



November 11th, 2004

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

Dear Sir/Madam,

Please find herewith a company announcement “**Anadis & TMI win \$1 Million grant**” for release and distribution to the market immediately.

On Behalf Of
ANADIS LIMITED

CONOR GRAHAM
Managing Director & CEO

Anadis & TMI win \$1 million Government Grant for immunity stimulating infant formula

Anadis Ltd (ASX: ANX) together with Tatura Milk Industries (TMI) are pleased to announce the winning of a research grant for approximately one million dollars. This Commonwealth Government Food Innovation Grant ("FIG" grant) is for research aimed at developing a specialty milk powder for human infant formula. This new product will contain naturally high levels of anti-oxidants - which appears to be important in the immune development of children. The new product is part of the Anadis Tatura Innovation Engine Room (ATIER) development pipeline which is aimed at creating high value dairy products.

The rewards from the sale of this product will be shared by Anadis and TMI.

The Anadis / TMI project is based on the development of a health enhanced infant and child formula product for Asia.

Infants are born with poorly developed immune systems, and immune health is more significant in Asia than in the West because of enhanced risks from diseases such as viral and bacterial gastroenteritis, respiratory diseases and Enterovirus 71 (a polio-like virus) which has recently emerged in Taiwan and China.

The total market size is approximately 290,000 metric tonnes with a wholesale value of AUD \$1.6 Billion, growing at an average of 5% per year. By volume: China 52%, Indonesia 16%, Japan 12%, South Korea 10% and Taiwan 10%.

If successful, the Anadis / TMI team expect significant interest from consumers for this product.

Expected benefits of this formula include:

- Enhanced immune protection for infants arising from the capacity of antioxidants to stimulate immune function.
- Safe and effective function based on matching the anti-oxidant function levels found in human breast milk.
- Strong natural pathways for enhancing the anti-oxidant content. This is extremely favourable around the world and especially in Asia.
- Evidence of health benefits for the cow arising from the speciality diet. The inference is that healthier cows will provide more healthy milk.

One of the major differences in this project, from the usual approach of adding artificial forms of bio-actives to infant formula, is that the Anadis / TMI product is made naturally i.e, the cow includes the antioxidant in the milk - packaged much the same way it is in human mothers' milk.

There is already advanced interest from Asian distributors for this product.

A natural pathways approach is being developed for introducing the antioxidant into cow's milk and thereby into whole milk based infant and child formulas. The challenge exists to achieve breast-milk equivalent bioavailability and bioactivity of the antioxidant. This research project, up to pilot scale work, is to run for 2 years.

This funding gives an enormous vote of confidence to product development initiatives under the ATIER committee - a research committee to co-develop new food products for Australia and overseas, particularly focused on Functional Foods and Nutraceuticals.

Anadis – Delivering On The Promise Of Biotechnology

Anadis Limited, is a Melbourne based biopharmaceutical company, focusing on developing Nutraceutical and Pharmaceutical products.

Travelan, the first ever Travelers Diarrhoea preventative, is being released into the Australian market during October 2004. Travelan has been proven in hospital clinical trials to significantly decrease the risk of Travellers' Diarrhoea and the symptoms of minor gastrointestinal disorders. Travelan is prepared using bovine colostrum, from cows hyper-immunized against the 13 most common strains of *E.coli* – the most common cause of Travellers' Diarrhoea and works through the process of passive immunity transfer.

Travelan[®]

Other Anadis projects include **EV-71** a proven preventative against Enterovirus 71, a polio like disease affecting children in Taiwan and other parts of Asia, currently at the beginning of commercialisation;

Pyloran, which has been clinically proven to reduce infection and symptoms of *H.pylori* associated gastritis;

Bio-Shield 10 a range of "bio-shielding" technologies that protect delicate molecules, enzymes and proteins, initially targeted for use in the pro-biotic market, and,

Respiratory Protection technologies, a project in conjunction with the Australian Defence Forces and US Bio-Defence Organisations, initially focused on short-term immediate protection from airborne bacteria such as Anthrax and Plague, future applications include Hay Fever and Asthma.

Anadis is also in early development of a *H.pylori* vaccine.

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