



July 18th, 2006

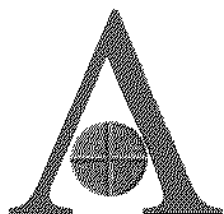
Company Announcement Office
Australian Stock Exchange Ltd (ASX)
4th Floor, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Please find herewith a company announcement "**Anadis Newsletter July 06**" for release and distribution to the market immediately.

Yours sincerely

CONOR GRAHAM
Managing Director & CEO



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July, 2006

Dear Shareholders,

The first half of 2006 has seen exciting progress at Anadis. In terms of scientific achievement and the continued expansion of our international commercialisation programs. As you may be aware commercialisation of any product, particularly those aimed for the international healthcare market is both a time and resource consuming process.

Your senior Management Team continues to devote very considerable resources and energy to the commercialisation of your Company's two most advanced products, Travelan and EV 71. These initiatives will continue to dominate our activities in the immediate future.

Shareholders will be aware that Anadis has recently completed a \$1.7m capital raising. We welcome the new sophisticated investors to our share register and thank both the existing and new institutional investors for their continuing support.

The purpose of this capital raising is for the continued international expansion of Travelan and for the commercialisation of the Enterovirus 71 product.

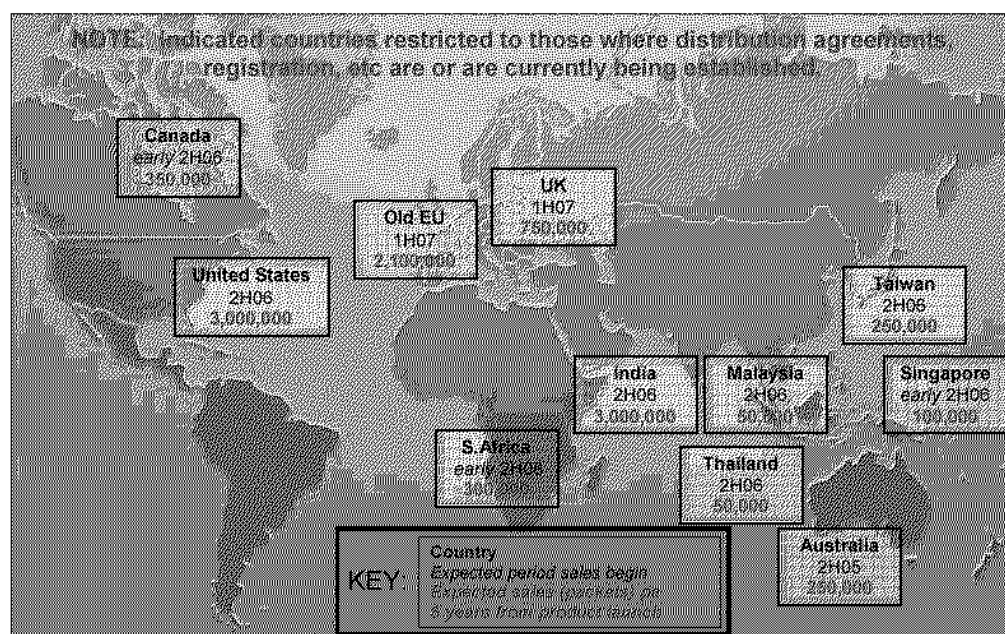
Senior Management continues to negotiate with a number of international healthcare companies to expand our commercial opportunities.

Travelan

From the commencement of the Travelan program, Anadis has always envisaged Travelan to be a truly global product. The efficacy and level of international interest in Travelan intimates this complex task is an achievable goal.

The healthcare product registration process is slow and arduous. Time delays are common and often beyond control. Nevertheless Anadis has achieved registration in the important North American markets – United States and Canada. We anticipate registration in Singapore and South Africa shortly, and approval is expected in other countries including India, United Kingdom and Scandinavia by late 2006. These regulatory approvals will clearly greatly expand our geographical potential of Travelan.

Travelan Global Forecast



A significant commercial milestone was recently achieved when the Australian Government Analytical Laboratory (IOC accredited) recognised that Travelan is "Safe for International Athletes". Travelan may be distributed to elite Australian athletes travelling to areas of "high risk".

For example our cricket or hockey players going to the Indian sub-continent may safely reduce their risk of developing a diarrhoeal illness by taking Travelan prophylactically.

These estimates are at a 10% penetration of travellers from these markets travelling to "high-risk" destinations.

Anecdotal feedback from healthcare providers, including some medical specialists, has suggested that Travelan may have a role in providing symptomatic relief from a number gastrointestinal tract conditions including inflammatory bowel disease (IBD) and the irritable bowel syndrome (IBS). After a scientific review of this clinical evidence provided to Anadis, your Company has agreed to conduct an open label pilot study on the use of Travelan in subjects with stable IBD (Ulcerative Colitis). The clinical protocol is well advanced and it is anticipated this study will commence during the second half of 2006. Successful completion of a clinical study may allow additional therapeutic indications for Travelan in the international healthcare market, i.e. expanding the introduction of Travelan from a preventative product against *E.coli* associated Travellers' Diarrhoea to a therapeutic product, ameliorating symptoms associated with a range of gastrointestinal tract conditions. This is certainly an exciting clinical and commercial prospect.

Enterovirus 71 (EV-71)

Enterovirus 71 is one of the viruses which causes 'hand, foot and mouth' disease in young children, but this virus can also cause a polio like disease. Severity ranges from mild flu like symptoms to far more serious nervous signs such as fits, paralysis and in some cases death. The World Health Organisation (WHO) has classified Enterovirus 71 as an emerging 'disease state', and is comparing the disease with the spread of polio in Europe and North America in the late 19th century.

This disease is most prevalent during the summer, and is concentrated in the Asia-Pacific region, mainly Taiwan and China. According to Taiwanese government figures, since 1998 there have been millions of cases reported with thousands of severe cases and hundreds of deaths. In 1998 alone, more than four and a half million illnesses were caused by the virus including 500 severe neurological cases and 78 deaths. Most of these were in children under the age of four. Recent outbreaks, with fatalities, have been reported in Hong Kong, Vietnam, Malaysia and Singapore.

Anadis in conjunction with the Taiwanese Development Centre for Biotechnology (DCB) have developed a protective antibody therapy against Enterovirus 71. Estimates for Taiwanese demand are in excess of 110 million doses per annum (this represents a penetration rate of around 30-35% of the target market (young children) for one dose per day during the summer months – approximately 100 doses per child per year).

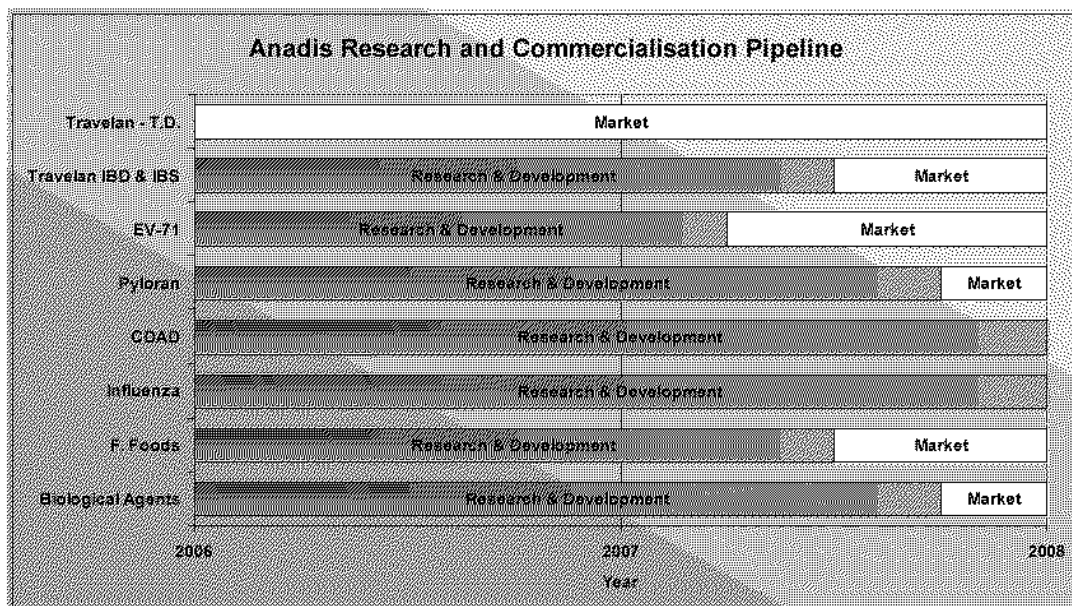
We are currently in the commercialisation "scale-up" phase of this therapy with the aim of delivering the first doses to Taiwan during the northern hemisphere summer of 2007 – growing consistently over the next 5 years. First sales outside of Taiwan are anticipated to occur during 2008, targeted at other Enterovirus affected countries including China, Hong Kong, Singapore, Malaysia and Vietnam. We are confident that Anadis is in a good position to bring the Enterovirus 71 product to market during 2007, without the need for further funding.

This endeavour to bring such an important - potentially life saving - health care product for children in the Asia-Pacific region to market in a short period of time will be a major achievement for you company. The Management team is confident that Anadis is in a strong position to bring the Enterovirus 71 product to market during 2007. We believe that the establishment of this product will be an important accomplishment, not only for Anadis, but for the Biotechnology industry in Australia.

The Anadis Research and Commercialisation Pipeline

The Anadis Research and Commercialisation Pipeline technology of raising **specific natural antibodies** for the treatment and prevention of disease, enables Anadis to bring products to market faster than conventional pharmaceutical development.

This diagram of the Anadis pipeline over the next two years highlights the anticipated expansion for the application of our antibody technologies.



We continue to strive in the advancement of our scientific achievements, expanding the areas our technologies can be utilised for building products to solve real world health issues. For example our "inhalable antibodies", first developed for use in biological agent protection in military and emergency applications, are now being investigated for their potential application in influenza – this work being reinforced through the new appointment of an influenza expert – Professor Lorena Brown - to our Scientific Advisory Board.

Anadis will soon begin to reap the rewards of our efforts as we begin the journey of a company providing an expanding range of health care solutions across the globe. Notably, these efforts would not be possible without the continued support and understanding of our shareholders, and the unrelenting commitment of our staff.

For further information a more detailed presentation can be downloaded at
<http://www.anadis.com.au/admin/managedFiles/4/Investor%20Presentation.pdf>

Anadis really is *Delivering on the Promise of Biotechnology*.

Warm Regards,

Conor Graham, CEO & MD

