

NZX Release

29 May 2020

## **CHAIRMAN'S ADDRESS - AGM**

At the 2019 Annual Meeting the directors advised that the company would continue to sell Arthrem in New Zealand but would withdraw from Australian wholesale distribution arrangements. This withdrawal from Australia was completed in early September.

No advertising or promotion of Arthrem was undertaken during the year due to the risk that Medsafe would succeed in having Artemisia annua declared a prescription medicine. Medsafe achieved that outcome and on May 2020 products containing Artemisia annua extract became unlicensed medicines. While unlicensed medicines can be sold legally by pharmacies to fulfill a prescription issued by a doctor, the market is effectively closed to Arthrem.

In the six month report issued on 29 August 2019 full provision for all stock, packaging and related marketing material, including websites, was included in the six month result. The company's office in Wellington was closed and the premises leased.

The financial result for the year reflects all closure costs and provisions.

## **Medsafe Prosecution**

The company has appeared at three hearing dates in the High Court over the last 12 months but limited, if any, progress has been made to secure a hearing date. This matter is ongoing.

## **Financial Support**

On behalf of shareholders I wish to acknowledge and thank the Brankin Trust for its continued financial support over the last few months.

Without this support the company would have folded many months ago.

## **Proposed Acquisition**

The directors have been working on a revitalization of the company as advised to shareholders and the market on 19 December 2019. The proposed acquisition of three aged care facilities, and the assumption of a lease on another non-operating facility in Christchurch, owned by interests associated with the company's majority shareholder has been developed over the last 12 months.

Documents were sent to shareholders earlier this week for consideration and voting on at a special meeting of shareholders to be held on 11 June 2020. The completion of these documents to the satisfaction of three regulators (being NZX, The Financial Markets Authority and the

Takeovers Panel) has been a very time consuming, arduous and expensive exercise. It was not assisted by the Covid-19 situation.

I apologise if shareholders may have felt that they were left in the dark in recent months but you can see from the extensive nature of the compliance documentation sent to you this week, and the additional information provided on the company's website, that considerable work has been underway to enable the commencement of a new business for the company.

I wish to thank my co-directors for their considerable personal contribution to the company during the year and to our management team for their continued commitment.

The Annual Report including Chairman's Report and Financial Statements are now open for discussion.