



**FUNCTIONAL TECHNOLOGIES CORP.**  
Suite 1500 – 885 West Georgia Street, Vancouver, B.C. Canada V6C 3E8  
Tel: (604) 648-2200 | Fax: (604) 648-2201  
[www.functionaltechcorp.com](http://www.functionaltechcorp.com)

**FUNCTIONAL TECHNOLOGIES ANNOUNCES LAUNCH OF PHYTERRA BIO SUBSIDIARY  
PROVIDES GUIDANCE ON NEW PRODUCT DEVELOPMENT**

VANCOUVER, BRITISH COLUMBIA — July 22, 2008 — Functional Technologies Corp. (TSXV: FEB) is pleased to announce the launch of its new Phytterra Bio Inc. subsidiary based in Prince Edward Island (PEI). Phytterra Bio will be responsible for the development of the portfolio of proprietary assets acquired by Functional Technologies through its 2007 acquisition of Phycobiologics Inc.

Phytterra Bio will focus on the development of novel health care products derived from the micro-algae, *Chlamydomonas reinhardtii*. The initial target markets for Phytterra Bio's micro-algae products will be companion animal (pet) oral health care and aquaculture vaccines.

"Our world class team, headed by Dr. Michael Horne, has a demonstrated expertise in micro-organism product development through their extensive work and success on urea-degrading yeasts but also in the impressive commercial success of their previous endeavor in establishing a global aquaculture business," commented Howard Louie, CEO of Functional Technologies. "Our team's proven track record of successful micro-organism development helped secure the previously disclosed funding through the Atlantic Innovation Fund allowing us to expand our research capacity to handle both our yeast and micro-algae technology platforms."

"We are a technology company that aims to continuously discover, develop and commercialize new proprietary functional food and health care products. Our initial commercial focus is squarely on our urea-degrading wine yeasts, and is complemented by a robust pipeline of other yeast products, including rice wines, distilled liquors and food yeasts as well as our new Phytterra Bio companion animal and aquaculture products. This pipeline should ensure us of multiple product launches over the next several years, multiple streams of revenue, and numerous value creating milestones," added Mr. Louie.

**Companion Animal Oral Health Care**

The companion animal oral health care market in the United States is estimated to currently be \$500 Million annually and is one of the fastest growing market segments of companion animal care. The majority of companion animal periodontal therapies currently available are chemical based. Phytterra Bio is working on the development of a novel and natural treatment derived from micro-algae that has potential efficacy and safety advantages over the existing chemical treatments. Phytterra Bio has isolated several lead product candidates and has completed preliminary proof of concept testing that demonstrated topical application of its micro-algae products significantly reduced bacterial plaque formation in cats. The Company is continuing with clinical testing of its micro-algae products and currently estimates a 2010 commercial launch.

"The micro-algae companion animal products provide us with a lucrative near term business opportunity that fits with our mission of providing natural health care products and improving quality of life," stated Garth Greenham, Functional Technologies Chief Operating Officer.

## **Aquaculture Vaccines**

Phytterra Bio is developing oral aquaculture vaccines to treat a multitude of marine life. The current worldwide aquaculture health products market is estimated to be \$750 million annually. Aquaculture currently supplies 30% of the world's rising seafood demands and for many years has compensated for the shortfall caused by flat ocean harvests. Many of the world's farmed finfish species are injection vaccinated but the lack of effective orally applied vaccines is a major barrier to market expansion. Oral vaccination would open up substantial new market segments since many farmed species constantly battle unchecked disease. One of the first targets is White Spot disease in shrimp which has been reported to cause up to a billion dollar in annual losses to the shrimp industry. Phytterra Bio's micro-algae based vaccine product is ready for laboratory scale trials.

"The aquaculture business is a logical place for Functional Technologies to compete. It allows the Company to capitalize on its micro-organism expertise for the development of proprietary products but more importantly on the experience of a team of people who, prior to joining Functional Technologies, helped build one of the world's largest aquaculture vaccine companies," added Mr. Greenham.

## **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 the companion animal oral health and aquaculture vaccines markets utilizing proprietary science in the field of micro-algae.

*This news release contains forward-looking information. The reader is cautioned that assumptions used in the preparation of such information, although considered accurate at the time of preparation, may prove incorrect. The actual results achieved may vary materially from the information provided herein. Consequently, there is no representation by Functional Technologies Corp. that actual results achieved will be the same as those forecast.*

### **For further information, contact:**

#### **Head Office:**

Functional Technologies Corp.  
Phone: 604.648.2200  
Email: [info@functionaltechcorp.com](mailto:info@functionaltechcorp.com)

#### **Investor Relations:**

Hogan Mullally *Investor Relations*  
Phone: 204.479.2516  
Toll Free: 888.442.4106  
Email: [hogan@functionaltechcorp.com](mailto:hogan@functionaltechcorp.com)