

Ladies and gentlemen,

During the last 12 months we have taken a number of steps to strengthen the position of the company in anticipation of a renewed phase of strategic investments.

In September we raised \$1M of additional working capital through a share placement to Auckland Trust Company, which is an associated party to Mr Lang Walker. At the same time, Mr Bruce Hancox and Mr Jon Pilcher joined the Board as non-executive Directors. Both Bruce and Jon bring a wealth of commercial, financial and industry experience, which gives our Board a strong capability to evaluate and execute on a range of different investment opportunities.

In accordance with the constitution Mr Ed Taylor will retire by rotation at the conclusion of this meeting and has chosen not to offer himself for re-election as a Director. On behalf of the Board and our shareholders I wish to acknowledge the contribution that Ed has made during his term of office and we wish him all the very best with his ongoing business interests.

The Board has resolved to move the administration of the Company to

Melbourne. Mr Baden Bowen will accordingly retire his position as Company Secretary, and on behalf of the Board I extend my sincere gratitude to Baden for providing more than 10 years of uninterrupted service to the Company. The Board has moved to appoint Mr Stuart Jones as Company Secretary with effect from 18th November.

I wish to make some remarks in relation to company strategy. Our strategy is to invest in "late-stage" opportunities and build a high-growth, sustainable business in the biotech and/or medtech sectors. Our focus is on technologies and businesses that in our view will benefit from later-stage product development or expansion capital. These businesses are typically at, or very close to early revenues.

Over the last year we have received a wide range of investment proposals, which we have methodically evaluated. When evaluating these opportunities we have maintained a very disciplined approach with respect to a business's growth prospects, any contingent risks and our determination of what comprises an appropriate deal structure and valuation. Ensuring compliance with the Pooled Development Fund rules will always remain a key priority for us.

The Company is presently engaged in discussions with a number of different



parties. We believe that our Company has the ability to attract experienced management and strong investor support for high-quality business opportunities. We are therefore confident in the prospect of transforming the Company and placing it on a new growth path during this current financial year. I look forward to providing further updates to shareholders as may be appropriate.

Dr Richard Treagus

Chairman