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Quarterly Update to shareholders:

Here is an update on the China operations and the update on ThromboView will follow shortly:

Dear Shareholders,

1. **YouHeDing and the therapeutic area performance in China**:

   The J05B antiviral market continues to see robust growth with new entrant, BMS's Baraclude (entecavir) projected to overtake GSK's Heptodin (lamivudine) for the first time as the market leader in the fast growing oral hepatitis B product category by Dec 08. The projected growth in this category according to IMS for the close of 2008 is more than 50%.

   Our May close primary sale has gone up 35% versus the last reported sales in Jan close. The sales in the last four months for this category have been slower than expected due primarily to the severe snowstorms that paralyzed much of south-central China in January and early February and the recent Chengdu earthquake disaster that disrupted national bidding process, constraining hospitals and sales activities.

2. **Market Dynamics of the pharmaceutical industry in China**:

   The selling cycle and new product penetration in China tends to be longer than the developed market. YouHeDing like every non-reimbursed drug in the national insurance system will need to work its way to the hospitals and retail pharmacies via the national tender system that was introduced in 2000 and the arduous distribution channels and reimbursement process (see figures 1-3); the recent natural calamities have also delayed bids in many provinces.

   It is also important to realize that the invoiced sales are ex-factory sales to the first tier distributors. Due to the vast geographic expanse and the fragmented distribution system in China, the velocity of good flows due to the inefficient and fragmented system adds to the long sales and collection cycle.

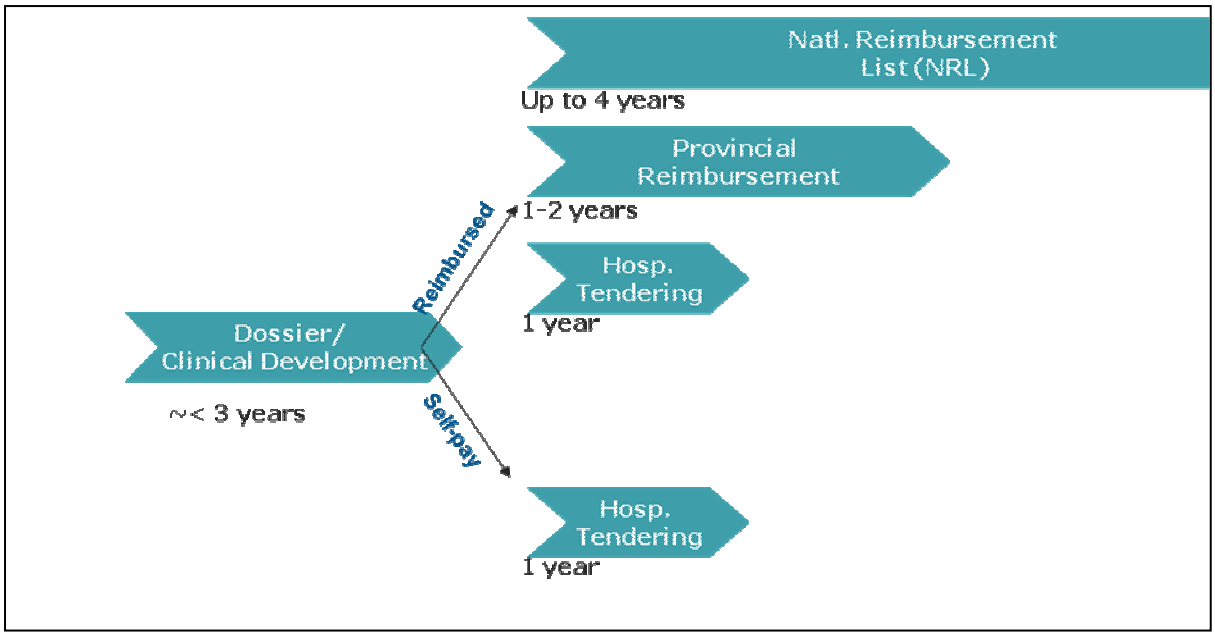

figure 1 – time to market penetration – from product approval to hospital listing and National Reimbursement listing

In 2004, after a nationwide "Good Supply Practice" (GSP) certification campaign, the number of drug wholesalers dropped from 16,000 to 7,445. Today, there are over 200,000 pharmacies across China.

New foreign products usually took more than 5 years to make it to the top 10 list due to reimbursement issues

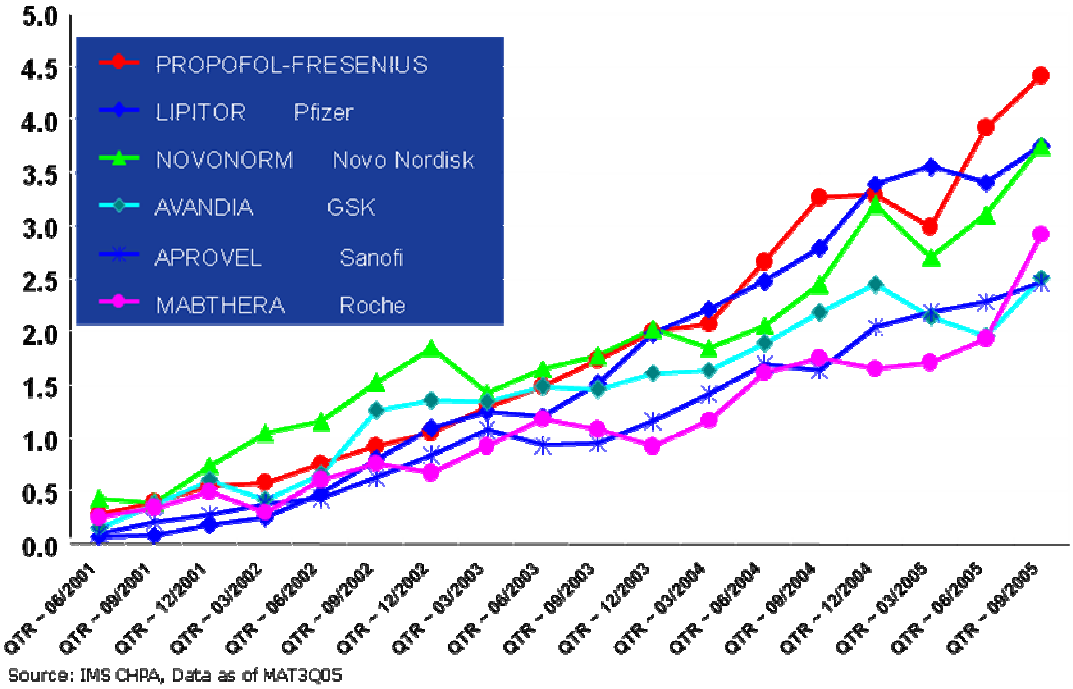

Figure 2- length of time to peak sales

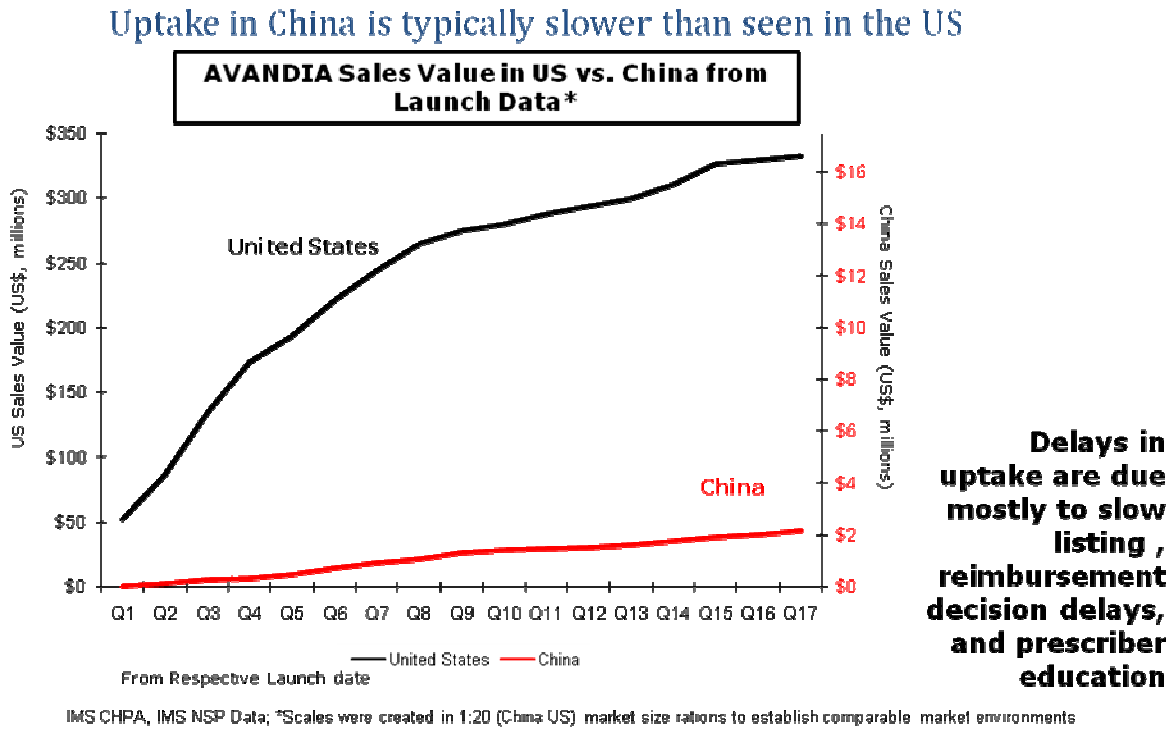

Figure 3: sales performance of Avandia, anti diabetic drug in the US vs China

Like most of the major brands in China, YouHeDing sales are only likely to peak in the next 5 years during which time; the product will be on the National Insurance Reimbursement list.

3. **Capital Requirements / Future Funding of Expansion Strategies:**

We will work towards China being self sufficient and ultimately driving profit through successful product listing and penetration in the near term. We continue to invest in a strong sales and marketing team with ongoing training on product as well as disease management in chronic B hepatitis. Cash generation will be dependent on how rapid we could obtain hospital listing in the competitive bids and successful sales and marketing activities to capture market share. Cash collection is also a challenge given that multinational companies will become increasingly exposed to the underlying hospital credit situation where payments to wholesalers average 60-180 days depending on the location **.

We continue to source for other anti-HBV products to expand our portfolio in this disease area in China.

The need for further capital injection in China is dependent on the pace of successful penetration of YouHeDing and timely cash collection coupled with opportunities to license in additional products to expand the portfolio to leverage on the capacity of our production, sales and marketing resources. It is anticipated that a further capital raising may be required

**Eric Zwisler, Regional Director, Zuellig China Region – a major distributor in China

in the near term to bridge a potential funding gap.

4. **Opportunities in the Philippines**:

   We have started to work with Xenopharms, our agent in the Philippines to begin the process of registering our Chinese Adefovir Dipivoxil product and we expect the first shipment in the second half of calendar year 2009.

5. **Longer term outlook:**

   It is important for shareholders to understand that while the market for YouHeDing in China holds tremendous potential and opportunities, it is an arduous journey and there is a need for patience and commitment especially in the near term. We are a new company in China and we have just launched the product since December 2007. There are dynamic regulatory and market changes due to the ongoing healthcare reform in China. There is the challenge of the conduct of drug purchase bidding by the provinces and cities down to the hospitals and pharmacies with inefficient and fragmented distribution channel.

   However, the chronic B hepatitis market is not well served; only less than 500,000 patients suffering from liver diseases are treated with the current available products that included 4 branded multinational products and 5 other generic adefovir. The rest of the 30 million patients with active liver diseases have no access to treatment.

6. **Board and Management Changes:**

   We continue as a board to ensure that the right skills and resources are brought in during this early phase to ensure we realize the potential of YouHeDing in China. For that reason, we will be making more announcements on board and management changes in the near future. Such changes are necessary to set the foundation for strong revenue and cash growth for the company.

An update on ThromboView will be covered in a separate communication to be released soon.

END

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Agenix Limited [ASX: **AGX,** OTC (NASDAQ): **AGXLY**] is a biopharmaceutical company based in Brisbane, Australia. Through its wholly owned subsidiaries, Agen Biomedical and Agenix Biopharmaceutical (Shanghai), the company has a strategic goal of building and developing a pipeline of therapeutic and imaging products. Agenix Biopharmaceutical (Shanghai) owns the businesses of two associated Chinese life sciences companies. One, Shanghai Rui Guang Bio-Pharma Development Co., Ltd, is a biopharmaceutical company which has a

pipeline of anti-viral drugs in development. Its lead product candidate, a hepatitis B virus drug, has successfully completed Phase III clinical trials in China and received China State Food and Drug Administration new drug approval on 30 September 2007. Sales of You He Ding in China are estimated to grow to in excess of RMB320 million per annum. The company has a deep pipeline of potential anti-viral drugs in development. The second, Shanghai Yi Sheng Yuan Pharmaceutical Co., Ltd, has a GMP certified manufacturing facility which has the capacity to produce 150 million tablets per annum (based on a 5-day working week at 8 hours per day).

Agen Biomedical's lead candidate is its high-technology blood clot-imaging agent, ThromboView®, which has been undergoing human clinical trials in the United States, Canada and Australia. ThromboView® uses radio-labelled antibodies to locate blood clots in the body, and could revolutionise the global clot diagnostic imaging market. Agen reported successful results of a Phase II deep vein thrombosis trial in February 2007. A Phase II pulmonary embolism clinical trial of 50 evaluable patients commenced in the United States and Canada in September 2007. Patient recruitment is scheduled for completion in the second quarter of the 2008 calendar year. ThromboView® has now been administered to over 160 patients with no serious adverse events attributable to it. Agen estimates that successful commercialization of ThromboView® are likely to result in peak end user sales of in excess of US550 million per annum. ThromboView® is being developed with the assistance of the Australian Federal Government through its START scheme. ThromboView® is a registered trademark of Agen Biomedical Ltd.