



**ASX & MEDIA RELEASE**

**15 MARCH 2004**

**VRI ADVANCES PLANS FOR PRODUCT DISTRIBUTION IN ASIA AND US**

- **proTract™ in mainland China, Hong Kong and Taiwan**
- **Progastrim™ in Singapore**
- **proTract™ range Australian launch planned for April**
- **Progastrim™ Australian sales manager appointed**
- **VRI exhibited and met with industry at Expo West, USA**

Australian probiotics company, VRI Biomedical Limited, has advanced its plans for distribution of its products throughout Asia following agreements with two local partners.

It is anticipated these agreements in Asia will generate revenue for VRI towards the end of 2004.

With its partner for China, Hong Kong and Taiwan, VRI has negotiated an agreement for registration of the proTract™ range.

A condition of the agreement is that successful registration is likely to see the same partner appointed for distribution in these markets.

VRI's proTract™ range comprises three probiotic products - for relief of symptoms of medically diagnosed irritable bowel syndrome, for diarrhoea and for intestinal health.

With a separate partner in Singapore, VRI has an agreement to achieve registration and the subsequent distribution of Progastrim™.

Progastrim™ is a product for intestinal health and is to be distributed in Singapore as an OTC product.

VRI has made a point of choosing local distributors because of their market knowledge and commitment to ensuring the marketing of VRI's products is given a high priority.

According to VRI Managing Director, Dr Peter French, distribution in Asia was the next step in the company's business strategy once the key milestones of clinical trials, product development, TGA listing and launching products on the market in Australia had been achieved.

"Our natural probiotic products have a relatively short lead time from trial to the market and their scientific and clinical documentation is seen as a major marketing advantage in the emerging probiotics market," Dr French said.

It is estimated these deals could give VRI access to significant potential markets – in particular China. It has been reported in *The People's Daily*, the official newspaper of China, that the value of China's health food market was about US\$6.2 billion in 2000.

*Functional Foods & Nutraceuticals (2002)* stated that “experts agree that the Chinese market for quality functional foods (which includes probiotics) will continue to grow at an exponential rate over the next five years, consistent with rising incomes in China's urban areas.”

Probiotics are living micro-organisms which provide a health benefit by influencing the intestine and/or by triggering the immune system and the global market for probiotics has been estimated recently at \$5.8 billion.

VRI's proTract™ range is set to launch in April, with national product distribution to Australia's 5,000 pharmacies.

Marketing of Progastrim™ to the 4,000 naturopaths in Australia has also been given a boost by the appointment of VRI's first sales manager, Tanya Bellinger, a trained naturopath, who commenced active promotion of the product last week.

VRI is actively pursuing its strategy of securing OTC distribution partners for its products in the US following the company's recent participation in Expo West, one of the world's largest showcases of natural products.

The trade show, which was held in Los Angeles was attended by over 36,000 members of the industry. VRI was represented by Dr Peter French and by its Chief Scientist – Probiotics, Associate Professor Patricia Conway.

VRI Biomedical is a probiotics company “bringing science to wellness”™ through its focus on commercialisation of intellectual property portfolio developed from its scientific and clinical R&D program.

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#### **About VRI Biomedical**

*VRI BioMedical is an Australian biotechnology company focused on probiotics, which are living organisms that boost the human immune system.*

*VRI is developing biological rather than synthetic compounds and has clinical trial backing for its strategy of bringing science to wellness.*

*Since ASX listing in December 2000, VRI has progressed from R&D to being a revenue earning biotechnology company awarded government grants.*

*Its competitive advantage is that its biological products, with short lead times to commercialisation, open up three growth industries - functional foods, dietary supplements and biopharmaceuticals.*

*With new product launches in Australia in the second quarter of 2004, VRI will boost revenue and build on existing distribution arrangements to take products to world markets and aims to be cash flow positive in 2005.*