

FUNCTIONAL TECHNOLOGIES CORP.

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FUNCTIONAL TECHNOLOGIES TO ACQUIRE STATE-OF-THE-ART TECHNOLOGY
COMPANY TO ACCELERATE IN-HOUSE PRODUCTION OF PHYTERRA YEAST
PRODUCTS

VANCOUVER, BRITISH COLUMBIA — October 16, 2008 — Functional Technologies Corp. (TSXV: FEB) is pleased to announce it has entered into a Memorandum of Understanding to acquire Maritime Pulse Drying (“MPD”). MPD is a Prince Edward Island based custom spray drying company with new, state-of-the-art, pulse spray drying equipment and highly specialized technical personnel. The acquisition is expected to help facilitate Functional Technologies’ program to independently produce its own final bulk dry active Phytterra Yeast products - significantly accelerating the company’s in-house yeast production capabilities. The MPD acquisition will provide Functional Technologies with full production-scale drying technology capable of drying cream (wet) yeast into bulk dry active product ready for the global commercial winery and home wine markets. The state-of-the-art dryer equipment also provides for significant volume and cost benefits when compared to traditional drying technologies. The acquisition of MPD will complement Functional Technologies’ earlier acquisition of the Grahams Pond production and laboratory facility and the technical knowledge developed from work done at the CFIA (Canadian Food Inspection Agency) accredited pilot plant in PEI. Upon the completion of the MPD acquisition, the company will have amassed a significant portion of the necessary infrastructure, equipment, and technical knowledge required to complete manufacturing facilities capable of producing final bulk dry active Phytterra Yeast products. Refurbishing work on Grahams Pond has already begun and the MPD equipment installation will begin shortly after the closing of the MPD acquisition. “The acquisition of MPD and its installation into Grahams Pond is an important step forward in our strategic manufacturing plan to produce Phytterra Yeast,” commented Garth Greenham, Functional Technologies’ President and COO.

The non-binding MOU summarizes the general terms under which Functional Technologies will acquire 100% of the outstanding common shares of MPD. Functional Technologies will pay MPD cash and equity, assume MPD’s equipment loans, and pay a small royalty on certain drying revenue, excluding certain products including Phytterra Yeast and Bio products. Closing of the acquisition is subject to a number of conditions including the execution of a definitive agreement which the parties have agreed to negotiate in good faith. “This transaction has been structured to utilize the company’s cash and equity in a highly leveraged formula by accessing several excellent government programs with private lending sources to preserve its capital resources, and to be anti-dilutive to the company’s corporate structure as it purchases larger more important pieces of its production equipment,” stated Mr. Greenham.

In conjunction with this acquisition, Functional Technologies will secure an agreement to perform contract drying for a non-competitive company - providing for additional revenue generation during the low periods between the North and South American crush seasons.

Mr. Greenham added, “Although the objective of this acquisition is to bring in leading edge drying technology, we are in fact buying a company with skilled personnel as well as an agreement to perform contract drying for a company in a non-competitive space. This added contract revenue should easily cover the interest and principal repayments on the MPD loans and allow us to fully leverage this novel piece of equipment.”

About Functional Technologies Corp.

Functional Technologies is a functional foods and biological health products company that develops and commercializes advanced yeast products, and other novel biological products,

for the food and the health care industries. The company is currently commercializing a platform yeast technology that substantially reduces the formation of ethyl carbamate (also known as urethane, which has been recently reclassified by the World Health Organization up to a Group 2A carcinogen - the same carcinogen class as lead, mercury, acrylamide and diesel exhaust), from wines and other fermented beverages and foods. Functional Technologies has licensed the exclusive worldwide rights to this technology from The University of British Columbia (UBC). The company is expanding the development of next generation products in this area, as well as evaluating new yeast based technologies with broad commercial market applications. In addition Functional Technologies, through its wholly-owned subsidiary Phytterra Bio Inc., is developing a platform of proprietary biological products, for animal health, utilizing proprietary science in the field of micro-algae. For further company information, please access our website at www.functionaltechcorp.com.

ON BEHALF OF THE BOARD

“Howard Louie”

Howard Louie

Chief Executive Officer

This news release contains forward-looking statements as defined under applicable securities legislation. The forward-looking statements are made as of the date hereof, and the company has no intention to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise except as required by law. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such statements. Such factors include, among others, the company's stage of development, lack of product revenues and no assurance of product acceptance in the market, additional capital requirements, the ability to protect its intellectual property and dependence upon key personnel. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. Additional risks and uncertainties relating to the company and its business can be found in the “Risks and Uncertainties” section of its most recent Management's Discussion & Analysis filed on SEDAR (www.sedar.com).

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