VRI
BioMedical

The Company's Announcements Office,
Australian Stock Exchange,
PERTH

Dear Sirs,

The Directors of VRI BioMedical Limited attach herewith the company's Appendix 4E for the financial year ended 30 June 2003.

During the past financial year the company commenced commercial exploitation of its unique intellectual property. One of the Company's probiotic isolates was brought to the international market following the completion of a global licensing and supply agreement with Pharmanex Inc. Pharmanex is a world leader in the research, development and marketing of phyto-based and nutritional products. This agreement resulted in the sales of the ProBio PCCTM product in the USA, Canada, Japan, South Korea and Taiwan of over $1.4m for the period from September 2002 to June 2003. The company is in the process of launching this product in other countries, including Australia and negotiations are underway with other organisations for the licensing and supply of this and other probiotic strains in a range of potential distribution channels.

In order to conclude this first commercial arrangement, extensive travel was required in the period leading up to the launch of ProBio PCCTM in mid September 2002. Additionally, extra expenditure was necessarily incurred to source and secure viable and stable supply of the finished probiotic products. ProBio PCCTM is manufactured in the USA where the Company is able to match the US$ costs with US$ revenues.

In addition to the successful launch of ProBio PCCTM, considerable ground work was laid for the commercial exploitation of the Company's non-invasive diagnostic products. Costs associated with this effort have also been expensed in this financial year and the Directors are confident that these products will be brought to the international market in the 2003/04 financial year.

Since the end of the previous financial year the company has concluded a placement of shares totalling $1.5 million plus a Rights Issue for $2.8 million. The proceeds from these capital raisings are to enable on-going product development, clinical trials and general working capital needs.

A process of cost review was commenced earlier in this calendar year and as a consequence steps to rationalise operating expenditure were actioned. Also, the company is in the process of completing the transfer of its head office from Perth to Sydney. The full impact of these actions will flow through into the current financial year.

The focus of the organisation has been narrowed. Under a revised business plan of the CEO, Dr Peter French, (phone 02 9209 4228) the focus is now on increasing the Company's revenue earning capacity through commercialisation of probiotic and diagnostic products and on clinical studies which if successful will increase the product range and marketing opportunities in the probiotic product development.

Yours sincerely,

Ron Deane
Chairman
11th September 2003

Sydney Unit
Microbiology and Immunology
School of Biotechnology and Biomolecular Science
University of New South Wales
UNSW Sydney 2052
Phone: (61 2) 9385 1593
Fax: (61 2) 9385 1285

VRI BioMedical Limited
ACN 084 464 193 ABN 97 084 464 193
Suite G09, 1 Central Avenue, Australian Technology Park, Eveleigh NSW Australia 1430
Phone: (61 2) 9209 4268
Fax: (61 2) 9209 4256
www.vribiomedical.com

Newcastle Unit
Level 4, David Maddison
Clinical Sciences Building
Cnr King and Watts Streets
Newcastle NSW 2300
Phone (61 2) 4923 6581
Fax: (61 2) 4923 6205

Rules 4.3A

Appendix 4E

Preliminary final report

Introduced 1/1/2003. Origin Appendix 4B

Name of entity

VRI BioMedical Limited

ABN or equivalent company reference	Preliminary final *(tick)*	Financial year ended ('current period')
97 084 464 193	✓	30 JUNE 2003

2. Results for announcement to the market

$A'000

				$
2.1 Revenues from ordinary activities	Up	203%	to	1,754,010
2.2 Profit (loss) from ordinary activities after tax attributable to members	Up	6%	to	(5,103,987)
2.3 Net profit (loss) for the period attributable to members	Up	6%	to	(5,103,987)

2.4 Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	Nil	N/A
Previous corresponding period	Nil	N/A

2.5 Record date for determining entitlements to the dividend.	N/A

2.6 Brief explanation of any of the figures reported above in 2.1 to 2.4 necessary to enable the figures to be understood:

Sales of the company's first commercial product, ProBio PCC, commenced in November 2002 via a distribution agreement with the Pharmanex division of Nu Skin International Inc. of Provo, Utah USA.

+ See chapter 19 for defined terms.

3. Statement of Financial Performance

	Current Year 30 June 2003 $	Previous Year 30 June 2002 $
REVENUES FROM ORDINARY ACTIVITIES	1,754,010	579,054
Raw materials and consumables used	(1,056,857)	-
Depreciation and amortisation expenses	(55,626)	(70,444)
Salaries and employee benefits expense	(811,857)	(941,713)
Research and development expenditure	(2,877,367)	(2,475,321)
Travel expenses	(513,424)	(720,586)
Rental expenses	(257,023)	(221,315)
Consultancy fees	(423,188)	(375,455)
Special shareholder meeting costs	(184,637)	-
Other expenses from ordinary activities	(678,018)	(578,207)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	(5,103,987)	(4,803,987)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES C	-	-
OPERATING LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE	(5,103,987)	(4,803,987)
Share Issue Costs	(185,822)	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF VRI BIOMEDICAL LIMITED	(5,289,809)	(4,803,987)

+ See chapter 19 for defined terms.

4. Statement of Financial Position

	Current Year 30 June 2003 $	Previous Year 30 June 2002 $
CURRENT ASSETS		
Cash assets	1,349,664	963,187
Receivables	332,828	3,704,053
Inventories	72,488	-
Other	59,141	21,206
TOTAL CURRENT ASSETS	1,814,121	4,688,446
NON-CURRENT ASSETS		
Receivables	-	-
Other Financial Assets	-	-
Property, Plant and Equipment	166,358	209,079
TOTAL NON-CURRENT ASSETS	166,358	209,079
TOTAL ASSETS	**1,980,479**	**4,897,525**
CURRENT LIABILITIES		
Payables	886,869	561,426
Provisions	125,827	78,507
TOTAL CURRENT LIABILITIES	1,012,696	639,933
TOTAL LIABILITIES	**1,012,696**	**639,933**
NET ASSETS	**967,783**	**4,257,592**
EQUITY		
Contributed Equity	15,411,191	13,597,013
Accumulated Losses	(14,443,408)	(9,339,421)
TOTAL EQUITY	**967,783**	**4,257,592**

+ See chapter 19 for defined terms.

5. Statement of Cash Flows

	Current Year 30 June 2003 $	Previous Year 30 June 2002 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	1,334,951	-
Payments to Suppliers and Employees	(3,780,475)	(2,500,295)
Interest Received	118,433	358,992
Research and Development Costs	(2,670,987)	(2,382,407)
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(4,998,078)	(4,523,710)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant & Equipment	(41,335)	(58,812)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	(41,335)	(58,812)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issue of Ordinary Shares	2,000,000	37,000
Payment of Share Issue Costs	(185,822)	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	1,814,178	37,000
NET INCREASE/(DECREASE) IN CASH HELD	(3,225,235)	(4,545,522)
Add Opening Cash brought forward	4,574,899	9,120,421
CLOSING CASH CARRIED FORWARD	1,349,664	4,574,899

Reconciliation of cash

	Current Year 30 June 2003	Previous Year 30 June 2002
Cash balance comprises:		
- Cash on hand	1,349,664	963,187
- Bank Bills	-	3,611,712
	1,349,664	4,574,899

+ See chapter 19 for defined terms.

6. Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	N/A
+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	N/A
If it is a final dividend, has it been declared? *(Preliminary final report only)*	N/A

Amount per security

		Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
Final dividend:	Current year	NIL	N/A	N/A
	Previous year	NIL	N/A	N/A
Interim dividend:	Current year	NIL	N/A	N/A
	Previous year	NIL	N/A	N/A

7. Details of dividend or distribution reinvestment plans in operation

N/A

8. Accumulated Losses

	Current Period 30 June 2003	Previous Year 30 June 2002
Accumulated losses		
Balance at beginning of year	9,339,421	4,535,434
Operating loss after Income Tax attributable to members of VRI BioMedical Limited	5,103,987	4,803,987
Balance at end of year	14,443,408	9,339,421

+ See chapter 19 for defined terms.

9. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.02	0.07

10. Control gained over entities having material effect

Name of entity (or group of entities)	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	
Date from which such profit has been calculated	
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	

Loss of control of entities having material effect

Name of entity (or group of entities)	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control Date to which the profit (loss) has been calculated	$
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	$
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	$

+ See chapter 19 for defined terms.

11. Details of aggregate share of profits (losses) of associates and joint venture entities

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
Equity accounted associates and joint venture entities	Current period	Previous corresponding period	Current period $A'000	Previous corresponding period - $A'000
N/A				
Total				
Other material interests				
Total				

12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.

Refer to 14.3

13. Foreign entities set of accounting standards used in compiling the report (IAS)

N/A

14. Commentary on the results for the period.

14.1 Earnings per security (EPS)	Current Year 30 June 2003	Previous Year 30 June 2002
Basic EPS	(8.53)	(8.22)
Diluted EPS	(8.53)	(8.15)

+ See chapter 19 for defined terms.

Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

14.2 Returns to shareholders (Including distributions and buy backs)

	Current period $A'000	Previous corresponding period - $A'000
Ordinary securities *(each class separately)*	N/A	
Preference securities *(each class separately)*	N/A	
Other equity instruments *(each class separately)*	N/A	
Total	**N/A**	

The +dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans	N/A

Any other disclosures in relation to dividends (distributions). N/A

14.3 Significant features of operating performance

The launching of the company's first commercial product was responsible for the additional revenues and cost of sales.

14.4 Segment Information

The company operates in the biotechnology industry in Australia.

The principal development currently being undertaken is research to bring biomedical, diagnostic, therapeutical and vaccine products to market globally.

14.5 Report on trends in performance

Apart from the launching of the PROBIO PCC product, the company's performance was similar to last year.

14.6 Report any factors which have affected the results during the reporting period or which are likely to affect results in the future, including those where the effect could not be quantified.

Subsequent to the end of this reporting period the company has successfully raised by way of a placement and a rights issue, $4.3m (before costs). This capital will enable the company to continue to develop its products.

Also subsequent to the end of this reporting period the company consolidated its operations in Sydney and this is expected to result in the reduction of expenses in a range of areas over time.

Any other information required to be disclosed to enable the reader to compare the information presented with equivalent information for previous periods. This must include information needed by an investor to make an informed assessment of the entity's activities and results.

NIL

15 This report is based on accounts to which one of the following applies.

☐	The accounts have been audited.	☐	The accounts have been subject to review.
✓	The accounts are in the process of being audited or subject to review.	☐	The accounts have *not* yet been audited or reviewed.

16 If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification.

NIL

17 If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.

NIL

Sign here: ……………………………………Date: ……11th September 2003…………………………..

Print name: Paul B Magoffin, Company Secretary

+ See chapter 19 for defined terms.