14 October 2008

The Manager
The Company Announcement Office
Australian Stock Exchange Limited
Sydney NSW 2000

Dear Sir/Madam
Re Notice of 2008 Annual General Meeting

Please find attached the following documents which will be dispatched to shareholders this week:

- Chairman's Report to Shareholders
- Chief Executive's Report to Shareholders
- Notice of Annual General Meeting

Copies of the 2008 Annual Report of the Company will also be dispatched to shareholders whom have requested a copy.

Yours faithfully

Graeme Stevens
Company Secretary

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Chairman's Report

Dear Shareholders,

On behalf of the Board of Management of Anadis, I am pleased to present the 2007-2008 annual report for your review.

Significant operational and management changes have occurred over the past year. These changes have arisen as a result of a strategic examination of the Company's operations following the appointments of Dr. Zeil Rosenberg as CEO in April, 2007 and Dr. Oren Fuerst as Vice President, Business Development in October last year,

As a result, your Company has refocused on recognised core business competencies and opportunities. Scientific and product development projects where the company has relevant expertise and protected intellectual property, have been prioritised e.g. the refocus on the development of polyclonal antibodies for specific human diseases, such as influenza.

The fact that both Zeil Rosenberg and Oren Fuerst reside and operate from New York has, with modern communications, provided your Company with a number of marketing and distribution opportunities for our core products. Your Board is confident that the new management team, ably assisted by Dr. Grant Rawlin in Melbourne will successfully develop your Company's various commercialization strategies.

Following the Management review, the Board agreed to sell the Company's Toll manufacturing business which was tirelessly led by Mr. Fred Mears. This business, in earlier years did make a positive contribution to cash flow. However, in recent times it became an unacceptable financial risk, due to pressure on manufacturing margins and the constant need to provide significant funds for working capital. Funds that your Board felt would be better utilized on targeted, partnered and selected research and development projects where large markets exist for specific disease states.

Looking forward, I am pleased to report that, subject to adequate funding and regulatory approval, Anadis over the next 12 months will be involved in a number of clinical studies which, if successful, should advance the commercialisation of some of our products. Full details of those trials and their respective time frames, together with other developments, are set out in the attached report from Dr Rosenberg.

Anadis has a hard working and dedicated management team and, together with the research and development team headed by Dr Grant Rawlin, I wish to give my thanks for their passion and commitment over the past year.

I would also like to express my thanks to my fellow Directors for their support during the year, with special appreciation to two Directors, Philip Molyneux and Roman Zwolenski. Philip retired in July 2007 after nearly 10 years of distinguished service as Chairman of Anadis

Roman Zwolenski was a Director for nearly 6 years until his resignation in June this year. Roman was appointed Chairman in July, 2007 and was instrumental in directing the Company during its repositioning in the past year. We wish them well in their retirement.

I would also like to welcome Professor Colin Chapman, Simon Sallka and Dr.Zeil Rosenberg, our CEO, to the Board. Colin and Simon were appointed as non-executive Directors in June. All bring added skills and expertise to Anadis.

I firmly believe that Anadis is moving in the right direction and I look forward to meeting you at the Annual General Meeting.

Dr Peter Jenkins
Chairman

Chief Executive's Report

Dear Shareholders,

2008 will be remembered as the year in which Anadis made major business decisions to sort out its own financial house and put in place the rigor needed to succeed in key areas of core intrinsic value of global commercial interest.

2009 will be the year that will see the wider medical community, and the marketplace in general, begin to appreciate our unique technologies, their value to human health, and our company's capability to bring those solutions to the marketplace.

Since being appointed as CEO towards the end of the 2007 Fiscal year, the executive team and I have been quietly engaged in a fundamental reassessment of the company's core technology processes, intellectual property, competitive advantages and product pipelines. As a result of our outreach to the market and shareholders, we believe we have now identified the keys upon which the company's value may appreciate and began a track record of successes which will bring renewed credibility to the company.

Several key strategic points about Anadis must be stated up-front and continue to be emphasized.

First - Commercialisation.

Perhaps unlike other small companies with novel health technologies, Anadis has already commercialised real therapies based on our platform of large scale production of polyclonal antibodies. Our first product, Travelan™, was developed internally. Our second product, GastroGuard-R ™has been obtained through acquisition. These two products are clear examples of our company's capabilities and demonstrate the solid foundation of our core technology platform for our future growth and the capacity to execute on a range of new products in our pipeline.

Our goal is to expand upon this successful commercialisation using an even more effective business model to create a cushion of revenue from which to drive our business forward. Our products are available now in Australia and increasingly, other countries. We are engaged in a variety of discussions to expand product distribution and sales into attractive markets under terms which support the company's growth. These terms include licensing payments, co-development agreements and equity investments, and ongoing royalties on future product sales. We are seeking partnerships with companies that can expand both our marketing reach and provide the company with credibility in the medical marketplace as well as investors.

Secondly - Platform Potential.

Regulatory approval, sales of our product, and the high level of interest by scientific opinion leaders in using our antibody and protein platform in clinical studies, is tangible proof that the overall technology platform concept is workable. There is solid documented scientific literature and clinical experience of the polyclonal antibodies derived from bovine colostrum in the effective prevention and treatment of disease. Anadis builds on this 30 + years of scientific work in leveraging the latest dairy

manufacturing technologies and scientific skills to create formulations, protected by Intellectual Property, that will enhance 21st century medical practice and consumer health needs.

Thirdly - Next-phase Science and expansion of our Technology Platform.

We have undertaken a systematic analysis of our technology platform to enable Anadis to prioritize medical applications for health problems having large potential markets and where a unique solution can be achieved. We have also systematically integrated the underlying scientific framework which demonstrates to clinicians how and why our products have such potential, highlighting the precise mechanisms of action whereby our products exert their beneficial effects.

We have now started clinical trials of our products in some of these larger commercial targets. This work will increase as funding is available and results in these trials will drive an increased valuation of our portfolio and increase our access to larger research and investment funding.

Our current strategic product development priorities for the 2009 fiscal year include the use of our proprietary formulations in the following:

HIV/AIDS

Our recently TGA registered product, BioGard,™ is currently the subject of various government funded clinical trials which seek to show that BioGard™ may have a direct benefit in reducing the cycle of immune activation in patients with HIV/AIDS. This condition can leads to a variety of clinical problems including failure of anti-retroviral therapy and immune depletion.

Our proprietary product, BioGard, ™ is uniquely formulated and draws on Anadis' arsenal of capabilities from vaccine design through to final product formulation phase. Anadis is currently involved in discussions with leading HIV/AIDS researchers in Australia and the United States, in development the protocols for these clinical trials which are expected to begin during 2009.

Influenza

We continue to make good progress in the development of a novel method for the protection of individuals from influenza virus infection by topically protecting the upper airway with antibodies given by nasal spray. Current plans are for our accumulated data to be presented at major scientific meetings during 2009 which will assist us in crafting the corporate partnerships that can expedite bringing such an important product to market.

Cancer Treatment–related Mucositis

We have good reason to believe that our antibodies and proteins may aid cancer patients combat the gastrointestinal destruction that appears as a major adverse reaction to chemotherapy and radiation therapy. With such limited options now available or affordable to most patients, we believe there is an important medical need that may be met and clinical studies have been initiated in this regard. Government agencies have agreed with our conclusions and have awarded Anadis grant funds to support this work. A clinical study has been commenced at the Tel Aviv Medical Centre and is expected to be concluded during 2009.

Inflammatory Bowel Disease

Anecdotal evidence obtained by gastroenterology medical specialists from their own patients already using Travelan initially alerted the company to this potential application. We have optimized our formulation and an active open label clinical trial is well underway at the Tel Aviv Medical Centre. The goal of this clinical trial will be to obtain convincing quantitative evidence that our formulation is of benefit to those who suffer from this chronic illness. With such data we will be in a position to either, partner with any number of pharmaceutical companies actively seeking a therapy in this field towards effective commercial marketing, or continue clinical studies on our own if commercially beneficial.

C. difficile Associated Disease

This infectious disease is caused by displacement of normal gastrointestinal biota with the C. difficile bacteria and its associated toxicity. The infection is spread primarily in the health care setting and places all hospitalized patients receiving antibiotics at-risk. Drug-resistant strains have made this gastrointestinal bacterial infection a major public health and clinical problem throughout the United States, Canada and Europe. With positive results from previous phase II studies, and a solid foundation laid by others in the academic community, we are seeking funding from government agencies for completing the pivotal clinical studies that would allow commercialisation of this application.

Commercialising products

Over the past year the business model for commercialising our existing or late stage products has changed markedly. Rather than building a marketing function within Anadis Limited, partnerships have been successfully struck with distributors to take on the task of marketing the various products in their relevant markets. The overall purpose is to build a stable financial foundation for the company based on its own technologies, and focus the company's resources on its areas of competency being research, product development and polyclonal antibody manufacture.

Travelan

The main focus has been penetrating the significant US market. In 2008 this was achieved. The company, at the time of this writing this report, is engaged in late stage discussions with a US based specialty pharmaceutical company to license the product and become its exclusive distributor in the USA.

In Australia, Travelan sales have continued to grow despite a lack of significant marketing support while the new business model was implemented. We are currently engaged in discussions in respect of the distribution of Travelan by a national pharmaceutical company which could effectively support the product. We believe with such dedicated support sales will accelerate markedly providing not only a better return to shareholders but better visibility for the company platform in that the product packaging would recognize the use of Anadis biotechnology.

Rotavirus

Anadis licensed a rotavirus antibody-containing colostrum product from Numico Research Australia. This product has now been re-listed in Australia to allow for expanded marketing to territories interested in this major cause of childhood diarrhoeal disease. The Ministry of Health in one of these markets, Vietnam, has just approved this product for use and a distributor has been appointed for national

distribution. Negotiations in other countries are continuing with a number of distributors approaching Anadis with proposals to distribute the product in their particular country. Anadis has also joined with Tatura Milk Industries in a joint marketing venture to commercialise this product into China.

Product Commercialisation Pipeline

Calendar Q/ Indication	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Travelan (Travel Diarrhoea)	U.S Distribution Agreement	U.S. Sales			
Pediatric Diarrhoea (Travelan+ Rotavirus)		Efficacy Clinical Trial			Clinical Trial Results
HIV (adjunct Rx +HAART)	Efficacy Clinical Trial				Clinical Trial Results
Cancer Related Mucositis	Efficacy Clinical trial			Clinical Trial Results	
Diabetes				Efficacy Clinical Trial Initiation	
Flu			Delivery System Determined		Safety Clinical Trial

Research Pipeline

Our current research effort within Australia is broadly divided into two main areas:

1. controlling inflammatory responses in the gastro-intestinal tract using antibodies to lipopolysaccharide and other proteins, "the anti-LPS" program, and

2. protection from viral influenza.

Work on the anti-LPS project is being carried out at the University of Melbourne and at the Murdoch Children's Research Institute. This work is supporting all facets of clinical trials and product development.

Laboratory work, in particular with animal models of influenza, has been very successful at the University of Melbourne. This work has shown clearly that the Anadis antibody fragments when given directly through the nose can be used to successfully stop the infectious influenza process. This concept has been shown to work as a post exposure prophylaxis system.

In addition to the above research conducted in Australia, through our collaboration agreement with the Hadassah Medical Centre in Jerusalem, laboratory work is being carried out independently at the Hadassah Medical Centre, supporting a breakthrough approach to oral immune modulation developed by leading scientists at Hadassah itself. Initial work is focused on Type II diabetes, an increasing and serious clinical and public health problem affecting millions of persons. The work shows that oral delivery of specialized Anadis Hyper Immunized Colostrum could have a significant impact on the ability to prevent and treat Type II diabetes. Pending the availability of adequate financing, and commercialization arrangements, Anadis plans to initiate an important human clinical trial during the 2009 year.

Clinical trials

The following series of clinical trials based on our anti-LPS antibody platform have already commenced.

1. An open label trial on control of Ulcerative Colitis (Inflammatory bowel disease IBD) is being conducted at a major Medical Centre in Israel
2. The Mucositis study for the prevention of chemo and radio therapy induced side effects in cancer patients. A randomized, double blind, placebo controlled trial has been approved by the Israeli Ministry of Health and the Institutional Review Board (IRB) at a major Medical Centre in Israel. The design incorporates 40 patients with the possible expansion to 100 if additional anti-cancer therapies are included.
3. A pivotal trial on HIV positive patients with Anadis anti-LPS BioGard product has been submitted for IRB approval at a major medical research centre in Australia and has government funding for immediate start-up following approval. . This study is designed as a 21-site, 72 patient trial. Discussions are underway for additional studies to be undertaken in the United States at leading academic medical research centres with funding provided by the National Institutes of Health.

Intellectual Property development

2009 has been a year of concerted focus on intellectual property development to support the new direction of the company. Four new provisional patent applications have been filed or converted to full patent applications on the strength of our new work in the areas of Influenza, HIV, Mucositis and gastrointestinal inflammatory diseases.

Intellectual property on the use of targeted colostrum preparations to treat Clostridium difficile infections has been licensed as part of a joint venture arrangement.

Recent Major Developments

September 08.

Collaboration with Tatura Milk Industries, subsidiary of Bega Cheese, for export markets

Relates to our continuing successful collaborations and especially the production of commercial colostrum based products for export – particularly in USA and Asia for Travelan and Rotavirus products. It also signifies our ability to work closely with this major Australian dairy producer in support of a wide range of manufacturing efforts.

Commercializing BioGard™ as an Adjunctive Therapy for HIV / AIDS

Relates to a product and clinical trial of a therapy operating against the abnormal inflammatory response in AIDS using targeted antibodies in an oral preparation.

Clinical Trial Approved Against Cancer Therapy Side Effects

Relates to a clinical trial in Israel against mucositis side effects of cancer therapies using targeted antibodies in an oral preparation.

August 08

Influenza Antibody Success New Approach to Disease Control.

Relates to achievement of successful proof-in-principle experiments in a mouse model of epidemic Influenza using respiratory delivered targeted antibodies and antibody fragments. Data support use of our formulation for post-exposure prophylaxis.

July 08

Commencement of Clinical Trial in Israel.

Relates to commencement of a clinical trial against Ulcerative Colitis, a type of Inflammatory Bowel Disease (IBD) using orally delivered targeted antibodies.

Awarded VISTECH grant for Cancer Related Mucositis Trial.

Relates to announcement of a competitive government scientific grant for product commercialization activities.

March 08

License of IP from ImmuCell, Portland, Maine

Relates to licensing of Intellectual Property and clinical trial results relating to a targeted oral antibody product against Clostridium difficile Associated Disease.

License of Rotavirus antibody product from Royal Numico Australia

Relates to licensing of a completed oral antibody based product with activity against Rotavirus diarrhoea in children.

November 07

Hadasit Joint Venture

Relates to collaboration between Hadassah Medical Centre, Israel, researchers, and Anadis on immune therapies.

Financial Foundation in Uncertain Economic Environments

Given these tough financial times, Anadis management is committed to ensuring that our company not only survives but creates value for all our shareholders and gets its products onto the market to benefit patients.

The commercialisation of current products will continue to act as a financial cushion to the company while the larger commercial targets enable expansion to the next phase.

The sale of the non-core non-antibody related contract manufacturing division during the year, has given us much better control of our budget. Indeed, our R&D group has managed to survive through lean times in the past and is prepared to face whatever the market offers. This said, we still maintain high expectation that our core business of providing new solutions to unmet clinical needs can flourish in any economic climate with good scientific and clinical study data behind it.

With our ability to calibrate our expenses more precisely, we have instituted not only expense controls but also now have an increased ability to dial up or down our many R&D activities based upon our available budget.

Our new business model, whereby we out-license our products for marketing and sales, will reduce our expense requirements, better capitalize the marketing and sales promotion of our products, and ultimately provide a more secure and larger return to the company for those efforts. From a management perspective this allows us to focus our energy on business development and R&D and growing company value rather than building up a sales and marketing infrastructure. This new business model has been well received.

In conclusion, there is a remarkable turn-around happening at Anadis building upon a solid foundation of core pre-clinical work done over a number of years by leading Australian scientists. We remain confident that the new commercial and management strategies being implements can unlock value that has already been created. Likewise, the interest shown by many international experts in our proven platform leads us to believe that successful commercialization of an expanded product portfolio is achievable and will enhance value to all shareholders. We continue to appreciate the patience of our current shareholders who have recognized our potential, and stayed with our company through tough times. We see 2009 as a watershed for clinical demonstration of the overall technology concept as well as for receiving broader recognition of the innovation that has been made in our varied projects through more aggressive presentation and interaction with the investment, business and scientific communities than may have been done in the recent past.

Sincerely,

Zeil Rosenberg, MD

Chief Executive Officer

New York and Melbourne