

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

Via: asxonline

23rd February 2005

SECOND FUNCTIONAL FOOD AGREEMENT FOR VRI

VRI has entered into an agreement to license PCC® (VRI's proprietary probiotic) to another of Australia's largest food companies for the development of a range of functional food products.

This agreement complements the Sanitarium agreement announced last week. Each agreement is specific and exclusive to nominated food types.

For commercial reasons the name of VRI's partner and the nature of the products will remain confidential until the product launch.

The food company owns many of Australia's leading food brands. Some of the brands targeted for incorporation of PCC® have existing annual sales of \$50-\$100 million.

VRI will make a margin on the provision of PCC® and earn a royalty on sales. Products are likely to be launched later this year.

VRI's CEO Mr. Kim Slatyer said Probiotics have been identified as a major growth area for functional foods.

"With two of Australia's largest food companies prepared to commit exclusively to PCC® it demonstrates both the scientific superiority and the commercial potential of our technology," Mr. Slatyer said.

"We will now seek to replicate these deals in other regions around the world" Mr. Slatyer added.

ABOUT VRI BIOMEDICAL

VRI Biomedical Limited (ASX Code: VRI) is an Australian biopharmaceutical company specialising in the development and commercialisation of its world leading **probiotic** technology.

In 2004 VRI launched its proTract™ range of gastrointestinal products in Australian pharmacies and has since negotiated distribution/licensing agreements in other countries.

For further information contact:-

Mr Kim Slatyer, VRI CEO on 02/9209 4268