



26 February, 2004.

Company Announcement Office,
Australian Stock Exchange Ltd.,
4th Floor, 20 Bridge Street,
Sydney. NSW. 2000

Dear Sir/Madam,

Appendix 4D & Chairman's Half Yearly Report, 31 December, 2003.

Anadis is pleased to report sales revenue for the six months ended December 31, 2003 of \$2,047,000. This is an increase of 26% over the previous corresponding period.

Trading results.

The sales figure is a reflection of the continuing growth in the quantity of products being manufactured. These revenues, after allocation of direct overheads associated with manufacturing, make a positive contribution to the research and development activities of the company. We continue to actively seek additional manufacturing opportunities as well as the development of our own products to further increase sales revenue.

Preventyn.

During the last quarter of 2003 the company was active in the hyperimmunisation and collection of bovine colostrum antibodies from dairy herds in the Goulburn Valley. These antibodies are to be used in the first manufacture of our traveller's diarrhea preventative "Preventyn". Currently the product is undergoing secondary processing to convert the antibodies into a powder form. After this step tableting and packaging of the final product will take place in the coming weeks and a product launch, initially into the Melbourne market place, will occur. We are greatly excited by this first launch of a product fully developed by Anadis.

H.pylori Study

As a result of the Anadis sponsored Clinical Study performed at Melbourne's Alfred Hospital, the launch of a second proprietary product will follow the launch of Preventyn once regulatory approval has been obtained.

This study showed that in subjects with *Helicobacter pylori* (H pylori), non ulcer dyspepsia, an Anadis proprietary colostrum product reduced both:

- The burden of H pylori infection
- The symptoms related to H pylori associated gastritis – inflammation of the stomach.

Whilst the role of H pylori as a cause of dyspepsia remains controversial this organism is associated with a variety of gastrointestinal conditions including duodenal and gastric ulcers and even gastric cancer. It is noted that up to 1 in 3 Australians each year attend their general practitioner for symptoms that relate to the upper gastrointestinal tract, the majority having symptoms of dyspepsia or indigestion.

The Directors anticipate significant national and international demand for a cost effective, natural product that has been shown, in Clinical Studies, to reduce symptoms that are associated with H pylori infection. Anadis has already received significant overseas interest in the development of this product which is free of the side effects associated with antibiotic use.

Further on-going research work into H.pylori continues with the assistance of funding under a Commonwealth Government START Grant.

Osteoporon Studies

The company has just received notification of the results of the clinical study at Monash University on Osteoporon. Osteoporon did not make a significant difference to slowing the loss of calcium in the bones of the trial participants. Admittedly, the results were based upon a twelve month study only, and more time may have produced a more positive result. However, the trial has not yielded results of sufficient scale to justify continuing along this particular research path. Consequently, the second Osteoporon trial at the Austin Hospital has also been terminated.

This is a disappointing result for the company, Osteoporon having been a significant part of the company's initial research programme. It was a product, however, that was not colostrum based, and the company has expanded its focus in recent years to more heavily concentrate on colostrum based products, with success already apparent in Preventyn. Additionally, there are excellent prospects for a number of other colostrum based products in the company's research portfolio.

Enterovirus 71

The work being undertaken with Taiwanese government's Development Centre for Biotechnology into the Enterovirus 71 disease is proceeding very well. Large scale production systems have been developed and trialed. The regulatory pathway for the vaccine is proceeding well, and scale up techniques to produce the required antibodies have been successfully developed.

Bioshield

Our Bioshield project, which has been funded in part by a Biotechnology Innovation Grant, is now entering its final phases. We have developed a material that can protect proteins in the harsh stomach environment. This material is now 10 times more efficacious than our early generation prototypes. We see use for this technology in our own Enterovirus 71 and *H.Pylori* products as well as applications in the functional food and nutritional markets.

Biodefence

We recently announced success in winning a grant of \$786,500 from the Commonwealth Government to facilitate Anadis' research into biodefence. Anadis is already working in this area under a collaborative research agreement with the Department of Defence, and this grant will enable Anadis to gain international co-operation with the United States Biodefence network to accelerate the development of products aimed at protecting individuals against bacteria used in biowarfare and bioterrorism.

The team at Anadis looks forward to 2004 as a productive and exciting year.

Yours sincerely,
Anadis Limited.

Philip Molyneux
Chairman

ANADIS Limited
ABN: 80 063 114 045
ASX Half-year information – 31 December 2003

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2003 Annual Report.

Contents

Results for Announcement to the Market	<i>(Appendix 4D item 2)</i>	2
Half-year report	<i>(ASX Listing rule 4.2A1)</i>	3 to 13
Supplementary Appendix 4D Information	<i>(Appendix 4D items 3 to 9)</i>	14

ANADIS Limited
Half-year ended 31 December 2003
(Previous corresponding period:
Half-year ended 31 December 2002)

Results for Announcement to the Market

				\$
Revenue from ordinary activities <i>(Appendix 4D item 2.1)</i>	up	27%	To	2,047
Profit/(loss) from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	down	51%	To	(422)
Net profit/(loss) for the period attributable to members <i>(Appendix 4D item 2.3)</i>	down	51%	To	(422)

Dividends/distributions <i>(Appendix 4D item 2.4)</i>	Amount per security	Franked amount per security
Final dividend <i>(prior year)</i>	Nil	Nil
Interim dividend	Nil	Nil

Record date for determining entitlements to the interim dividend
(Appendix 4D item 2.5)

Day/Month/Year
N/A

Explanation of Revenue *(Appendix 4D item 2.6)*

Include a brief explanation to enable figures to be understood if necessary

Sales of goods (\$1,796,935) represented the largest contribution (88%) to revenue. Additional revenue received comprised \$199,000 in outside research and development funding and \$49,000 interest received on cash deposits.

Explanation of Profit/(loss) from ordinary activities after tax *(Appendix 4D item 2.6)*

Include a brief explanation to enable figures to be understood if necessary

The reduction in the loss (51%) from the previous year is attributed to an increased funding of research and development from outside sources and a R&D tax refund of \$333,000.

Explanation of Net Profit/(loss) *(Appendix 4D item 2.6)*

Include a brief explanation to enable figures to be understood if necessary

N/A

Explanation of Dividends *(Appendix 4D item 2.6)*

Include a brief explanation to enable figures to be understood if necessary

N/A

Contents

Directors' Report	4
Statement of financial position	5
Statement of financial position	6
Statement of cash flows	7
Notes to the financial statements	8
Directors' declaration	10
Independent review report to the members	11

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Anadis Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Anadis Limited.
Directors' Report.

Your directors present their report on Anadis Limited for the half year ended 31 December, 2003.

Directors.

The following persons were directors of Anadis Limited during the half year and up to the date of this report:

Philip G. Molyneux,
Conor J. Graham,
Dr. Peter J. Jenkins,
Prof Roy Robins-Browne, and
Roman Zwolenski

Review of operations and results.

The directors are pleased to report that in the six months to 31 December, 2003, a number of important milestones were achieved. These achievements are set out in the accompanying letter to the Australian Stock Exchange Ltd., signed by the Chairman and dated 26 February, 2004.

Rounding of amounts to nearest thousand dollars.

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the Class Order.

Signed in accordance with a resolution of the directors.

P.G. Molyneux
Director.

C.J. Graham
Director

Melbourne,
26 February, 2004.

ANADIS Limited
Statement of financial performance
For the half-year ended 31 December 2003

	Half-year	
	2003	2002
	\$'000	\$'000
Revenue from ordinary activities	2,047	1,609
Raw materials and consumables used	(1,218)	(964)
Employee benefits expense	(894)	(597)
Depreciation and amortisation expenses	(89)	(64)
Borrowing costs	(1)	-
Research and development – external	(255)	(498)
Corporate and administrative expenses	(345)	(347)
Profit/ (loss) from ordinary activities before income tax benefit	(755)	(861)
Income tax benefit	333	-
Profit/ (loss) from ordinary activities after income tax benefit	(422)	(861)
	\$	\$
Basic earnings per share	(0.01)	(0.01)
Diluted earnings per share	(0.01)	(0.01)

The above statement of financial performance should be read in conjunction with the accompanying notes.

ANADIS Limited
Statement of financial position
As at 31 December 2003

	December 2003	June 2003
	S'000	S'000
CURRENT ASSETS		
Cash	252	381
Receivables	795	654
Investments	1,470	2,130
Inventories	607	601
Other assets	32	47
TOTAL CURRENT ASSETS	<u>3,156</u>	<u>3,813</u>
NON-CURRENT ASSETS		
Plant and equipment	1,779	1,830
Intangible assets	302	311
TOTAL NON-CURRENT ASSETS	<u>2,081</u>	<u>2,141</u>
TOTAL ASSETS	<u>5,237</u>	<u>5,954</u>
CURRENT LIABILITIES		
Accounts payable	414	666
Interest bearing liabilities	10	10
Provisions	86	80
Deferred Revenue	40	114
TOTAL CURRENT LIABILITIES	<u>550</u>	<u>870</u>
NON-CURRENT LIABILITIES		
Interest bearing liabilities	22	27
Provisions	43	14
TOTAL NON-CURRENT LIABILITIES	<u>65</u>	<u>41</u>
TOTAL LIABILITIES	<u>615</u>	<u>911</u>
NET ASSETS	<u>4622</u>	<u>5,043</u>
EQUITY		
Share capital	12,592	12,592
Accumulated losses	(7,970)	(7,549)
TOTAL EQUITY	<u>4,622</u>	<u>5,043</u>

The above statement of financial position should be read in conjunction with the accompanying notes

ANADIS Limited
Statement of cash flows
For the half-year ended 31 December 2003

	Half-year	
	2003 Inflow / (Outflow) \$'000	2002 Inflow / (Outflow) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of goods and services tax)	1,876	1,478
Payments to suppliers and employees (inclusive of goods and services tax)	(3,077)	(2,465)
Interest received	34	78
Grants received	127	109
R&D tax refund	281	-
Borrowing costs	(5)	-
Net Cash Flow from Operating Activities	(764)	(800)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(26)	(13)
Proceeds from maturing debentures	660	550
Net Cash Flow from Investing Activities	634	537
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	-
Net Cash Flow from Financing Activities	-	-
Net increase/(decrease) in cash held	(130)	(263)
Cash at beginning of financial year	382	576
Cash at end of financial year	252	313

The above statement of cash flows should be read in conjunction with the accompanying notes.

ANADIS Limited
Notes to the financial statements
For the half-year ended 31 December 2003

Note 1. Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period 31 December, 2003 has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent issues Group Consensus Views), other authoritative pronouncements of the Accounting Standards Board and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the year ended 30 June, 2003 and any public announcements with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2. Segment information

Geographical Segment:

The Company operates within Australia.

Business Segment:

The Company conducts Research & Development activities and manufactures health foods.

2003	\$'000 Manufacturing	\$'000 Research & Development	\$'000 Unallocated	\$'000 Total
Operating revenue	1,799	-	-	1,799
Other revenue	-	199	-	199
Interest revenue	-	-	49	49
Total segment revenue	1,799	199	49	2,047
Segment result	257	(376)	(636)	(755)
Segment assets	2,908	415	1,914	5,237
Segment liabilities	285	221	109	615
Depreciation & amortisation expense	48	28	13	89
Other non-cash expense	(2)	(4)	41	35
Acquisition of non-current segment assets	19	-	7	26

2002	\$'000	\$'000	\$'000	\$'000
	Manufacturing	Research & Development	Unallocated	Total
Operating revenue	1,421	-	-	1,421
Other revenue	-	109	-	109
Interest revenue	-	-	79	79
Total segment revenue	1,421	109	79	1,609
Segment result	227	(607)	(481)	(861)
Segment assets	2,561	404	2,769	5,734
Segment liabilities	170	42	60	272
Depreciation & amortisation expense	43	19	11	73
Other non-cash expense	(14)	(2)	-	(16)
Acquisition of non-current segment assets	10	-	3	13

Note 3. Earnings per share

	Half-year	
	2003	2002
	\$	\$
Basic earnings per share	(0.01)	(0.01)
Diluted earnings per share	(0.01)	(0.01)
	2003	2002
	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	81,163,403	81,163,403
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	81,163,403	81,163,403

Reconciliation of earnings used in calculating earnings per share

The numerator used in calculation of both Basic EPS and Diluted EPS is a loss of \$422k and there are no reconciling items to the loss from ordinary activities before income tax expense.

Options

Options that have been granted are considered to be potential ordinary shares, however their conversion to ordinary shares does not increase the loss per share, as such the options are not dilutive and have not been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share.

Note 4. Events occurring after reporting date

Share Issue.

On 29 January, 2004 500,000 new fully paid ordinary shares were issued at 0.30 each (total value \$150,000) following the exercise of Options issued on 2 February, 1999.

Note 4. Events occurring after reporting date (continued)

Osteoporon Trials.

The Company has just received notification of the results of the clinical study at Monash University on Osteoporon.

Osteoporon did not make a significant difference to slowing the loss of calcium in the bones of the trial participants. Admittedly, the results were based upon a twelve month study only, and more time may have produced a more positive result. However, the trial has not yielded results of sufficient scale to justify continuing along this particular research path. Consequently, the second Osteoporon trial at the Austin Hospital has also been terminated.

This is a disappointing result for the Company, Osteoporon having been a significant part of the Company's initial research programme. It was a product, however, that was not colostrum based, and the Company has expanded its focus in recent years to more heavily concentrate on colostrum based products, with success already apparent in Preventyn. Additionally, there are excellent prospects for a number of other colostrum based products in the Company's research portfolio.

ANADIS Limited Directors' Declaration

The directors declare that the financial statements and notes set out on pages 5 to 10:

- (a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

P Molyneux
Director

C Graham
Director

Melbourne
26 February 2004

PricewaterhouseCoopers
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Independent review report to the members of Anadis Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Anadis Limited, set out on pages 5 to 11:

- does not give a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Anadis Limited as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Anadis Limited (the company), for the half-year ended 31 December 2003.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report

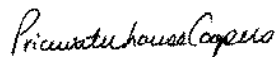
These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.



PricewaterhouseCoopers



SC Bannatyne
Partner

Melbourne
26 February 2004

ANADIS Limited
Supplementary Appendix 4D information

NTA Backing (*Appendix 4D item 3*)

	2003	2002
Net tangible asset backing per ordinary share	\$0.05	\$0.06