

Innovative Biosensors, Inc. Raises \$3.5 Million in Series A Financing

College Park, MD, May 26, 2005 – Innovative Biosensors, Inc (IBI), a company developing rapid, ultra-sensitive tests to detect harmful pathogens, today announced that it has raised \$3.5 Million in Series A financing led by Harbert Venture Partners, LLC. Other investors include New Markets Growth Fund and the Maryland Venture Fund.

Founded in mid 2003, IBI licensed the CANARY™ technology from MIT in August 2003. The technology enables the detection of pathogens with an unprecedented combination of speed and sensitivity. The company recently launched its *E. coli* O157:H7 Detection Kit for food processors and plans to introduce more tests in the food testing and human clinical diagnostics markets. IBI's technology is expected to transform testing for infectious diseases by offering speed without sacrificing sensitivity.

In conjunction with this Series A round, IBI announced the addition of two members to its Board of Directors. The new Board members include Will Brooke from Harbert Venture Partners and Mark Grovic from New Markets Growth Fund.

“Closing this financing round with such well-respected investors further substantiates our business model and growth potential in the food safety and clinical diagnostic markets,” said Joe Hernandez, IBI's Founder and CEO. “This funding will enable us to expand our commercial infrastructure, allowing us to bring IBI's technology to markets currently in need of rapid, sensitive pathogen test results.”

“We believe IBI's cutting-edge CANARY™ detection technology is applicable to multiple markets. This, in combination with IBI's experienced management team, positioned IBI as an attractive investment opportunity for us. We are pleased to support IBI and look forward to being a part of a company that has the potential to revolutionize pathogen testing,” said Will Brooke, Managing Partner of Harbert Venture Partners.

About Harbert Venture Partners

Harbert Venture Partners provides growth capital to early stage technology and healthcare companies in the Mid-Atlantic and Southeastern U.S. Harbert Venture Partners combines substantial investment, advisory and operating experience with capital to assist entrepreneurs in successfully executing their growth plans. Harbert Venture Partners is an affiliate of Harbert Management Corporation, a privately owned investment manager focusing on alternative asset classes. Harbert has twenty-one funds under management, representing over \$5.0 billion in assets and committed capital under management. More information is available at <http://www.harbert.net/>

About New Markets Growth Fund

The New Markets Growth Fund is a \$20 million venture capital fund that makes equity investments and provides operational assistance to both early-stage ventures and small to mid-sized high growth companies located in Maryland, Washington, DC, and Northern Virginia. More information is available at <http://www.newmarketsfund.com>

About Maryland Venture Fund

The Maryland Venture Capital Fund is a state-sponsored venture capital program, established in 1994 and designed to make direct equity investments in early stage, high technology companies in Maryland. The Enterprise Investment Fund provides direct equity investments in emerging high technology companies with patented or proprietary products or manufacturing processes and a marketing strategy in place. Additional information is available at <http://www.choosemaryland.org>

About Innovative Biosensors, Inc.

Innovative Biosensors, Inc. is a privately held company developing novel technologies for the rapid detection of pathogens. The company's technology is expected to have broad applications in food testing, animal health, and human health care, including drug discovery and development and disease diagnosis. Additional information is available at www.innovativebiosensors.com

This release may contain forward-looking statements that are subject to certain risks and uncertainties, including Innovative Biosensors' mission to develop and commercialize instrument systems, Innovative Biosensors' ability to develop new technologies to conduct rapid diagnosis. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Innovative Biosensors cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including, but not limited to, the following: Innovative Biosensors' expectations that they will incur operating losses in the near future, the early stage of development of Innovative Biosensors' products and technologies, uncertainties related to preclinical and clinical testing and trials, uncertainties surrounding the availability of additional funding, Innovative Biosensors' reliance on research collaborations, the actions of competitors and the development of competing technologies, potential patent infringement claims against Innovative Biosensors' products, processes and technologies, Innovative Biosensors' ability to protect their patents and proprietary rights and uncertainties relating to commercialization rights.

Contact:

Innovative Biosensors, Inc.
Hollie Kephart, Media Relations
Phone: (301) 405-8444
info@innovativebiosensors.com