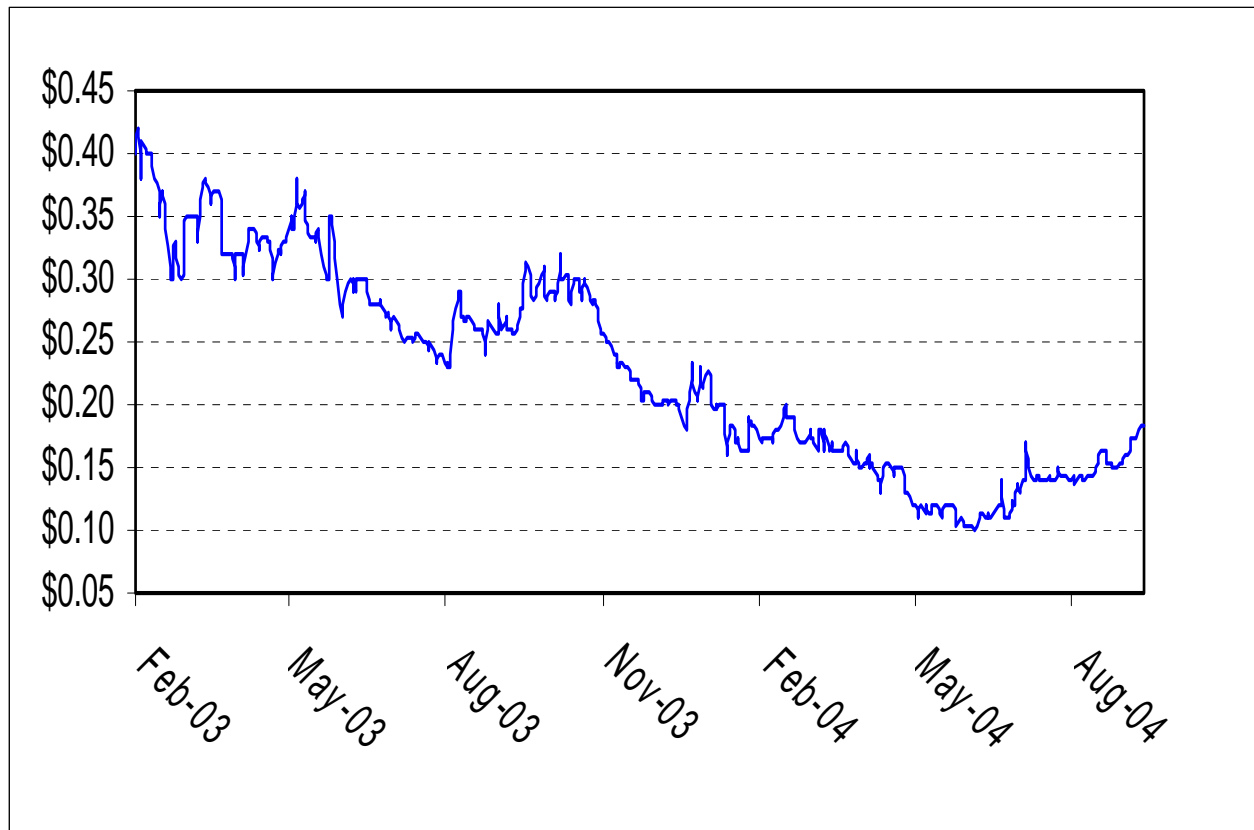
- Corporate activity
 - Spinout of diagnostics and vaccines
 - Possible spinout of Probiomics business
 - Possible dual AIM listing
 - Possible company acquisitions
 - Corporate promotion

Capital Structure



Ordinary fully paid shares	105m	\$0.18
Market Cap		\$20m
52 wk high		\$0.33
53 wk low		\$0.10
Av. mthly volume		11.8m
Listed Options:		
VRIO (Ex \$0.75 - Mar 06)	34.5m	\$0.05
VRIOB (Ex \$0.25 - Jun 06)	25.5m	\$0.04

Share Price



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For all the latest news visit:

www.vribiomedical.com