Growing
Developing
Succeeding

ANNUAL REPORT 2020

AFT pharmaceuticals

Working to improve your health

Contents

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Working to improve your health

About AFT Pharmaceuticals

AFT is a growing multinational pharmaceutical company that develops, markets and distributes a broad portfolio of pharmaceutical products across a wide range of therapeutic categories.

Our product portfolio comprises both proprietary and in-licensed products and includes patented, branded and generic drugs. Our business model is to develop and in-license products for sale by our own dedicated sales teams in our home markets of Australia and New Zealand and in certain Southeast Asian markets, and to out-license our products to local licensees and distributors to over 125 countries around the world.

For more information about the company, visit our website **www.aftpharm.com.**

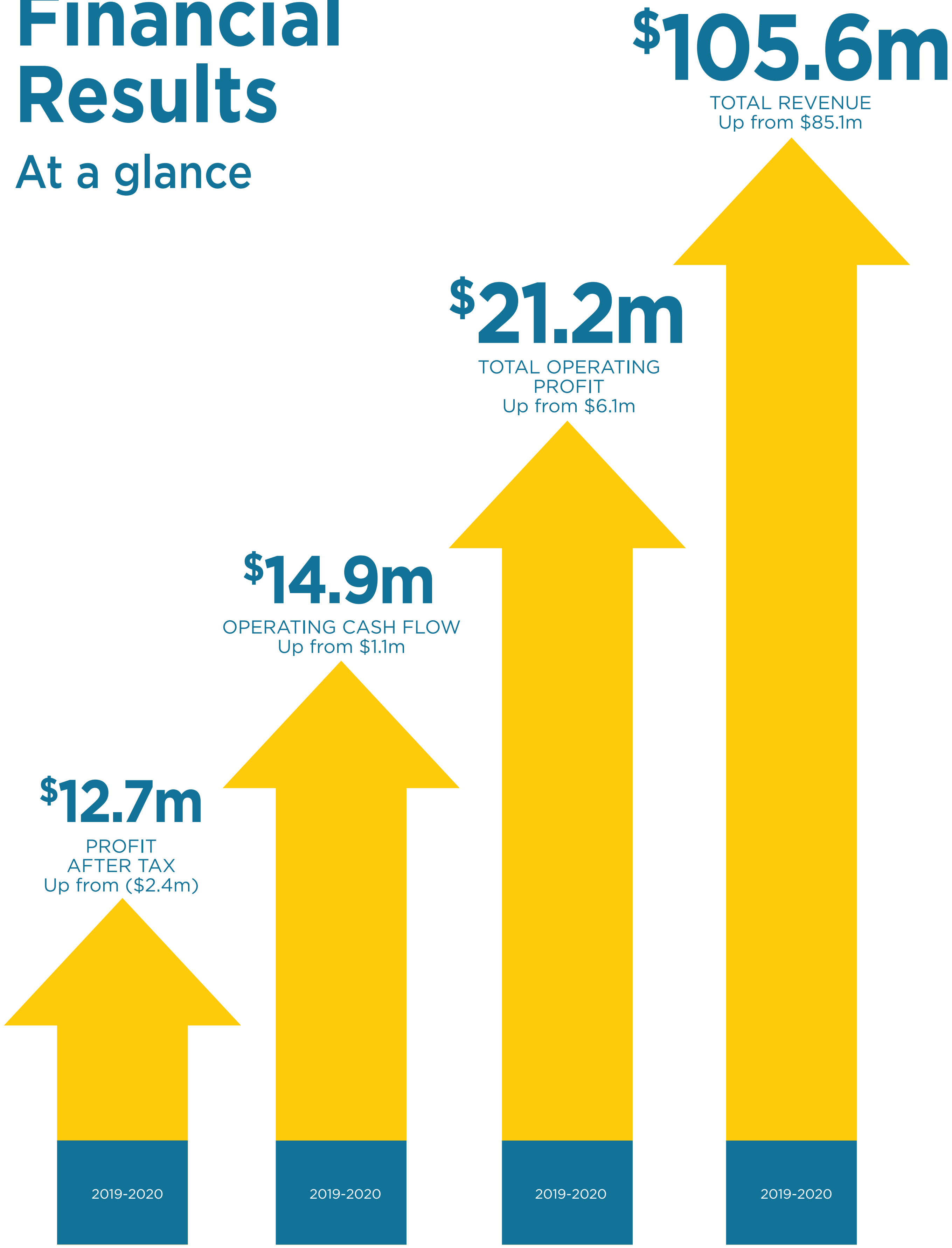
This annual report is dated 20 May 2020
Signed on behalf of the Board of AFT Pharmaceuticals Limited by:

David Flacks CHAIRMAN	**Dr Hartley Atkinson** FOUNDER & CEO

The Full Annual Report and Governance Statement is available online at **investors.aftpharm.com**

Financial Results

At a glance



AUSTRALIA

Revenue: **$61.4m up 22%**

Operating profit

$7.3m

Growth drivers

- OTC channel growth particularly in eyecare and natural medicines
- Maxigesic extending its market share
- New antibiotics in the hospital channel
- New prescription products

NEW ZEALAND

Revenue: **$30.1m up 12%**

Operating profit

$5.3m*

**Excluding head office costs*

Growth drivers

- OTC growth particularly in pain, eyecare, natural and allergy medicines
- Vitamin C Liposachets

SOUTHEAST ASIA

Revenue: **$4.9m up 130%**

Operating profit

$0.1m

Growth drivers

- OTC channel growth particularly in eyecare and natural medicines
- Maxigesic extending its market share
- New antibiotics in the hospital channel
- New prescription products

INTERNATIONAL

Revenue: **$9.1m up 55%**

Operating profit

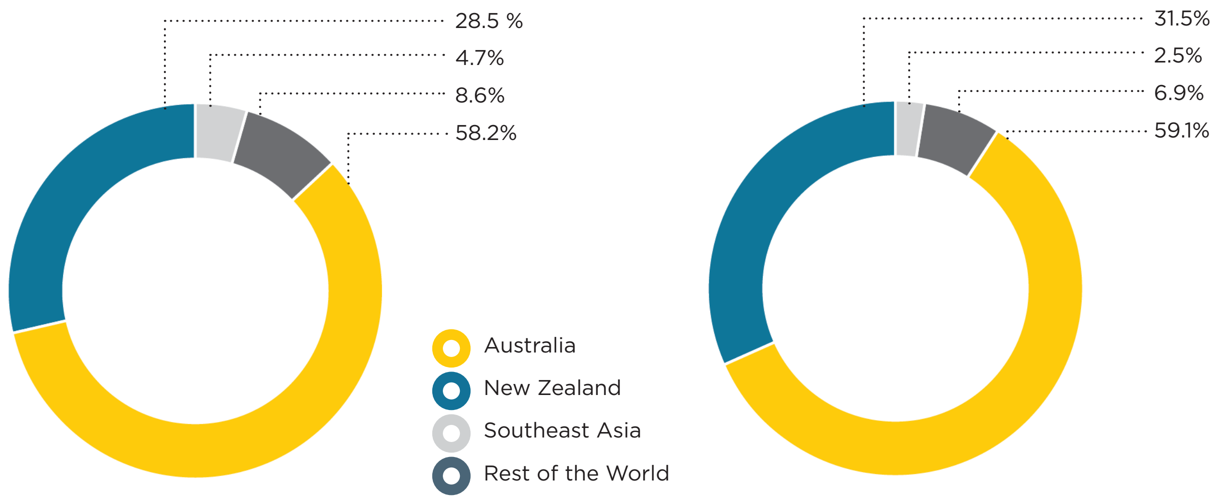
$14m

Growth drivers

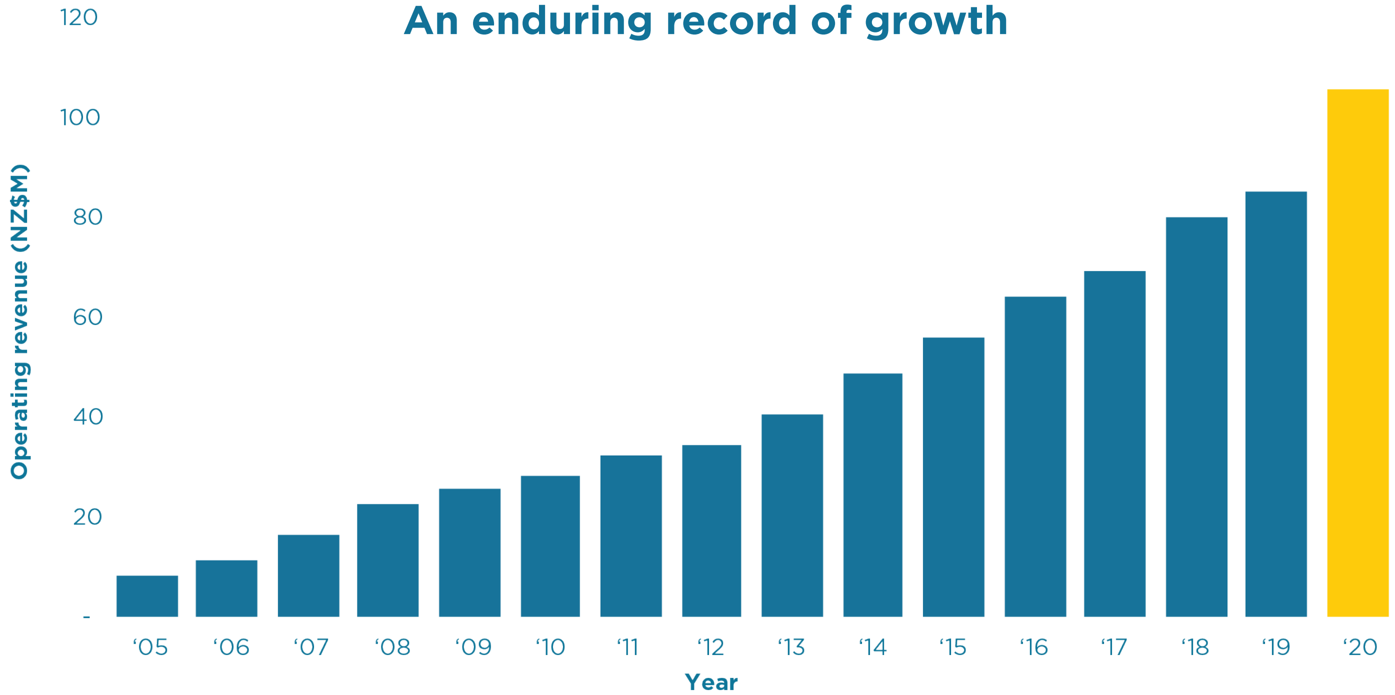
- Maxigesic growth
- Milestone payments in Europe
- Launches of Maxigesic in 8 new countries
- One off gain on acquisition of Pascomer assets

Overall revenue by market FY2020 (percentage)

Overall revenue by market FY2019 (percentage)



An enduring record of growth



Chairman and CEO's report

AFT pharmaceuticals
Working to improve your health

Growth at home and momentum in international markets

Dear shareholders,

The Board is delighted to report on what has been an outstanding year, even in the face of the challenges and disruptions caused by the Covid-19 pandemic. For the first time, we broke through $100 million sales and delivered record earnings.

Momentum has continued to build across our business. All of AFT's operating divisions are performing well. Our Australasian business continues to grow strongly extending a two-decade record of growth.

Our core Maxigesic pain relief medicine continues to achieve key commercialisation milestones in international markets, with sales commencing in eight new countries in the past year. New dose forms of the medicine such as the intravenous formulation - Maxigesic IV - are also establishing a pipeline of opportunities that extend well into the future.

Meanwhile, our Southeast Asia business moved into profit this year on the back of sales more than doubling in that region. Combined these developments have driven strong improvements in operating earnings and cashflow and are setting the company up for continued growth.

"Our core Maxigesic pain relief medicine continues to achieve key commercialisation milestones in international markets"

Financial results

Revenue for the year to 31 March 2020 increased 24% to $105.6 million from $85.1 million in the prior financial year, with revenue growing strongly in Australia (up 22%), New Zealand (up 12%) and Southeast Asia (up 130%). The international business, which is focused primarily on the commercialisation of Maxigesic was up 55%.

Operating profit rose to $21.2 million, building on last year's $6.1 million operating profit by $15.0 million. The result included a non-cash $9.8 million non-recurring gain related to AFT taking full control of the Pascomer dermatological medicine intellectual property.

Excluding the one-off gain, the underlying operating profit of $11.4 million represented an 86% improvement on the prior year's result and reflects continued sales growth, the return to more normalised research and development spending and careful management of costs throughout the business.

Net profit after tax rose to $12.7 million from a loss of $2.4 million in the same period a year ago, demonstrating the operating leverage of our business.

Covid-19 response

We have seen unprecedented changes to our business in the wake of the Covid-19 pandemic. An important element in our success was our foresight in ramping up stock levels on a number of our key products. This foresight has significantly helped the company to navigate the initial economic impact of the virus in its Australian and New Zealand markets.

We have seen strong increases in sales for a number of our products including analgesics (Maxigesic), cold & flu medications (MaxigesicPE & Maxiclear), vitamins (Vitamin C Liposachets) and hospital antibiotics.

Company sales in the first month of the new financial year are significantly ahead of the prior year, despite the sluggish retail environment. Sales in our Australian business have fared better than New Zealand as our team has still been able to visit some customers.

We have also begun to introduce some new products such as Crystawash (hand sanitiser), aimed at the post Covid-19 environment to take advantage of changes we are seeing in consumer behaviour. These trends are likely to be enhanced by either

the fear of, or actual cases of, reinfection across Australia and New Zealand.

A key challenge has been to maintain supply to our customers. Several competitors, particularly those in Australia, have frequently sold out of key products, enabling us to step in and offer an alternative.

In addition to the benefits that have come from pre-emptively increasing stock levels ahead of the pandemic, our traditional reliance on sea freight has protected us from shortages in capacity and price increases in air freight that have followed in the wake of the pandemic.

As an essential business, we were able to operate throughout the Level 4 lockdown with a skeleton staff and the remainder were all fully operational using remote access. As we have always operated a highly mobile workforce, the move to remote working has not represented a major challenge to our staff nor systems.

Against these gains, in excess of $1 million of export orders, including launch orders for 10 countries, were held up by the Indian Government restriction on the export of any products containing paracetamol. The export ban, which was imposed early in the crisis, has since been lifted. The sales have been deferred to the new financial year.

Fortunately, the ban did not impact local Maxigesic supplies as we also source the product from China and our manufacturing sites in that country have performed admirably throughout the pandemic.

Finally, some of our development work has been delayed, including a study on Maxigesic IV specific to the registration of the product in the US and other studies related to our Pascomer treatment.

Our NasoSURF nasal drug delivery device also saw delays to production and deployment.

AFT did not take any government Covid-19 related subsidies.

Australia

Sales in Australia increased 22% to $61.4 million from $50.3 million in the prior year benefiting from growth in the three sales channels, over the counter, hospital, and prescription. Operating profits rose strongly from $5.3 million to $7.3 million.

Maxigesic continued to gain market share in its combined paracetamol – ibuprofen category, extending its market share lead over its key competitor. Our focus in the current year is to build on this market leadership position.

Hospital and prescription sales both benefited from the introduction of new products. We expect our significant in-licensing program to strengthen our key therapeutic areas and extend AFT's long-standing record of growth across the Tasman.

New Zealand

New Zealand revenue grew by 12% to $30.1 million from $26.8 million in the prior year, lifted by growth in the OTC channel and a small boost from the prescription channel, offset by the hospital channel.

A key success in the second half of the year was the OTC Vitamin C Liposachets product. Early in the year we increased stocks in anticipation of the Covid-19 pandemic. As a direct result we sold twenty-one times the prior March's sales.

Operating profit, excluding head office costs, rose to $5.3 million from $5.1 million in the prior year. Including head office costs, which are carried for the benefit of all territories, the segment posted an operating loss of $0.2 million. The result was weaker than the prior year's operating profit of $0.5 million and reflected the costs of supporting a larger business and rising patent costs.

"AFT continues to be supported by a committed, loyal and diverse team in New Zealand, Australia and around the world"

"The US is the biggest outstanding territory, but we have decided to seek registration before pursuing a licensing agreement"

Southeast Asia

Southeast Asia revenue grew by 130% to $4.9 million from $2.1 million in the prior year lifted by strong growth in the hospital channel. It also reflected modest growth in the prescription channel and steady revenues in the OTC channel as the initial Maxigesic launch sales to Hong Kong and Malaysian distributors occurred in the prior financial year.

International

The international division is primarily focussed on the out-licensing, registration and enabling the sale (via licensees) of the Maxigesic range of pain relief products. It grew revenue by 55% to $9.1 million from $5.9 million in the prior year.

This result, in April 2019, included our first sales milestone payment in the European Union of €500k on the Maxigesic® tablet form. We are confident of receiving further milestone payments,providing an additional source of revenue.

Operating profit rose to $14.0 million from a $0.6 million profit in the prior year. The result reflected the growth in license income, the return to more normalised research and development spend levels and the $9.8 million non-recurring gain on the acquisition of the Pascomer joint venture Dermatology Specialty Limited Partnership (DSLP).

We have now out-licensed Maxigesic in its various forms in more than 125 territories. We added new territories for the tablet form, including Canada, Germany, Switzerland and several territories in South America. The US is the biggest outstanding territory, but we have decided to hold off licensing in this country until we achieve registration.

Maxigesic IV licensing deals have been struck in twelve new territories, while further discussions are ongoing for Maxigesic IV in key EU, US and Japanese markets which have been somewhat delayed since the Covid-19 pandemic, but nevertheless are expected to be concluded within the current financial year.

"Maxigesic in its tablet dose form is now for sale in 28 countries, up from 20 in the same period last year."

Maxigesic registrations

Registrations for the tablet form now stand at 44, up from 42 in the same period a year ago with a significant number of new regulatory filings currently underway. We expect to progress registration of Maxigesic tablets in the US, the EU and Japan this financial year.

The first Maxigesic IV registrations, have been achieved in Australia, New Zealand and the UAE. The Australian registration of Maxigesic IV enables registration in other territories such as the Middle East and Southeast Asia. Registrations of the form are expected to accelerate during the current financial year. The first registrations in 17 EU nations have been achieved in late April with US FDA filing planned for this calendar year.

Registration work for the oral liquid form of Maxigesic in 23 regulated markets continues but will still take some time. The registration of children's medicines are always challenging from a regulatory perspective.

Maxigesic sales

Maxigesic in its tablet dose form is now for sale in 28 countries, up from 20 in the same period last year. We will soon have coverage across Western Europe. We intended to deliver launch orders to a further 10-countries late in the 2020 financial year, but these shipments were delayed by the Indian Government's paracetamol export ban. They will now be included in the 2021 financial year.

We are meanwhile starting to increase the product range in many countries with the launch of MaxigesicPE during this last financial year in UAE. Opening orders for Maxigesic IV will be shipped to Australia, New Zealand and UAE.

$61.4m

AUSTRALIAN SALES INCREASED
Up from $50.3m

22%

Research and development

Research and development, which is fundamental to the company building on our record of growth, continues even though we have come through the intensive research and development programme we set out at the time of our IPO.

The focus in the 2020 financial year was on the Maxigesic IV dose form extension and US registration of the product. We are also continuing product development on Pascomer with our partner Timber as well as ongoing work on the NasoSURF nasal drug delivery device. Although Covid-19 has caused some setback to this work, we are pleased with the progress we have made.

In 2019 we also signed a memorandum of understanding with medicinal cannabis company SETEK to work together in the research, development and commercialisation of medicinal cannabis products.

	Maxigesic tablets		Maxigesic IV		Maxigesic oral solution	
Territories	2020	2019	2020	2019	2020	2019
Licensed	125+	125+	80	68	122	122
Registered	44	42	3	-	-	-
Sold in	28**	20	-	-	-	-

*Figures as at 31 March
** Orders processed for a further 10 countries but delayed in India due to government export restriction related to Covid-19

Balance sheet

As at 31 March 2020, AFT retained a cash balance of $6.1 million, in line with the $6.9 million cash held a year ago. Total assets rose to $87.1 million from $63.6 million a year earlier and have increased primarily due to the acquisition of the Pascomer assets at their assessed fair value of $12.5 million, and the inclusion of "right-of-use assets" as required by NZ IFRS 16 being primarily our leased offices and the company capitalising research and development expenditure

At the end of the financial year we refinanced CRG's loans with a $43.2 million facility from Bank of New Zealand (BNZ). As at 31 March 2020, borrowings stood at $43.2 million against $41.8 million at the same time a year ago.

The new BNZ facilities are at significantly more attractive terms and interest rates than the previous CRG loans such that we anticipate significant finance cost savings in the current and subsequent financial years.

In the 2020 financial year AFT's has used most of its $14.9 million operating cash flow to fund research and development and financing costs. In the current year, in addition to continuing to invest in the business, the company will also be using cashflows to reduce debt.

People

AFT continues to be supported by a committed, loyal and diverse team in New Zealand, Australia and around the world. They have always risen to the challenges they have faced, but those of the last few months have been unprecedented.

Although their movements have been restricted, they have overcome numerous hurdles to deliver what has been an outstanding performance. On behalf of the board and shareholders we thank them for their contribution and continuing commitment to the company.

Outlook

We see significant potential for our products in both global and local markets. The timing is always difficult to forecast with certainty, but we are seeing pleasing progress with strong local sales growth and accelerating momentum in international markets.

At the same time, we continue to develop and commercialise line extensions of the Maxigesic range and other products such as NasoSURF and Pascomer. Once achieved, all have the potential to generate significant shareholder value and improve healthcare outcomes for patients around the globe.

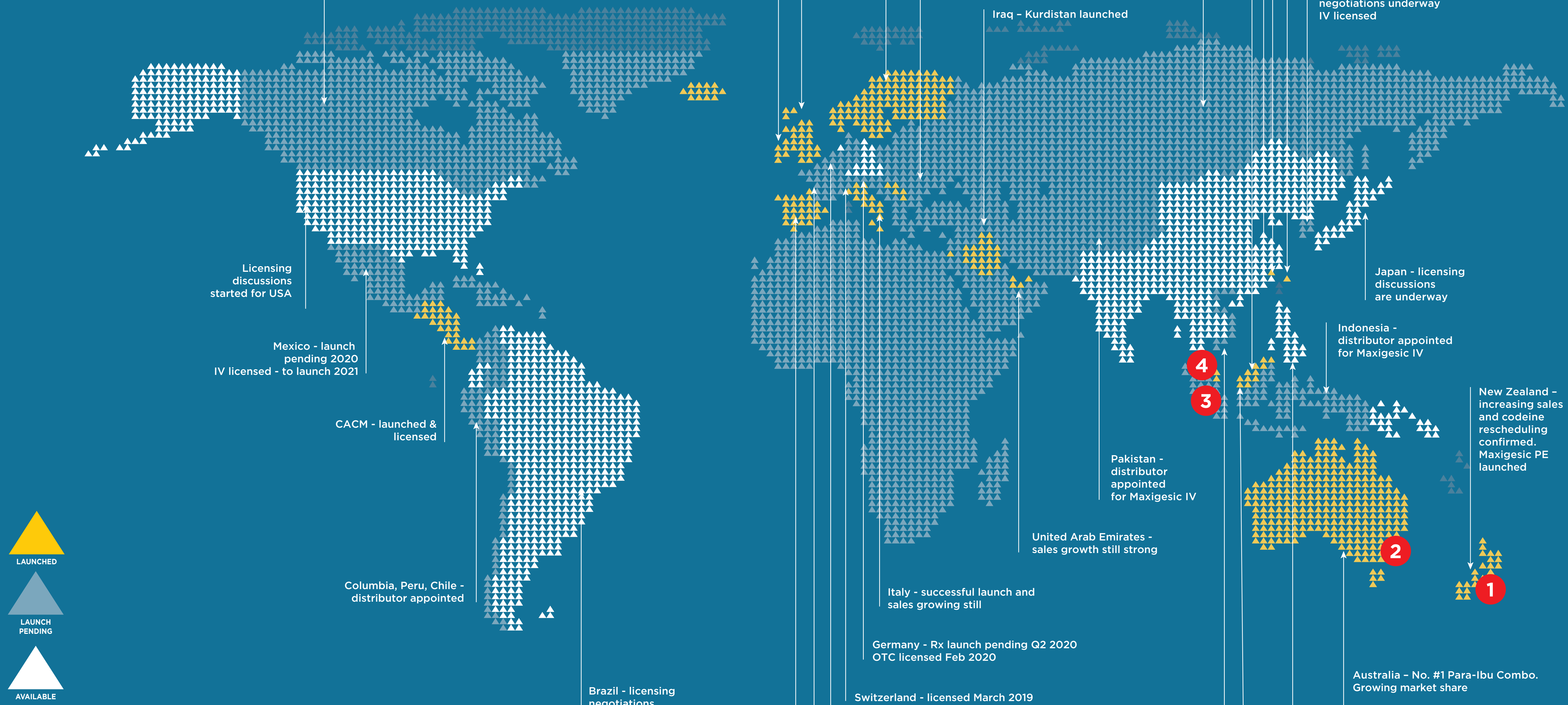
Similar to last year, we have again progressed further down the pathway to realisation of this goal, but there is still a lot of work to do to reach our true potential and fully reward our shareholders.

Despite all the present challenges, including the Covid-19 pandemic, we are looking to the 2021 financial year with confidence. We are targeting continuing positive cashflow and an operating profit of between $14.0 million to $18.0 million.

David Flacks
CHAIRMAN

Dr Hartley Atkinson
FOUNDER & CEO

MAXIGESIC - reaching out to a population of 720m



AFT pharmaceuticals
Working to improve your health

1. New Zealand, Auckland OFFICE
2. Australia, Sydney OFFICE
3. Kuala Lumpur OFFICE
4. Singapore OFFICE

Australasia the launch pad for AFT's global ambitions

Bringing in the best medicines from around the world

Our Australasian business is the foundation from which we have been successfully building out our reach across the globe. Combined our Australian and New Zealand business grew revenues by 18% over the last year, to $91.5 million from $77.1 million in the prior year and this builds on more than two decades of steady growth.

Via our wholesale partners we reach out to 6,500 pharmacies in Australia, and a further 1,000 outlets in New Zealand. Our partners also sell our products into hospitals and healthcare practices across both countries. AFT meanwhile provides field support and marketing of the products to build consumer awareness.

The majority of the products we sell are in-licensed from our partners offshore, and in every case, are supported by a body of clinical research data on their therapeutic efficacy.

We are constantly on the lookout for new medicines to add to the portfolio. In the last year alone, we added further new products to the OTC portfolio taking the total to 56. We achieve this by combining new research data and reviewing the portfolios of our global partners to identify unexploited market niches.

The successful introduction of our Liposachet Vitamin C supplement and Diarelieve, a diarrhoea palliative treatment, are typical of the innovations we seek to bring to the portfolio. Both are already making a valuable contribution to the group.

Over the counter medicines

Our over-the-counter medicine portfolio, which grew revenue by 25% over the last year, to $56.4 million from $45.2 million in the prior year, encompasses more than 125 separate products. In the pharmacy market our portfolio is led by four key over-the-counter categories: eyecare; pain relief; allergy and supplements.

AFT's eyecare brands include the HYLO; NovaTears and Optisoothe ranges. Combined they make AFT a leader in eyecare in the Australian market. Our HYLO-FORTE® eye lubricant has achieved the number one position in the eye lubricants category and is frequently among the top-selling products (by value) in Australian pharmacies.

Meanwhile, last year's launch of the revolutionary non-aqueous, preservative-free eye lubricant NOVATEARS® has further strengthened our category leadership. NOVATEARS® is now among the top 30 selling products in the eye lubricant category.

In the analgesics category our patented pain-relief medicine Maxigesic occupies the number one position in the paracetamol/ibuprofen combination market on both sides of the Tasman. It is benefiting from the growth that has followed from, among other things, the rescheduling of codeine-based analgesics from OTC markets to prescription. In the 12 months after Australia rescheduled codeine containing medicines in 2018, sales of Maxigesic tablets increased by more than 50% and growth continues.

The allergy segment is led by Allersoothe and Loraclear, while the supplement categories are led by Vitamin C, particularly our recently launched Vitamin C Liposachet product in New Zealand and iron supplements in Australia. Our other categories include first aid, skin care and antifungal treatments.

$91.5m

Australasian revenue up 18%

7,500

Pharmacy and health outlets we reach across Australasia

Hospital distribution

The hospital portfolio, which grew revenue by 14% to $50.2 million from $44.2 million in the prior year, includes a range of generic injectable antibiotics including Piptaz-AFT, Ceftriaxone-AFT and Cefazolin-AFT.

Meanwhile, the approval of Maxigesic IV®, the intravenous form of our patented analgesic platform, by the Australian Therapeutic Goods Administration opens a new frontier of growth for the medicine in hospital markets.

The prescription business is smaller but makes a valuable contribution to the overall business. In the last year it generated $15.0 million up 10% from the prior year's $13.7 million

Building immunity

Our Vitamin-C Liposachet product, in the 2020 financial year, has grown to become one of our more important product lines in New Zealand. As the Covid-19 pandemic grew, sales of the product In March 2020 were more than three times the sales of the prior year.

Bringing relief to children

Diarrhoea disproportionately affects children. But until we introduced Diarelieve, a product we in-licensed to the New Zealand market, there was no medicine that offered children (and their parents) relief.

Maxigesic global roll-out builds momentum

Extending the therapeutic applications of the patented pain relief medicine

Amid growing global sales for the tablet form of our patented Maxigesic pain relief medicine, we this year achieved approval of intravenous form, Maxigesic IV, by Australia's Therapeutic Goods Administration (TGA).

The TGA's approval is the first foreign regulatory approval of Maxigesic IV, the only intravenous form of an Ibuprofen/paracetamol combination in the world, and it opens new opportunities to grow demand for the Maxigesic family of pain relief medicines.

Maxigesic IV has been developed as a line extension to Maxigesic tablets, for mild to moderate post-operative pain relief in hospitals where patients cannot take oral pain relief. We are now working with regulatory authorities around the world – including Japan, the US and Europe to extend the reach of the product into new markets.

The TGA approval of Maxigesic IV immediately cleared the way for regulatory filings in a number of other territories including, but not limited to, Mexico, South East Asia, Korea and the Middle East. All of these regions rely upon registration by key global reference regulators such as the TGA.

At the end of the 2020 financial year it was registered in New Zealand, Australia and the UAE. First sales of Maxigesic IV in these territories are due in the current financial year. AFT continues to see strong potential for the entire Maxigesic family of pain relief medicines. Earlier this year the independent market research firm Delveinsight estimated Maxigesic had the potential to generate more than US$440 million of revenue in the US, Japan and the top five European countries (France Germany, Italy, Spain and the UK) by 2028.

Delivering on this potential requires AFT to overcome a number of hurdles, notably including regulatory approval for Maxigesic IV in key territories including the US and Europe. While we are not able to commit to timelines set out in the study, it has pointed to the significant latent potential of the Maxigesic medicine platform.

Meanwhile, the Delveinsight research takes no account of other territories in which Maxigesic in all dose forms is already licensed, including many countries in Eastern Europe, the Middle East, Asia, the Commonwealth of Independent States and Central and South America.

Maxigesic tablets are now selling in 28 countries up from 20 at the same time a year ago and a further 10 countries are ready to begin selling the tablet form of the medicine in the new financial year. The medicine in various dose forms has been licensed with partners for more than 125 territories. The tablet form has been registered in 44 territories up from 42, at the same time last year.

US$440m
SALES POTENTIAL
of Maxigesic IV in Western Europe, Japan and the US

Source: Delveinsight

28
TERRITORIES
selling Maxigesic tablets in the last financial year, up from 17 in 2019

125+
COUNTRIES
in which Maxigesic tablets and Maxigesic IV are licensed for sale

Maxigesic commercialisation milestones*

- **April 2019:** Maxigesic IV® licensed in Mexico; tablets licensed in Switzerland and Cyprus
- **June 2019:** Maxigesic tablets and oral liquid licensed in Colombia, Peru and Chile
- **July 2019:** Maxigesic IV® approved Australia's Therapeutic Goods Administration (TGA).
- **November 2019:** Maxigesic tablets licensed in Germany, Pakistan and Vietnam
- **November 2019:** Maxigesic tablets and other forms licensed in Canada
- **November 2019:** Maxigesic IV® licensed in Indonesia.
- **February 2020:** Maxigesic IV® licensed in 21 new countries across the Commonwealth of Independent States and central America.

*Year to 31 March 2020.

BUSINESS FOCUS-MAXIGESIC

Maxigesic reaching across Western Europe

Spain, Portugal and the Nordics set the stage for launches in 2020

Successful launches of Maxigesic tablets in Spain and Portugal and the Nordic countries late last year position AFT Pharmaceuticals to be selling the medicine across Western Europe this year.

The launches on the Iberian Peninsula and Scandinavia, respectively in August and September 2019 set the stage for launches in Belgium, Luxembourg, Germany and France in the current financial year. All are targeting the successes we have seen in Ireland and Italy, where our medicine is becoming a core therapeutic agent for the treatment of pain.

In the Nordic region (Sweden, Norway, Finland, Denmark) the medicine is marketed under the Dolerin brand by our partner Karo Pharma, following a licensing deal in 2017. The product, which is already seeing strong demand, is sold as a prescription-only medicine.

However, over time, as the region gains familiarity with the medicine, we expect it to be made available for over the counter sales. The Nordics represent an attractive market and an estimated market value for analgesics of about SEK1.4 billion per year.[1]

In Spain and Portugal the medicine trades under the Dolostop Plus brand and it is marketed as an over the counter medicine by AFT's partner the Barcelona-based Kern Pharma. The launch in August was supported by an extensive advertising, social media and sampling campaign.

As a result of these efforts we have seen strong orders and these markets making a modest, but fast-growing contribution to total sales.

Launches in Germany, Belgium and Luxembourg and France have been delayed due to supply disruptions caused by, among other things, the Covid-19 Pandemic, but are now slated for the current financial year.

In Germany, the medicine is named Duoval. It will be sold over by prescription and it is marketed by EVER Valinject. In Belgium and Luxembourg Maxigesic will be sold both by prescription and over the counter under the Combophen brand by Therabel, while in France it is a prescription product marketed by Laboratoires Expanscience S.A under the Cetafen® brand.

Meanwhile we are already making sales in Italy under the prescription-only Tachefene brand marketed by Rome-based Angelini. In Ireland the medicine is sold under the Easolief Duo brand and marketed by Clonmel Healthcare. Both territories have made a strong contribution to sales in the current financial year.

Spanish launch advertising

[1]Source: Karo Pharma 2018 Annual Report

RESEARCH & DEVELOPMENT

Building new growth opportunities

New dose forms of Maxigesic and Pascomer in focus

Development of the Maxigesic dose forms outlined at the time of our 2015 IPO have been largely completed. Maxigesic IV is the most significant line extension. A study specific to US registration requirements for the product should have been completed, but it has been delayed due to Covid-19 impacting enrolment in New Zealand and the US. However, it is still expected to be completed by the end of July 2020. Meanwhile, further development work continues on the dry stick sachet and cold and flu forms of Maxigesic.

Our NasoSURF nasal drug delivery device has undergone some redesign following human factor studies in the USA last year. Production and development work which was based in China has been delayed due to the impact of Covid-19. We are now targeting a type IIa medical device filing with the FDA during this financial year which is later than originally planned. Market research in the US and UK identified our first targeted indication for the device has the potential to deliver AFT a significant income stream.

Pascomer combats a debilitating and rare disease

Potential breakthrough treatment for Facial Angiofibromas in Tuberous Sclerosis moves into clinical trials

Our orphan drug Pascomer moved a step closer to commercialisation in the 2020 financial year with an out-licensing and development agreement with US-based Timber Pharmaceuticals for the US, Canada & Mexico.

Pascomer (active ingredient, Rapamycin) is a topical treatment for Facial Angiofibromas in Tuberous Sclerosis, a disfiguring condition that affects patients from childhood. In the US alone 30,000 patients suffer from the condition. A clinically proven treatment for the disease could potentially be worth US$300+ million in the US.

As part of the deal with AFT, Timber will cover all clinical trial costs on the medication. AFT will receive signing and, provided development proceeds successfully, staged development and registration milestone payments, potential sales milestone payments in excess of US$10 million and ongoing sales-royalty payments.

AFT's two planned clinical studies in 120 patients with the first having started in eight study centres around the world, including the world-renowned Mayo Clinic in Rochester, Minnesota in the US.

Research centres in Australia, Spain, the UK and New Zealand are also taking part in the trial. The study enrolments were delayed by Covid-19 but have restarted in May and results are due in 2021.

Rapamycin is normally easily oxidised and typically has limited stability in topical formulations. However AFT has developed a formulation that uses a proprietary dermal delivery technology that has overcome these stability issues.

AFT is running the clinical study program in conjunction with Timber, which will cover both trial costs and direct AFT staff costs.

As part of the agreement, AFT has also taken 100% control of the original partnership set up for development of Pascomer, DSLP. This has resulted in a one-off non-cash gain of $9.8 million in the 2020 financial year reflecting a new accounting treatment of the subsidiary.

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Directors

AFT has an experienced and balanced Board with a diverse range of skills. The Board comprises an independent Chairman, three other independent directors, one non-executive director and two executive directors. Their names and information about their skills, experience and background, together with information about AFT's management team, are set out below.

/ David Flacks

CHAIRMAN AND INDEPENDENT DIRECTOR

Appointed 22 June 2015

David has a number of governance roles and has been chair of AFT since the IPO in 2015. He is chair of the Regulatory Governance Committee of the NZX, chair of the Suncorp NZ group of companies and Harmoney Corp. He is also a director of a number of environmentally focused pro bono organisations.

He is a former chair of the NZX Markets Disciplinary Tribunal and a former member of the Takeovers Panel. He is also a director of boutique corporate law firm Flacks & Wong.

David was for many years a senior corporate partner at Bell Gully and was general counsel and company secretary of Carter Holt Harvey during the 1990's. He is a law graduate from Cambridge University.

/ Dr Hartley Atkinson

FOUNDER, EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Appointed 4 September 1997

Hartley founded AFT in 1997. Before founding AFT, Hartley worked at Swiss multinational pharmaceutical company, Roche, for eight years where he held positions as Sales & Marketing Director, Medical Director, Product Manager and Medical Manager. Prior to his work at Roche, Hartley was a Drug Information Pharmacist and Researcher at the Department of Clinical Pharmacology, Christchurch Hospital. Hartley is the author of a number of scientific publications. Hartley's work has been published in the prestigious The New England Journal of Medicine.

Hartley holds a doctorate in Pharmacology, a Masters in Pharmaceutical Chemistry with distinction, and a Degree in Pharmacy, all from the University of Otago.

/ Marree Atkinson

EXECUTIVE DIRECTOR AND CHIEF OF STAFF

Appointed 4 September 2012

Marree has been involved in all aspects of AFT's business since its establishment in 1997, including roles in sales, regulatory affairs, customer services and logistics.

Marree's role as Chief of Staff sees her involved in the day-to-day running of AFT's head office including managing staffing requirements and special projects involving AFT's head and affiliate offices.

Marree is a registered nurse previously practising at Waikato Hospital.

/ Nathan (Nate) Hukill

NON-EXECUTIVE DIRECTOR

Appointed 14 May 2014

Nate is the President and Chairman of CRG, a US-based investment management firm focused on the healthcare industry. Nate oversees all aspects of the investment process, including investment sourcing, due diligence, portfolio construction and portfolio management. Nate also oversees the investor relations process, including fund raising, reporting and limited partner relationship management.

Nate joined CRG in 2009, bringing more than 16 years of investing experience. Prior to joining CRG, he was a Portfolio Manager at Highland Capital, where he invested and managed approximately $4.5 billion in the healthcare, consumer products, and technology sectors.

Before Highland Capital, Nate co-founded a pharmaceutical-focused enterprise software company called OpenQ, Inc. He started his career as a credit investor at Salomon Smith Barney where he managed a portfolio of approximately $800 million.

Nate holds a Bachelor of Science in business administration from the University of Colorado and an M.B.A. from the Darden Graduate School of Business at the University of Virginia.

/ Jon Lamb

INDEPENDENT DIRECTOR

Appointed 4 September 2012

Jon has led the strategic planning, marketing and restructuring of various companies throughout

his career. He has held various roles at Beecham (a multinational pharmaceutical company that would later merge with a predecessor company to GlaxoSmithKline) including CEO in New Zealand and Marketing Manager in both Australia and South Africa. He has also held roles as CEO of Nylex in New Zealand, Managing Director within the Rural Division of Fletcher Challenge, Director of Southland Frozen Meats and Marketing Director of the New Zealand Kiwifruit Marketing Board (where he was responsible for creating the Zespri brand of kiwifruit, and restructuring Zespri into a retail focussed operation).

More recently, Jon was a Director of Virionyx, a New Zealand company that developed an antiviral drug designed to combat AIDS. He was Deputy Chair of Australian diagnostic company ATF Group that developed a real time tool for measuring the Hepatitis B virus in individual patients.

Jon has been involved with AFT since 2004, firstly as a consultant, and then in his current capacity as a director. Jon is a Member of the Institute of Directors and has a Diploma from the Marketing Institute of the UK (now the Chartered Institute of Marketing).

/ Dr James (Jim) Burns

IINDEPENDENT DIRECTOR

Appointed 17 September 2015

Jim has extensive executive experience in pharmaceuticals, biotechnology, medical devices, and diagnostics. Jim has served in leadership roles at large multinational corporations, early-stage companies, venture capital funds and private equity. From 2009-2016, Jim served as Chairman of the Board, Executive Chairman and Chief Executive Officer of Assurex Health, a precision medicine company focused on neuropsychiatric and pain disorders. Previous roles include President & CEO of cancer drug development companymCASI Pharmaceuticals; President of MedPointe Pharmaceuticals, a specialty pharmaceutical company; President & CEO of biotechnology company Osiris Therapeutics; General Partner of Healthcare Ventures; Group President of Becton Dickinson, a global medical device company; and Partner at Booz & Company, an international strategy consulting firm.

Jim is a Board Leadership Fellow of the National Association of Corporate Directors (NACD) and a Director of Vermillion (NASDAQ). Jim earned B.S. and M.S. degrees in biological sciences from the University of Illinois, an M.B.A. from DePaul University, and a D.L.S. from Georgetown University.

/ Dr John Douglas (Doug) Wilson

INDEPENDENT DIRECTOR

Appointed 4 September 2012

Doug was an Associate Professor at the Auckland Medical School before taking a role as Senior Vice President and Head of Medicine and Regulatory Affairs in the US for German drug company Boehringer Ingelheim Pharmaceuticals. He then carried these same responsibilities to Boehringer's worldwide medical research group in Germany, overseeing all research and drug development programmes. He supervised sixteen drugs to the US market through FDA and many others into global markets. Since his return to New Zealand, Doug has been a consultant to pharmaceutical and biotech companies in New Zealand, Australia, Italy, the UK, Ireland and New York. He has been a director of Neuren Pharmaceuticals, of a drug discovery company Phylogica in Perth Australia, and of Adherium - a medical device company. He is currently a consultant to the Ryman Healthcare clinical governance committee.

Doug has a medical degree from New Zealand, is a Fellow of the Royal Australian College of Physicians, a Fellow of the College of Pathologists of Australia and has a PhD from the University of London.

AFT pharmaceuticals
Working to improve your health

Management team

/ Malcom Tubby

CHIEF FINANCIAL OFFICER

Malcolm is a qualified Chartered Accountant in the United Kingdom and New Zealand with a wealth of senior corporate governance expertise in the commerce sector including roles in significant public companies as Chief Financial Officer.
He has experience in senior positions in public and private companies in pharmaceuticals, beverages, insurance and aged care facilities in Australia and New Zealand. Malcolm has been involved in the AFT board since its foundation. Malcolm is also the CFO for AFT Pharmaceuticals.

/ Ioana Stanescu

HEAD OF DRUG DEVELOPMENT

Ioana has overall responsibility for the research & development functions of the company.
She has more than 20 years' experience in the pharmaceutical industry with previous positions, including VP QA & Regulatory Affairs, Head of Vaccine Business Area at FIT Biotech Ltd, and a World Health Organisation adviser performing institutional assessments of National Regulatory Authorities within Central and Eastern Europe. She has coordinated a variety of European FP6 and FP7 funded research grants.
In 1999 she was selected as an Expert by the European Health Committee - Council of Europe to participate in the coordinated research study of viral inactivation of labile blood products. She is also a Member of the European QP Association.

/ Vladimir Illievski

REGULATORY AFFAIRS MANAGER

Vladimir was born and raised in Macedonia. He holds a master's degree in Pharmacy from the University of Ljubljana, Slovenia, where he started his career as a pre-clinical researcher before moving to New Zealand. Prior to joining AFT Pharmaceuticals, Vladimir worked for Douglas Pharmaceuticals in various roles including as QC and QA analyst and regulatory/senior regulatory associate. He joined AFT Pharmaceuticals in 2006 as Regulatory Affairs Manager. Vladimir has responsibility for product registrations in various countries such as New Zealand, Australia, South-East Asia (Malaysia, Singapore, Hong Kong, Philippines) as well as the European Union and USA.

/ Louise Clayton

DIRECTOR INTERNATIONAL BUSINESS

Louise has worked with brands within the supplement, OTC, Health, and Beauty Channels. Her experience has given her the opportunity to drive international brands through a variety of management roles encompassing sales, brand marketing, product sourcing/ new product development, and new market expansion. She has over 20 years' functional experience with International business, key accounts, sales and marketing teams, with a core focus on brand growth and development within local and International markets such as Australia, US, Asia, UK, and ROW.

/ Calvin Mackenzie

GENERAL MANAGER AUSTRALIA

Calvin joined AFT in February 2010 and has since led AFT's Australian team and is responsible for AFT's business in Australia. Calvin has over 20 years' experience in the pharmaceutical industry in a diverse range of roles with a pharmacy, medical and specialist focus for brand originator and generic companies including Johnson & Johnson, Janssen Cilag, Arrow and Sigma. Calvin has significant experience in building high-performing sales teams.

/ Scott Crawford

GENERAL MANAGER - PROMOTED PRODUCTS AUSTRALASIA

Scott joined AFT in March 2013 and is responsible for the OTC sales in New Zealand across all retail channels including pharmacy, supermarkets and petrol & convenience.
His role involves the account management, field supervision and trade marketing. Scott has over 20 years' experience in fast- moving consumer goods in both Australia and New Zealand and has previously held roles with Red Bull and Ferrero Rocher.

/ Murray Keith

GROUP MARKETING MANAGER

Murray joined AFT in October 2011 and has since been responsible for managing the marketing function of AFT, with a primary focus on the Australian and New Zealand markets. His extensive marketing career prior to joining AFT includes roles within Nestlé, Lion Nathan, Bay of Plenty Rugby, Nestlé Purina, New Zealand Lotteries and Fonterra Brands (Tip Top).

Best practice governance and driving sustainability

United Nations Sustainable Development Goals provide a blueprint for positive change

AFT is strongly committed to ensuring we maintain corporate governance practices in line with best practice, that we adhere to the highest ethical standards and we contribute positively to environmental and social outcomes.

In line with this commitment, AFT has determined it will work to progressively develop and incorporate into its governance framework a strategy to account for, and report on, progress towards improvements in material and relevant environmental and social factors.

Last year, we began to look at how our business and our community initiatives aligned with the UN sustainable development goals (SDGs), which represent a larger and robust vision for positive change. As part of this programme we found that our activities were strongly correlated with 8 of the 17 sustainable development goals.

Our next steps are to develop strategies to enhance our environmental and social footprint and report against them. In the current financial year this may include: engaging with internal and external stakeholders to identify and prioritise material environmental, social and governance (ESG) issues and making a start on building a fit for purpose ESG strategy including targets and actions.

Keeping pace with governance trends

AFT's Corporate Governance Statement and governance charters and policies can be found on the investor centre of the Company's website: investors.aftpharm.com/Investors/. AFT's corporate governance charters and policies have been approved by the Board and are regularly reviewed by the Board and amended (as appropriate) to reflect developments in corporate governance practices. Further governance disclosures are covered in the statutory information section on page 76.

"We identify health needs among the populations we serve and through research and partnerships bring new products to consumers meet those needs"

GOOD HEALTH AND WELL BEING

- Many of AFT's medicines are on the World Health Organisation's model list of essential medicines.
- We are committed to the development and commercialisation of products that are backed by clinical evidence
- We actively promote health and wellbeing in the community with initiatives such as 'Kiwis thinking about health' and 'Aussies thinking about health' online education and advocacy programmes
- We actively manage health and safety risks of our people and actively promote a working environment that promotes health and wellbeing, while minimising the potential for risk, personal ill health, or damage.
- We actively manage the risks associated with the sale and distribution of pharmaceutical products.

GENDER INEQUALITY

- Our product ranges across the spectrum of the population from juvenile to age specific
- We have a diversity and inclusion policy and actively monitor gender and cultural diversity metrics across the company to ensure a workplace that is free from victimisation and harassment
- We strive to ensure that all employees and contractors receive equal and fair treatment in all aspects of the company's employment policies and practices
- We regularly benchmark AFT's diversity standpoint, status and objectives against appropriate external comparators
- We seek to raise employee awareness of workplace diversity by designing, delivering, and measuring the effectiveness of programmes that promote workforce diversity, and gender equity.
- See People Health & Safety (Page 29)

DECENT WORK AND ECONOMIC GROWTH

- We have grown revenue and earnings consistently over two decades
- After a period of investment in the development of our intellectual property we are now delivering sustainable earnings that are driving increases in shareholder value and giving us new resources to support growth.
- Our products are diversified across a broad range of customers including hospitals, prescriptions and general over the counter medicines.
- We are committed to upskilling our staff to ensure AFT can meet the challenges in the competitive international pharmaceuticals sector.
- We promote a workplace culture that emphasises accountability of its leaders to cultivate a culture of inclusion in which the strengths of every individual are recognised and valued;
- See People Health & Safety (Page 29)

INDUSTRY, INNOVATION AND INFRASTRUCTURE

- We innovate to deliver new medicines and new forms of delivery including our NasoSurf delivery technology
- We identify health needs among the populations we serve and through research and partnerships bring new products to consumers meet those needs.

REDUCED INEQUALITIES

- We support to provide healthcare in developing nations including the provision of medicine to combat scabies in Bougainville and improve eyecare health in Nepal
- We make our medicines available for rare diseases, designated with 'orphan' status by the US Food and Drug Administration.
- See Sustainability (Page 27)

SUSTAINABLE CITIES AND COMMUNITIES

- We work with government agencies to make medicines available to under-privileged groups
- We have worked to support the communities in which we operate through initiatives such as the donation of product to fire fighters in New South Wales

RESPONSIBLE CONSUMPTION AND PRODUCTION

- We donate product that would otherwise be wasted to charities
- We work with suppliers within regulatory guidelines to reduce packaging, or use environmentally friendly packaging, wherever possible while improving the integrity of the product.
- We maintain a Regulatory and Product Development Oversight committee to oversee our regulatory risk management framework, the progress and costs of key clinical and product development projects and the company's product labelling system.

PARTNERSHIPS FOR THE GOALS

- We have more than 20 global partnerships to bring our pharmaceuticals to market
- All our critical suppliers have been risk assessed
- We have a humane animal testing policy that addresses the 3R principles of animal research referring to the reduction, refinement, and replacement in the use of laboratory animals.

Talking about health and wellbeing

AFT's online presence helps trans-Tasman charities

A drive to get people talking about their health has delivered a substantial boost to charities on both sides of the Tasman

We last year launched a trans-Tasman online presence (facebook and websites) dedicated to creating and sharing health and wellness information. The facebook pages - 'Kiwis thinking about health' and 'Aussies thinking about health' - each week deliver content to page followers covering topics as diverse as healthy eating, strategies to stay safe during the Covid-19 pandemic, healthy sleeping habits and alternatives to salt.

The sites also played a key role in a fund-raising drive that saw a total of more than $120,000 donated to three New Zealand charities and three Australian charities. Over much of 2019 AFT donated a dollar from each Maxigesic® pack purchased from participating pharmacies in Australia and New Zealand to customers' choice of one of three charities.

The New Zealand charities were Heart Kids, LifeLine and Look Good Feel Better, while in Australia AFT supported the Starlight Children's Foundation, the Ovarian Cancer Research Foundation or the Prostate Cancer Foundation of Australia. The New Zealand campaign raised $10,000 for the chosen charities while, the Australian campaign raised nearly $115,000

Nicola Tuck, partnership executive at Starlight Children's Foundation, says the donation will enable her organisation to further its mission 'to brighten the lives of seriously ill and hospitalised children and young people'.

Relief: Forster firefighters receive Hylo Fresh drop

Every minute of every day, a child is admitted to hospital in Australia and every month children and their families make over 15,000 visits to the organisation's Starlight Express Rooms, medical-free havens for sick kids filled with fun, enjoyable activities.

Meanwhile as the needs of hospitals change during the Covid-19 pandemic, Starlight is finding creative new ways to keep seriously ill children and young people connected through its programs including through the use of technology and connecting virtually.

"On top of looking after a sick child, there are many challenges including having to split up the family where Mum is with the child and Dad is looking after the siblings. It is even more critical now that there is a positive distraction and we can help by introducing play, fun and laughter into this environment," Tuck says.

"We support to provide healthcare in developing nations including the provision of medicine to combat scabies in Bougainville and improve eyecare health in Nepal"

Partnerships

Helping to protect communities

The devastating Australian bush fires tore through communities in Queensland and New South Wales in the summer of 2019 and 2020. But AFT was able to support the fire fighters in the Forster area of New South Wales with Hylo Fresh eye drops to help relieve the eye irritation that came with the long hours among the smoke and heat.

Reduced Inequalities

Reaching out to developing nations

AFT each year seeks to make a contribution to reducing health inequalities in developing nations. With the support of charities, we help to deliver healthcare that developed nations take for granted.

Our effort in the last year was directed through four charities: the AusViet Charity Foundation, the Eyes4Everest, the Carmelite nuns in East Timor and the Wesleyan Mission to Bougainville.

Ausviet: a rolling medical clinic

AFT and the AusViet Charity Foundation entered their second year of collaboration. Building on the work in Tra Cu (150km south of Ho Chi Minh City) in 2018, the charity in August of 2019 visited Phu Tho, which is located in the northern highlands of Vietnam.

AFT provided 500 boxes of Hylofresh, 300 tubes of Candacort Cream, 200 tubes of Crystaderm Antiseptic Cream , 200 boxes of Cromofresh Allegey Eye Drops, 5,000 Allersoothe tablets, 12,000 ferro tablets, 5,000 lax tablets.

Key achievements included:

- more than 950 medical assessments on both adults and children
- 482 dental treatments for children
- 141 physiotherapy treatments
- 119 optometry treatments.
- 45 ultrasounds.
- 100 blood tests
- 3400 prescriptions

These services and were carried out by qualified Australian health professionals in collaboration with local Vietnamese health workers and volunteers.

Raising hands: Michelle Yates at one of the health centres in Bougainville

Relief at the top of the world

Eyes4Everest, is a charity that delivers eyecare for Himalayan communities. It was founded in 2013 by Sydney optometrist Shaun Chang, who after trekking near Everest in Nepal in 2013 was moved by his discovery that people in the region were not getting even the most basic eyecare.

In 2019 it examined 478 patients in the Everest and Annapurna regions of Nepal, distributed 99 sets of glasses. AFT has contributed to the work with the donation of 50 boxes HyLo Forte drops meeting a critical need for a population which suffers from a high prevalence of dry eye syndrome.

Dry eyes: treating a Nepalese man with Hylo Forte

AFT's people rise to a challenge

Proving their worth in a crisis

Good health and wellbeing

The Covid-19 pandemic has tested the mettle of our people and they have shown themselves not to be wanting. Amid a growing realisation that the virus would spread globally we moved quickly to protect our people.

A skeleton staff was maintained at all our offices and most of our people moved to remote working. As we have always operated a highly mobile workforce, the move did not represent a major challenge to our staff nor systems.

Despite these constraints the team worked together well to manage supply to our international licensees and the flow of product to our home markets – this included working to overcome constraints such as the Indian Government's ban on the export of products containing paracetamol.

The way we have worked through the Covid-19 crisis and prospered reflects a commitment by all people working in the company to provide a working environment that promotes health and wellbeing, while minimising the potential for risk, personal injury, ill health or damage.

In addition to the specific actions taken to support the health and wellbeing of our staff during the Covid-19 pandemic we continued to develop a wellness program to support our staff. This included management training on harassment, bullying and discrimination; providing employees with free flu vaccinations; providing staff with an employee assist programme; as well as providing employees with optional physical and mental health assessments.

AFT'S Luke Houghton and three other AFT team members raised $1,000 for Heart Kids New Zealand with the 360 heart stopper ice challenge.

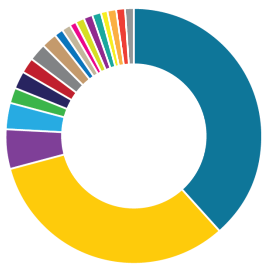
Employees by Gender Diversity (%, as at 31 March 2020)

Female 60%
Male 40%

Employees by Age Diversity (%, as at 31 March 2020)

Under 30 21%
30-44 35%
45 and over 44%

Employees by Birth Country Diversity (%, as at 31 March 2020)



New Zealand
Australia
South Africa
China
Switzerland
Scotland
England
Phillipines
Malaysia
Canada
Malta
Romania
Korea
Singapore
Iraq
Austria
Iran
India
Macedonia

Diversity accountability and inclusion

AFT promotes a workplace culture that emphasises accountability of its leaders to cultivate a culture of inclusion in which the strengths of every individual are recognised and valued. We know that building diversity will deliver enhanced business performance.

AFT is proud to have a workforce consisting of many individuals with diverse skills, values, backgrounds, ethnicities and experiences. In the financial year to 31 March 2020 AFT's 86 employees came from 29 different cultural backgrounds and birthplaces, with a gender split of 58% women and 42% men and an age spread of employees ranging from 20 years to 75 years (average age 42 years old).

During the year we took the following steps to continue to develop and maintain a diverse and inclusive working environment:

- We undertook an annual merits-based remuneration review, which provided visibility to management in relation to parity of working conditions and pay across its workforce. The review did not highlight any material pay disparity based on gender, taking into account experience and accountabilities of comparable roles.
- We continued to actively monitor and review gender and cultural diversity metrics on a quarterly basis across the business by department and geography.
- We reviewed the reasons for any significant deviations from company averages and targets to seek to understand whether any unconscious bias was occurring at the recruitment and/or promotion stage. It was noted that in the few cases where gender disparities were identified within teams, there tended to be a much higher applicant rate of that gender when recruiting new members to those teams. This factor is taken into consideration when making future hires, aiming to correct the imbalance over time, where possible.
- We continued to educate managers on the importance of creating a diverse and inclusive environment and providing awareness of the potential for unconscious bias in people management processes. We have implemented a formal managers' training programme from an external company for maintaining our current diversity of culture, age and gender across departments.
- We continued to provide refresher training to all staff annually on the importance of AFT's Code of Culture and Ethics. This training is also included in the induction programme for all new staff.

In the year ahead the Company will continue to monitor and benchmark against the same diversity and inclusion objectives adopted in respect of the year ended 31 March 2020 (as detailed above). In addition, it is intended that AFT's gender diversity be benchmarked against peers.

Gender Composition of AFT's Workforce

The respective numbers and proportions of men and women at various levels within the AFT workforce as at 31 March 2020 and 31 March 2019 are set out in the table below:

	Female				Male			
	2020		2019		2020		2019	
Directors	1	14%	1	14%	6	86%	6	86%
Officers[1]	4	36%	4	40%	7	64%	6	60%
Overall workforce	52	60%	48	58%	34	40%	35	42%

[1] Officers are considered to be the CEO and his direct reports. Note that CEO, Hartley Atkinson, and Chief of Staff, Marree Atkinson are included in both the number of directors and officers reported.

AFT PHARMACEUTICALS

Consolidated Financial Statements

For the Year Ended 31 March 2020

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AFT pharmaceuticals
Working to improve your health

Deloitte.

Independent Auditor's Report

To the Shareholders of AFT Pharmaceuticals Limited

Opinion

We have audited the consolidated financial statements of AFT Pharmaceuticals Limited and its subsidiaries (the 'Group'), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 34 to 72, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in the Company or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be $1 million.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Derecognition of equity accounted investment and recognition of net assets acquired at fair value As disclosed in note 2 and the related accounting policies set out in note 6(c) and 6(i), the Group has acquired the remaining 50% of the shares in Dermatology Specialties Limited Partnership and DSGP Limited on 5 July 2019. As a result of this transaction the company derecognised the investment in joint venture entity of $2.3 million ($3.0 million as at 31 March 2019) and recognised capitalised intellectual property ($12.5 million), trademarks ($0.1 million) and inventory ($0.3 million) at their fair values. The Group recognised a gain of $9.8 million from the derecognition of the previously held investment in the joint venture and the recognition of the net assets acquired. Significant judgment and assumptions are required in assessing the fair value of the acquired assets. We consider this to be a key audit matter because of the size and significance of the transaction to the current year results and the level of judgment involved in considering the fair value of the acquired assets.	In performing our procedures to address the key audit matter, we: a) Assessed the design and implementation of relevant controls. b) Read the sale and purchase agreement to understand key terms and conditions c) Analysed the term sheet between the parties involved. d) Assessed the Group's accounting paper regarding the transaction against the step-acquisition requirements under NZ IFRS 3 Business Combinations. e) Re-performed the actual steps by reconciling to source documentation and obtained an understanding on how the fair value of the acquired assets were determined. f) Challenged the Group's assumptions underpinning both the fair value of the assets acquired and the purchase price allocation to the individual account balances through detailed review procedures and including the involvement of our internal valuation experts. g) Assessed the quantitative and qualitative disclosures made against the requirements of the accounting standard. h) Assessed the carrying value of the intellectual property at balance date by reviewing the impairment assessment prepared by the Group and challenging the assumptions used, including the potential impact of COVID-19.
Revenue recognition – Licensing The Group has different types of revenue streams: revenue from the sale of goods, from royalties and from licensing income as disclosed in notes 7 and 24 and the related accounting policies as set out in note 6(e). Licensing income includes upfront payments, regulatory and commercial milestone payments. The Group has recorded total licensing income of $3.8m (FY19 - $1.2m) as disclosed in note 7 and 24. Licensing income is recognised when the company has completed substantially all its obligations under the licensing agreement and through until the expected finalisation of the event. The key judgments are: • whether performance obligations are satisfied over time or at a point in time; and • estimated time of meeting the regulatory milestones. We consider this to be a key audit matter because of the increasing significance of this revenue stream and the level of judgment involved in determining the timing of recognition of revenue from licensing income.	We have assessed the design, implementation and operating effectiveness of relevant controls that ensure revenue from licensing income is appropriately recognised. We have also assessed the accounting memoranda, policies and methods for revenue recognition, including compliance with the financial reporting framework. For a sample of licencing agreements, we: • obtained and assessed the agreements for the appropriate revenue recognition methodology • tested individual milestone revenue entries to verify that each revenue entry is recorded in the appropriate period (based on when the milestone was achieved) for the appropriate amount and, where applicable, that the related cash receipt is valid. • considered the performance obligations and the timing of the revenue recognition are in line with the Group's accounting policies and applicable accounting standards.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Jason Stachurski, Partner
for Deloitte Limited
Auckland, New Zealand
20 May 2020

This audit report relates to the consolidated financial statements of AFT Pharmaceuticals Limited (the 'Company') for the year ended 31 March 2020 included on the Company's website. The Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 20 May 2020 to confirm the information included in the audited consolidated financial statements presented on this website.

Consolidated Income Statement

For the Year Ended 31 March 2020

$NZ000's	Note	2020 $000	2019 $000
Revenue	7	105,597	85,127
Cost of sales		(57,332)	(44,397)
Gross Profit		**48,265**	**40,730**
Other income	8	535	2,237
Selling and distribution expenses	9(a)	(26,203)	(26,540)
General and administration expenses	9(a)	(9,111)	(7,202)
Research and development expenses	9(a)	(1,984)	(2,588)
Gain on derecognition of equity accounted investment and recognition of net assets acquired at fair value in a step acquisition	2	9,784	-
Equity accounted loss of joint venture entity	16(b)	(80)	(521)
Operating profit		**21,206**	**6,116**
Finance income		22	42
Interest expense	9(a)	(6,958)	(5,394)
Other finance costs	9(a)	(1,393)	(3,023)
Profit/(Loss) before tax	**9(a)**	**12,877**	**(2,259)**
Tax expense	10(a)	(185)	(168)
Profit/(loss) after tax attributable to owners of the parent		**12,692**	**(2,427)**
Basic and diluted profit/(loss) per share	28	0.12	(0.03)

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2020

$NZ000's	2020 $000	2019 $000
Profit/(loss) after tax	**12,692**	**(2,427)**
Other comprehensive income		
Items that may be transferred to profit and loss:		
Foreign exchange difference on translation of foreign operations	(79)	101
Other comprehensive income/(loss) for the year, net of tax	**(79)**	**(101)**
Total comprehensive income/(loss) for the year attributable to owners of the parent	**12,613**	**(2,326)**

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2020

$NZ000's	Note	Share capital	Redeemable preference share reserve	Share options reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance as at 31 March 2018		**63,743**	**483**	**430**	**330**	**(57,644)**	**7,342**
Profit/(loss) after tax		-	-	-	-	(2,427)	(2,427)
Other comprehensive income		-	-	-	101	-	101
Total comprehensive income		**-**	**-**	**-**	**101**	**(2,427)**	**(2,326)**
Preference dividends accumulated	29	-	758	-	-	-	758
Movement in share options reserve		-	-	252	-	-	252
Preference dividends paid or accumulated	29	-	-	-	-	(935)	(935)
Balance as at 31 March 2019		**63,743**	**1,241**	**682**	**431**	**(61,006)**	**5,091**
Profit/(loss) after tax		-	-	-	-	12,692	12,692
Other comprehensive income		-	-	-	(79)	-	(79)
Total comprehensive income		**-**	**-**	**-**	**(79)**	**12,692**	**12,613**
Preference dividends accumulated	29	-	428	-	-	-	428
Issued share capital	20	3	-	-	-	-	3
Movement in share options reserve		-	-	81	-	33	114
Preference dividends paid or accumulated	29	-	-	-	-	(994)	(994)
Balance as at 31 March 2020		**63,746**	**1,669**	**763**	**352**	**(49,275)**	**17,255**

Consolidated Balance Sheet

For the Year Ended 31 March 2020

$NZ000's	Note	2020	2019
ASSETS			
Current assets			
Inventories	11	22,734	25,158
Trade and other receivables	12	25,969	19,187
Cash and cash equivalents	13	6,119	6,916
Derivative assets	23	514	-
Total current assets		**55,336**	**51,261**
Non-current assets			
Property, plant and equipment	14	315	357
Intangible assets	15	26,984	8,239
Deferred income tax assets	10(b)	705	705
Right-of-use assets	14	3,712	-
Investment in joint venture entity	16(b)	-	3,033
Total non-current assets		**31,716**	**12,334**
Total assets		**87,052**	**63,595**
LIABILITIES			
Current liabilities			
Trade and other payables	17	18,292	15,098
Provisions	18	4,195	1,270
Current income tax liability		109	145
Derivative liabilities	23	-	241
Lease liabilities		506	-
Interest bearing liabilities	19	2,000	41,750
Total current liabilities		**25,102**	**58,504**
Non-current liabilities			
Lease liabilities		3,495	-
Interest bearing liabilities	19	41,200	-
Total non-current liabilities		**44,695**	**-**
Total liabilities		**69,797**	**58,504**
EQUITY			
Share capital	20	63,746	63,743
Retained earnings		(49,275)	(61,006)
Share options reserve	22(b)	763	682
Redeemable preference shares reserve		1,669	1,241
Foreign currency translation reserve		352	431
Total equity		**17,255**	**5,091**
Total liabilities and equity		**87,052**	**63,595**

For and on behalf of the Board who authorised these financial statements for issue on 20 May 2020.

Hartley Atkinson
Managing Director and Chief Executive Officer

David Flacks
Chairman

Consolidated Statement of Cash Flows

For the Year Ended 31 March 2020

$NZ000's	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		99,165	84,131
Payments to suppliers and employees		(84,064)	(82,915)
Tax (paid)		(223)	(149)
Net cash generated from operating activities	21	**14,878**	**1,067**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(92)	(140)
Purchase of intangible assets		(6,470)	(3,325)
Investment in joint venture		-	(1,419)
Net cash used in investing activities		**(6,562)**	**(4,884)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of staff share options		3	-
Dividends paid		(566)	(134)
Payment for lease liabilities		(535)	-
New borrowings	19	58,200	7,417
Borrowings repaid	19	(60,320)	-
Interest received		22	42
Interest paid on lease liabilities		(299)	-
Interest costs paid on borrowings		(5,601)	(3,602)
Finance costs paid		(22)	-
Net cash (used in)/generated from financing activities		**(9,118)**	**3,723**
Net increase/(decrease) in cash		(802)	(94)
Impact of foreign exchange on cash and cash equivalents		5	240
Opening cash and cash equivalents		6,916	6,770
Closing cash and cash equivalents		**6,119**	**6,916**

Notes to the Consolidated Financial Statements

For the Year Ended 31 March 2020

1.(a) GENERAL INFORMATION

AFT Pharmaceuticals Limited (the "Company") is a company that is incorporated and domiciled in New Zealand. It is registered under the Companies Act 1993. These consolidated financial statements comprise AFT Pharmaceuticals Limited and its subsidiaries (together referred to as the "Group"). The Group is a pharmaceutical distributor and developer of pharmaceutical intellectual property.

The Company is an FMC reporting entity under the Financial Markets Conduct Act 2013, and is listed on both the NZX and ASX.

These consolidated financial statements of the Group have been prepared in accordance with the requirements of the Companies Act 1993, Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. As Group consolidated financial statements are prepared and presented for AFT Pharmaceuticals Limited and its subsidiaries, separate financial statements for AFT Pharmaceuticals Limited are not required to be prepared under the Companies Act 1993.

These consolidated financial statements are authorised for issue on 20 May 2020 by the Directors.

1.(b) GOING CONCERN

On 31 March 2020 the Group repaid the CRG loan and refinanced with a three year loan from Bank of New Zealand (BNZ). The BNZ loan at 31 March 2020 was $43.2m ($41.8m at 31 March 2019 - CRG) and the cash balance at 31 March 2020 was $6.1m ($6.9m at 31 March 2019).

The Group generated an operating profit for the year ended 31 March 2020 of $21.2m ($6.1m for the year ended 31 March 2019) and a net operating cash inflow for the year ended 31 March 2020 of $14.9m ($1.1m for the year ended 31 March 2019).

Under the terms of the BNZ loan, $10m is repayable over the three-year term, with $2m repayable in the first year. The Directors have a reasonable expectation that the Group will be in a position to repay this $2m on or before 31 March 2021 from positive operating cash flows, the significant saving in interest costs and issuance of new equity, if required. Accordingly, the Directors have adopted the going concern assumption for the purposes of the preparation of these financial statements.

The Group, like every other organization and individual, is impacted by the global Covid19 pandemic. Pharmaceuticals are classified as an essential service and the Group has continued to operate through this situation. The initial impact on the Group overall has been favourable with an increase in demand for specific products such as Analgesics (e.g. Maxigesic), Vitamin C Liposachets, Cold and Flu products and Antibiotics. In the local Australasian market, the Group has a broad product portfolio across many therapeutic areas which are largely unaffected in a sales sense by Covid19 pandemics since the associated medical conditions continue and regardless require treatment. The Group where possible has multiple manufacturing sites for its main products such as Maxigesic and these also feature different geographies to lessen country risk.

However, Covid19 is an evolving issue worldwide and the Directors continue to monitor the full economic and financial impacts to the Group.

Potential areas of impact are sales volumes and prices, supply timing/interruption and pricing, with the resulting stock levels and cash flow timings. Average stock holdings are five months which is conservative in comparison with a number of competitors.

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

The forecasts and sensitivities have been reviewed in light of Covid19 and the Directors are satisfied that these remain in compliance with applicable debt covenants and, as a consequence the going concern assumption is appropriate.

2. SIGNIFICANT TRANSACTIONS AND EVENTS FOR THE CURRENT PERIOD

The joint venture, Dermatology Specialties Limited Partner ("DSLP"), was originally formed in June 2015 for the development and commercialisation of the product, Pascomer, which uses the active ingredient Rapamycin for the topical treatment of indications commencing with facial angiofibromas in tuberous sclerosis. DSLP has been equity accounted prior to acquisition with the investment at 31 March 2019 being carried at $3.0m and at acquisition date being carried at $3.0m.

The Group acquired the remaining 50% of DSLP and its general partner DSGP Limited, from its joint venture partner Tardimed Sciences LLC on 5 July 2019 and these have been fully consolidated from this date.

As a result of the transaction, the Group retained the rights to the intellectual property, future product sales and royalties. Timber Pharmaceuticals LLC ("Timber"), of which Tardimed Sciences LLC is the shareholder, acquired the North-American distribution rights. This transaction did not require any cash payment by the Group.

The Group also entered into an out-license agreement with Timber, under which the Group has received revenues from the upfront milestone and expects to receive future revenues from development, registration and commercial milestones as well as product sales and royalties.

The Group engaged external independent valuers to assist in determining the fair value of the Pascomer intellectual property. Taking into account the inherent uncertainties of both the successful conclusion of clinical trials and the successful registration with orphan status, the Group has determined the provisional fair value of the Pascomer intellectual property to be $12.5m.

The following provisional fair values have been recognised in these consolidated financial statements in respect of DSLP:

Intangible asset – Pascomer IP	$12.5m
Inventory	$0.3m
Trade marks	$0.1m
Gain on derecognition of equity accounted investment and recognition of net assets acquired at fair value in a step acquisition	$9.8m

As a result of this transaction, intangible assets have increased by $12.5m. The remaining increase in intangible assets relate to capitalised registration and development costs, patents and trademarks acquired which are not connected with the transaction described above.

The clinical trials have been progressing positively and other than for the a slow down resulting from Covid19, as discussed above, the Group remains confident of a successful outcome and have accordingly retained the provisional fair value.

3.ADOPTION OF NEW AND REVISED STANDARDS

NZ IFRS 16: LEASES

General impact of the new NZ IFRS 16

NZ IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. NZ IFRS 16 supersedes the previous lease guidance including NZ IAS 17 Leases and the related interpretations when it became effective for accounting periods beginning on or after 1 January 2019. The date of initial application of NZ IFRS 16 for the Group was 1 April 2019.

The Group has chosen not to adopt the full retrospective application of NZ IFRS 16 in accordance with NZ IFRS 16:C5(a). Consequently, the Group will not restate the comparative information. For the adoption of NZ IFRS 16 the Group has used practical expedients NZ IFRS 16 C3 to not reassess whether a contract is, or contains, a lease at the date of initial application. Also it made use of the practical expedient to not make any adjustment on transition for leases for which the underlying assets if of low value. The weighted average incremental borrowing rate is 7.27%.

Impact of the new NZ IFRS 16 definition of a lease

The change in definition of a lease mainly relates to the concept of control. NZ IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified right-of-use asset is controlled by the customer. Control is considered to exist if the customer has, throughout the period of use

- The right to obtain substantially all of the economic benefits from the use of an identified right-of-use asset; and
- The right to direct the use of that asset.

Impact on Lessee Accounting

NZ IFRS 16 changes how the Group accounts for leases previously classified as operating leases under NZ IAS 17, which were off-balance sheet.

At transition date, the Group recorded right-of-use assets of $4,119k (at balance date $3,712k) and lease liabilities of $4,260k (at balance date $4,001), with the previously held lease incentive of $141k written off against the right-of-use assets. There was no impact on retained earnings.

On initial application of NZ IFRS 16, for all leases (except as noted below), the Group has:

a) Recognised right-of-use assets and lease liabilities in the consolidated balance sheet, initially measured at the present value of the future lease payments;
b) Recognised depreciation of right-of-use assets and interest on lease liabilities in the consolidated income statement;
c) Separated the total amount of cash paid into a principal portion and interest, both presented within financing activities in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) have been recognised as part of the measurement of the

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

right-of-use assets whereas under NZ IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

At initial application of NZ IFRS 16, the Group applied the practical expedient and rely on its assessment whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by NZ IFRS 16. This expense is presented within general and administrative expenses in the consolidated income statement.

The table below shows the amount of adjustment for each consolidated financial statement line item affected by the application of NZ IFRS 16 for the current reporting period.

$NZ000's	2020
Impact on Income Statement	
increase in depreciation expense	692
Increase in finance costs	299
Decrease in other expenses	(834)
Decrease in profit for the year	**157**
Impact on earnings per share	
Basic	-
Diluted	-

(i) The application of NZ IFRS 16 to leases previously classified as operating leases under NZ IAS 17 resulted in the recognition of right-of-use assets and lease liabilities. It resulted in a decrease in "general and administrative expenses" and an increase in interest expense.

(ii) Lease incentive assets previously recognised with respect to operating leases have been derecognised and the amount factored into the measurement of the right-of-use assets.

The application of NZ IFRS 16 has an impact on the consolidated statement of cash flows of the Group. Under NZ IFRS 16:

- Payments for short-term leases and leases of low-value assets and variable leases payments not included in the measurement of the lease liability within the operating activities have been included in payments to suppliers and employees
- Cash paid for the interest portion of lease liability are included as part of financing activities
- Cash payments for the principal portion of lease liability are included as part of financing activities.

Under NZ IAS 17, all lease payments for operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by $834,000 and net cash used in financing activities has increased by the same amount.

The Group has examined its current borrowing structure and taken into account both current and forecast economic conditions, costs of capital and a premium for its risk profile. This has resulted in differing Incremental borrowing rates (IBR) for premises and other leases, and different rates in New Zealand and Australia, as per the following table:

New Zealand – Buildings -	7.00%
New Zealand – Vehicles and equipment –	8.00%
Australia – Buildings –	7.30%
Australia – Vehicles and equipment –	8.50%

These IBR were used by the Group to calculate the lease liability at the date of initial application. The Group used different rates due to the difference in nature of the assets and their geographic location.

The Group has used the practical expedient of applying a single discount rate to a portfolio of assets in each country where it holds right-of-use assets. In determining the discount rate to use, the Group reviewed publicly available rates for Government bonds, BNZ Swap rates and Treasury risk free discount rates and then applied an adjustment to these rates to allow for a company specific credit risk. The Group does not consider any of its leases to be onerous.

At 31 March 2019, The Group disclosed lease commitments of $3,243,000. As at 1 April 2019, the value of leases discounted at the incremental borrowing rate at the date of initial application was $4,260,000. The IFRS inclusion of likely future lease renewals has impacted due to a longer lease being envisaged.

The differences between the operating lease commitment of $3,243,000 and the recorded liability of $4,260,000 is:

	NZ$000's
Operating lease commitments at 31 March 2019	3,243
Short term leases not included in lease liabilities	-
Extension option reasonably expected to be exercised	2,837
Gross lease liabilities at 1 April 2019	6,080
Effect of discounting	(1,820)
Lease liability at 1 April 2019	4,260

4. NEW ACCOUNTING POLICIES

The Group as lessee

The following accounting policy has been adopted since 1 April 2019.

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (leases less than 12 months duration), and leases of low value assets. For these leases the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined the Group uses its incremental borrowing rate.

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

The lease liability is presented as a separate line in the consolidated balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under NZ IAS 37. The costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheet.

The Group applies NZ IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "property, plant and equipment" policy in the consolidated financial statements dated 31 March 2020.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "general and administrative expenses" in the income statement.

5.NEW AND REVISED NZ IFRS STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, there are no new and revised NZ IFRS Standards that have been issued that affect the Group.

NZ IFRS 17 (a new standard for Insurance contracts) is not expected to impact the Group in this or future accounting periods.

6. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention with the exception of derivative instruments revalued to fair value.

(a) **Basis of preparation**
The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The Group is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards (NZ IFRS), and interpretations issued by the NZ IFRS Interpretations Committee (NZ IFRIC) applicable to companies reporting under NZ IFRS.

The accounting policies presented below have been applied consistently to all periods presented in these consolidated financial statements.

The reporting currency used in the preparation of these consolidated financial statements is New Zealand dollars, rounded where necessary to the nearest thousand dollars.

(b) **Principles of consolidation**
Subsidiaries
The consolidated financial statements incorporate the assets and liabilities and the results of the parent and its subsidiaries controlled during the period.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the subsidiaries of the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

Inter-company transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Joint Venture
Where the Company has joint control in a joint venture, the principles of equity accounting are adopted. In these cases, the Company's investment is recognised in the balance sheet and its share of after-tax profits less losses of the joint venture are recognised in the profit and loss, with the value of the Company's investment carrying value adjusted accordingly.

(c) **Critical accounting estimates and judgements**
In preparing these consolidated financial statements the Group made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The treatment of research and development costs (detailed within note 15), licensing income and the appropriateness of the intangible asset - Pascomer IP valuation (refer note 2) are considered critical estimates and judgements.

(d) **Foreign currency translation**
(i) *Functional and presentation currency*
Items included in the consolidated financial statements of the subsidiaries' operations are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). The consolidated financial statements are presented in New Zealand dollars, which is the Company's functional currency and the Group's presentation currency.

(ii) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

(iii) *Foreign operations*
The results and balance sheets of all foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from New Zealand dollars are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions.
- Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

(e) **Revenue recognition**
Revenue comprises the fair value for:

- the sale of goods, excluding Goods and Services Tax, rebates and discounts, which are recognised when control of the product is transferred to the customer
- royalties owing on licensees' sale of product which are recognised when licensee has sold the product;
- licence income, which is recognised when the company has completed substantially all of its obligations under the licensing agreement and through until the expected finalisation of the event.
  The company's obligations are a) the provision of territorial rights to the company's intellectual property and b) the provision and support of the documentation required to enable registration of the product in the territory.

(f) **Other income recognition**
Other income comprises research and development and international growth grants and other income.

- *Research and development grant*
  Research and development grant income is recognised when eligible research and development expenses are incurred and conditions relating to the grant are satisfied.

- *International growth grant*
  International growth grant income is recognised when eligible international growth expenses are incurred and conditions relating to the grant are satisfied.

(g) **Finance income recognition**
Finance income comprises interest income that is recognised on a time-proportion basis using the effective interest method.

(h) **Property, plant & equipment**
All plant and equipment is stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.
Depreciation of property, plant and equipment is calculated using the diminishing value method which apportions the cost of the assets over their useful lives. The Group has the following classes of property, plant & equipment and depreciation rates:

Category	Depreciation rate (%)
Plant and Machinery	21% to 80%
Furniture and fittings	9% to 60%
Vehicles	26% to 36%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds to carrying amounts and are included in the consolidated income statement.

(i) **Intangible assets**
Capitalised development costs and capitalised registration costs
Development and registration projects are regularly reviewed throughout the year by a staff committee comprising the CEO, CFO, GM Development and Financial Controller. The status of each project is measured against the requirements of NZ IAS 38 and the relevant costs incurred during the financial year are capitalised where projects meet those criteria. The criteria considered in this assessment are:

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.

(b) the Group's intention to complete the intangible asset and use or sell it.

(c) the Group's ability to use or sell the intangible asset.

(d) how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(f) the Group's ability to measure reliably the expenditure attributable to the intangible asset during its development.

Finite useful life

Acquired patents, capitalised development costs, capitalised registration costs and software have a finite life and are carried at cost less accumulated amortisation. Patents are amortised over a useful economic life of 20 years, capitalised development costs and capitalised registration costs over the period of expected benefit, and software over 3 – 4 years.

Indefinite useful life

Acquired trademarks and the Pascomer IP are considered to have indefinite useful lives while they continue to protect revenue streams. They are carried at cost less accumulated impairment. Indefinite useful life assets are tested for impairment annually or when impairment indicators exist. The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(j) **Goods & Services Tax (GST)**

The income statement and the statement of comprehensive income have been prepared so that all components are stated exclusive of New Zealand, Australian and Malaysian GST. Malaysia ceased to impose GST during the previous reporting period. All items in the balance sheet are stated net of GST, with the exception of accounts receivable and payable which include GST invoiced. All components of the statement of cash flows are stated exclusive of GST.

(k) **Income tax**

The income tax expense recognised for the period is based on the accounting profit or loss, adjusted for non-taxable and non-deductible differences.

Current tax is calculated by reference to the amount of income tax payable calculated using tax laws that are enacted or substantively enacted at balance date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset or liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(l) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) **Leased assets**

Short term operating leases excluded from the scope of NZ IFRS 16 are charged in the consolidated income statement on a straight line basis over the term of the lease. Refer to notes 3 and 4.

(n) **Trade receivables**

The Group has applied the simplified approach to providing for expected credit losses, which requires the recognition of a lifetime expected loss provision for trade and other receivables. NZ IFRS 9 requires the Group to consider future potential credit losses and consider items such as forecasted economic conditions. Nevertheless the Group does not expect any significant expected credit losses due to the nature of the distribution and regulatory licensing structure of the industry.

(o) **Trade payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. These amounts are incurred and are usually paid within 30 days of recognition.

(p) **Borrowings**

Borrowings are initially recognised at fair value plus transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (plus transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowing costs are expensed over the term of the borrowing.

(q) **Share capital**

Ordinary shares and Redeemable Preference shares are classified as equity.

(r) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(s) **Employee entitlements**

Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in trade payables or provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. The liability for employee entitlements that are not expected to be settled within 12 months is carried at the present value of estimated future cash flows.

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

(t) **Share based payments**

The Company has a share option plan for employees of the Group. In accordance with the terms of the plan, as approved by the directors at meetings, employees at the time of the Company's initial NZX and ASX listing in December 2015 and again in June 2018 were granted share purchase options.
Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

Options may be exercised at any time from the date of vesting to the date of their expiry.
The number of options granted is calculated in accordance with the performance-based formula approved by the directors at previous board meetings.

The formula rewards employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative criteria including the following financial and operational measures:

• market share

• net profit

• target sales thresholds

• product registration and licensing targets

Staff share options are valued at fair value at the grant date as calculated independently using the Black Scholes model (refer note 22(b).

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity- settled employee benefits reserve.

(u) **Impairment of non-financial assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Indefinite useful life assets are tested for impairment annually and whenever there are indicators of impairment while finite useful life assets are tested only when there are indicators of impairment.

(v) **Derivative financial instruments**

The Group benefits from the use of derivative financial instruments to manage foreign currency exposures. The fair value of forward exchange contracts is calculated using discounted cashflows by reference to contractual exchange rates for contracts in place and the forward exchange rate at year-end, considered level 2 of the fair value hierarchy.

(w) **Research and development**

Research is the original and planned investigation undertaken with the prospect of gaining new knowledge and understanding. This includes: direct and overhead expenses for research, pre-clinical trials and costs associated with clinical trial activities. All research costs are expensed when incurred.

Development is the application of research findings to a plan or design for the production of new or substantially improved processes or products prior to the commencement of commercial production. When a project reaches the stage where it is reasonably certain that future expenditure can be recovered through the process or products produced, expenditure that is directly attributable or reasonably allocated to that project is recognised as a development asset. The asset will be amortised from the date of commencement of commercial production of the product to which it relates on a straight line basis over the life of the relevant patent or period of expected benefit. Development assets are reviewed annually for any impairment in their carrying value.

(x) **Earnings per share**

Basic earnings per share is computed by dividing net earnings (after Preference dividends) by the weighted average number of ordinary shares outstanding during each period.

7. REVENUE FROM OPERATIONS

	2020	2019
Sale of goods	101,416	83,649
Royalty income	356	255
Licensing income	3,825	1,223
Total revenue	**105,597**	**85,127**

8. OTHER INCOME

	2020	2019
International growth and research and development grants	393	378
Other income	142	1,859
Total other income	**535**	**2,237**

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

9(a). NET OPERATING PROFIT

$NZ000's	Note	2020	2019
Profit/(loss) before tax		**12,877**	**(2,259)**
After charging the following specific expenses:			
Finished goods material component of cost of goods sold		56,626	43,272
Inventory write off		706	1,125
Audit fees and review of financial statements	9(b)	240	156
Rental expenses		50	580
Operating leases - motor vehicles and equipment		-	463
Share options expense		114	252
Short term employee emoluments:[1]			
Selling and distribution expenses		6,525	7,184
General and administration expenses		2,162	1,929
Research and development expenses		1,613	1,540
		10,300	**10,653**
Research and development expenses			
Product development		333	914
New market development		1,651	1,674
		1,984	**2,588**
Depreciation:			
Plant and machinery		92	82
Furniture and fittings		24	25
Vehicles		6	8
ROU equipment		54	-
ROU vehicles		319	-
ROU buildings		319	-
		814	**115**
Amortisation			
Patents		142	128
Software		34	54
Development costs		40	22
Registration costs		70	-
		286	**204**
Finance costs:			
Interest on borrowings		6,659	5,394
Interest on lease liabilities		299	-
Foreign exchange losses/(gains)		2,127	2,624
Derivative losses/(gains)		(756)	417
Other financing costs/(gains)		22	(18)
		8,351	**8,417**

[1]This includes contributions recognised as an expense for defined contributions		**361**	**343**

9(b). FEES PAID TO AUDITORS

$NZ000's	2020	2019
Audit of financial statements		
Audit of annual financial statements	208	131
Review of interim financial statements	32	25
Total fees for audit and review services	**240**	**156**
Other services		
Tax due diligence services - Deloitte	14	19
Other services	-	15
Total fees paid to Deloitte	**254**	**190**

10. INCOME TAX

$NZ000's	2020	2019
(a) Tax expense		
Profit/(Loss) before tax	**12,877**	**(2,259)**
Tax calculated at domestic tax rates applicable	3,606	(633)
Adjustment due to different tax rates of subsidiaries operating in different jurisdictions	1,251	3
Tax on income not assessable	(2,697)	-
Tax on expenses not deductible	39	82
Tax on losses recognised	(2,199)	546
Non resident withholding tax	185	170
Tax expense/(benefit)	**185**	**168**
Comprising:		
Current tax	185	171
Deferred tax	-	(3)

$NZ000's	2020	2019
(b) Deferred tax balance		
Deferred tax asset	705	705
Deferred tax asset	**705**	**705**

Deferred tax assets relating to unused tax loss carry-forwards and to Deductible temporary differences are recognised if it is probable that they can be offset against future taxable profits or existing temporary differences. As at 31 March 20209, the Group recognised deferred tax assets on temporary differences totalling $705,000 (2019 $705,000) since it was foreseeable that temporary differences could be offset against future taxable profits. On the basis of the approved business plans of subsidiaries, The Group considers it probable that temporary differences can be offset against future taxable profits. There is no expected change in capital structure in the near future which is expected to affect the recoverability of the recognised deferred tax assets.

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

The movement in deferred tax is :

$NZ000's	Provisions	Recognised Tax losses	Total
31 March 2018	**708**	**-**	**708**
Movements	(479)	-	(479)
Recognition of losses	-	476	476
31 March 2019	**229**	**476**	**705**
Movements	(439)	-	(439)
Recognition of losses	-	439	439
31 March 2020	**(210)**	**915**	**705**

The amount of tax loss carried forward that is available for future utilization is $44,078,210 (FY2019: $54,734,235)

$000's	
c) Imputation and franking credits available for use	
NZD	-
AUD	322

11. INVENTORIES

$NZ000's	2020	2019
Finished goods	23,692	25,805
Provision for obsolescence	(958)	(647)
	22,734	**25,158**

Finished goods comprises pharmaceutical goods ready for resale.
The value of inventory is transferred to cost of sales in the income statement when sold.

12. TRADE AND OTHER RECEIVABLES

$NZ000's	2020	2019
Trade receivables	26,861	20,775
Provision for bad debt	(32)	(31)
Less provision for customer rebates	(4,202)	(4,466)
Prepayments & sundry debtors	3,342	2,909
	25,969	**19,187**

Ageing of overdue trade debtors

$NZ000's	1-30 Days	31-60 Days	61-90 Days	90+ Days	Total
31 March 2020	2,829	378	171	480	**3,858**
31 March 2019	3,272	-	6	370	**3,648**

All balances are expected to be settled within the next 12 months.

The expected credit loss (ECL) allowance provision has been determined as follows:

As at 31 March 2020

$NZ000's	Current	+1 Month	>1 Month	Total
Expected loss rate	*	*	0.03%	
Gross Carrying Amount	23,003*	2,829*	1,029*	26,861
Expected credit loss allowance provision				32
Short term loss allowance provision				-
Long term loss allowance provision				32

*Expected credit losses are negligible.

The average credit period on sale of goods is 46 days (2019: 49 days). No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as forecast direction of conditions at the reporting date.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

No bad debt expense has been recorded for the current year (2019: nil).

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

13. CASH AND CASH EQUIVALENTS

$NZ000's	2020	2019
Cash at bank	6,095	6,897
Cash on hand	24	19
Total cash	**6,119**	**6,916**

Cash at bank earns, on average, less than 1% of interest.

14. PROPERTY PLANT & EQUIPMENT

$NZ000's	Plant and machinery	Furniture and fixtures	Vehicles	ROU buildings	ROU vehicles	ROU equipment	Total
(a) Cost							
Balance at 31 March 2018	**841**	**426**	**201**	**-**	**-**	**-**	**1,468**
Additions	131	9	-	-	-	-	140
Disposals	-	(1)	(27)	-	-	-	(28)
Balance 31 March 2019	**972**	**434**	**174**	**-**	**-**	**-**	**1,580**
Additions	88	4	-	3,472	707	186	4,457
Disposals	(37)	(5)	-	-	(15)	-	(57)
Balance at 31 March 2020	**1,023**	**433**	**174**	**3,472**	**692**	**186**	**5,980**
(b) Depreciation							
Balance at 31 March 2018	**(724)**	**(248)**	**(166)**	**-**	**-**	**-**	**(1,138)**
Annual charges	(82)	(25)	(8)	-	-	-	(115)
Disposals	-	-	30	-	-	-	30
Balance 31 March 2019	**(806)**	**(273)**	**(144)**	**-**	**-**	**-**	**(1,223)**
Annual charges	(92)	(24)	(6)	(319)	(319)	(54)	(814)
Disposals	28	2	-	-	54	-	84
Balance at 31 March 2020	**(870)**	**(295)**	**(150)**	**(319)**	**(265)**	**(54)**	**(1,953)**
(c) Carrying amounts							
Balance at 31 March 2019	**166**	**161**	**30**	**-**	**-**	**-**	**357**
Balance at 31 March 2020	**153**	**138**	**24**	**3,153**	**427**	**132**	**4,027**

15. INTANGIBLE ASSETS

Key estimates and assumptions

Pascomer IP and Trademarks are assessed annually for impairment by estimating the future cash flows, with key assumptions being forecast earnings and any capital expenditure requirements. The forecast financial information is based on independent market data, together with past experience and future expectations of performance. The major inputs and assumptions used in performing an impairment assessment that require judgement include revenue forecasts, operating cost projections, patient numbers, market size and market share, discount rates, and growth rates. The Group engaged external valuers during the year to assist in determining the fair value of the Pascomer IP (see note 2).

$NZ000's	Pascomer IP	Trademarks	Capitalised registration	Capitalised development	Patents	Software	Total
(a) Cost							
Balance at 31 March 2018	**-**	**694**	**-**	**2,465**	**2,407**	**515**	**6,081**
Additions	-	111	1,430	1,452	315	17	3,325
Disposals	-	-	-	-	-	-	-
Balance 31 March 2019	**-**	**805**	**1,430**	**3,917**	**2,722**	**532**	**9,406**
Additions		193	903	5,840	292	1	7,229
Additions from business combinations	12,500	-	-	-	-	-	12,500
Disposals	-	(262)	(436)	-	-	-	(698)
Balance at 31 March 2020	**12,500**	**736**	**1,897**	**9,757**	**3,014**	**533**	**28,437**
(b) Amortisation							
Balance at 31 March 2018	**-**	**-**	**-**	**-**	**(552)**	**(411)**	**(963)**
Amortisation	-	-	-	(22)	(128)	(54)	(204)
Disposals	-	-	-	-	-	-	-
Balance 31 March 2019	**-**	**-**	**-**	**(22)**	**(680)**	**(465)**	**(1,167)**
Amortisation			(70)	(40)	(142)	(34)	(286)
Disposals			-	-	-	-	-
Balance at 31 March 2020	**-**	**-**	**(70)**	**(62)**	**(822)**	**(499)**	**(1,453)**
(c) Carrying amounts							
Balance at 31 March 2019	**-**	**805**	**1,430**	**3,895**	**2,042**	**67**	**8,239**
Balance at 31 March 2020	**12,500**	**736**	**1,827**	**9,695**	**2,192**	**34**	**26,984**

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

16(a). INVESTMENT IN SUBSIDIARIES

	Interest held 2020 %	Interest held 2019 %	Country of incorporation	Principal activities
AFT Pharmaceuticals (AU) Pty Ltd	100%	100%	Australia	Distribution of pharmaceuticals in Australia
AFT Pharmaceuticals Singapore Pte Ltd	100%	100%	Singapore	Registration of pharmaceuticals in Singapore
AFT Pharmaceuticals (S.E. Asia) Sdn Bhd	100%	100%	Malaysia	Registration of pharmaceuticals in Malaysia
AFT Orphan Pharmaceuticals Limited	65%	65%	New Zealand	No activity
AFT Limited Partner Limited	100%	100%	New Zealand	Sole partner in Dermatology Specialties LP
Dermatology Specialties Limited Partnership	100%	50%	New Zealand	No activity
DSGP Limited	100%	50%	New Zealand	General Partner of Dermatology Specialties LP
AFT Dermatology Limited	100%	100%	New Zealand	Distribution of pharmaceuticals

All subsidiaries have a balance date of 31 March.

16(b). INVESTMENT IN JOINT VENTURE PARTNERSHIP

$NZ000's	2020	2019
Interest in joint venture company at cost	-	5,764
Accumulated Equity accounted earnings / (losses) of joint venture partnership	-	(2,731)
Net equity investment in joint venture partnership	**-**	**3,033**

The joint venture partnership of the Group and its activities are as follows:

$NZ000's	2020	2019
	Interest held	Interest held
Dermatology Specialties LP (incorporated in New Zealand)	100%	50%
Principal activities: Development and distribution of pharmaceuticals		

$NZ000's	2020	2019
Balance at start of year	3,033	2,135
Investment during the year	-	1,419
Share of current year loss	(80)	(521)
Derecognition on acquisition of controlling interest	(2,953)	-
Balance at end of year	**-**	**3,033**

The following table summarises the financial information relating to the Group's DSLP activity and represents 100% of the DSLP net assets, revenues and net profits.

$NZ000's	2020	201
Extracts from DSLP balance sheet		
Current assets	N/A	352
Non-current assets	N/A	2,214
Current liabilities	N/A	(96)
Non-current liabilities	N/A	-
Net Assets	**N/A**	**2,470**
Extracts from DSLP income statement		
Revenue	N/A	-
Net loss after taxation	**N/A**	**(1,042)**

The DSLP entity is included in the consolidated group for FY 2020 and did not have any contingent liabilities or capital commitments at the prior year balance date.

17. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. These amounts are incurred and are usually paid within 30 days of recognition.

$NZ000's	2020	2019
Trade payables	8,622	6,673
GST payable	1,467	884
Employee entitlements	919	1,299
Other payables and accruals	7,284	6,242
	18,292	**15,098**

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

18. PROVISIONS

$NZ000's	2020	Additional provisions	Utilised	2019	Additional provisions	Utilised	2018
Supplier rebates	4,195	3,011	(86)	1,270	1,270	(1,098)	1,098
	4,195	**3,011**	**(86)**	**1,270**	**1,270**	**(1,098)**	**1,098**

Supplier rebates are based on profit sharing arrangements with suppliers which are estimated on achieving expected set margin targets and are expected to be utilised within the next 12 months. These are included as an expense in Cost of sales.

19. INTEREST BEARING LIABILITIES

$NZ000's	2020	2019
Lease liabilities	4,001	-
BNZ loan current portion	2,000	-
BNZ loan	41,200	-
CRG loan	-	41,750
	47,201	**41,750**

$NZ000's	2020	2019
Opening balance of CRG loan 1 April	**41,750**	**30,654**
Capitalised interest	1,006	1,746
Additional loans drawn down	-	7,417
Repayment of principle	(45,320)	-
Loss /(Gain) on FX translation	2,564	1,933
Closing balance 31 March	**-**	**41,750**
Opening balance of BNZ loan 1 April	**-**	**-**
Capitalised interest	-	-
Additional loans drawn down	58,200	-
Repayment of principal	(15,000)	-
Loss /(Gain) on FX translation	-	-
Closing balance 31 March	**43,200**	**-**

All amounts relating to the CRG loan, including principal and interest charges were repaid on 31 March 2020.

The CRG loan has been re-financed by a three-year loan facility with the Bank of New Zealand (BNZ). The new facility includes a progressive part reduction in principal over the three-year term. The loan attracts an effective interest rate of 8.48%.

The loan is partially supported by a guarantee from NZ ECO. This guarantee is reduced by the progressive principal repayments and is expected to be released by the end of the three years.

All covenants relating to the CRG loans and BNZ facility that were in place during the year have been complied with during the year (refer note 27).

20. SHARE CAPITAL

Ordinary shares and Redeemable preference shares are classified as equity.

	2020 Shares	2019 Shares	2020 $000's	2019 $000's
Ordinary share capital	97,309,019	97,308,019	57,061	57,058
Less capital-raising costs	-	-	(2,439)	(2,439)
Redeemable Preference Shares	3,330,000	3,330,000	9,124	9,124
	100,639,019	**100,638,019**	**63,746**	**63,743**

	2020 $000's	2019 $000's
Share capital at beginning of the year	63,743	63,743
Issue of Ordinary shares	3	-
	63,746	**63,743**

During the year 1,000 ordinary shares were issued due to the exercise of staff options. Refer note 22(b).

The redeemable preference shares, issued in March 2017, attract a dividend of 9.4% accruing quarterly, which may be satisfied in cash either in full or in part or deferred indefinitely at the Company's absolute discretion.

They do not carry any right to vote except at meetings of an 'interest group' of holders of redeemable shares.

They may be redeemed at the option of the Company at any time two years or more after issue. On redemption, the Company would pay the issue price plus unpaid dividends accrued to the date of redemption. The redemption can only be settled in cash.

After three years from issue, they may be converted to ordinary shares at the option of the holder in multiples of 100,000. The holder would receive one ordinary share for every redeemable share held and a number of ordinary shares calculated by dividing the amount of any accumulated dividends by the issue price. Conversion of the redeemable preference shares may only be settled through the issuance of shares.

Once the holder has elected to convert, neither the issuer nor the holder can be obligated to settle in any other manner.

Optional conversion events arise if one of a number of conditions occur. These conditions were notified to NZX and ASX at the time of issue of the redeemable preferences shares and are available on the Company website (www.aftpharm.com) .

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

21. RECONCILIATION OF PROFIT/(LOSS) AFTER TAX WITH NET CASH FLOW FROM OPERATING ACTIVITIES

$NZ000's	2020	2019
Profit/(Loss) after tax	12,692	(2,427)
Non-cash items:		
Depreciation	122	115
Depreciation ROU assets	692	-
Amortisation	286	204
Impact of foreign exchange on cash and cash equivalents	5	240
Share options expense	114	252
Interest on lease liabilities	299	-
Interest and finance expense	6,681	5,376
Unrealised (gain) /loss on foreign currency movements	2,486	1,339
Provision for tax	223	168
Interest received	(22)	(42)
Share of loss of JV entity	80	521
Gain on derecognition of equity accounted investment and recognition of net assets acquired at fair value in a step acquisition	(9,784)	-
Movement in working capital:		
(Increase)/decrease in inventories	2,425	(746)
(Increase)/decrease in trade and other receivables and derivatives	(7,297)	(2,054)
Increase/(decrease) in trade, other payables and derivatives	5,876	(1,879)
Net cash generated from operating activities	**14,878**	**1,067**

22.(a) RELATED PARTIES

The Group had related party relationships with the following entities:

Related party	Nature of relationship
CRG	Shareholder of both ordinary shares and redeemable preference shares
Atkinson Family Trust	Shareholder of both ordinary shares and redeemable preference shares

The following transactions were carried out with these related parties:

$NZ000's	2020	2019
(i) Loans		
CRG (refer note 19)	-	41,750
Total loan balances	**-**	**41,750**
(ii) Interest expense		
CRG	5,648	5,238
(iii) Dividends on redeemable Preference shares		
CRG	775	726
Atkinson Family Trust	219	209

Key management compensation

$NZ000's	2020	2019
Directors fees	295	292
Executive salaries	1,083	1,078
Short term benefits	233	190
Options expense	42	126
Key management compensation	**1,653**	**1,686**

Key management includes external directors, the Chief Executive Officer, the Chief of Staff, the Chief Financial Officer and the Director of International Business Development. These positions are mainly responsible for the planning, controlling and directing the activities of the business.

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

22(b). STAFF SHARE OPTIONS

Staff share options are exercisable at the price of $2.80 each, being the issue price of a share at the time of the Company's initial listing on NZX and ASX. The vesting period is generally up to four years however this varies according to various performance criteria. Other than in limited circumstances options are forfeited if an employee leaves the group before the options vest. The options are valued at fair value as calculated independently using the Black Scholes model. The options vest over up to four years from date of issue.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2020		2019	
	Average exercise price $ per share	Options	Average exercise price $ per share	Options
Balance at beginning of year	**2.80**	**1,200,644**	**2.80**	**693,312**
Issued	2.80	-	2.80	525,000
Forfeited	2.80	-	2.80	(17,668)
Exercised	2.80	(1,000)	-	-
Lapsed	-	(42,480)	-	-
Balance at end of year	**2.80**	**1,157,164**	**2.80**	**1,200,644**

Weighted average share price for options exercised during the period $3.49 (2019: $nil).
Of the 1,157,164 outstanding options, 697,164 are currently exercisable (2019: 715,644)

Share options outstanding at the end of the year have the following expiry dates, exercise dates and exercise prices:

Expiry month	Exerciseable month	Exercise price	2020	2019
April-2020	December-2017	2.80	124,968	135,969
April-2020	December-2018	2.80	547,196	554,675
June-2022	March 2019	2.80	25,000	25.000
June-2022	Various	2.80	460,000	485,000
Total share options outstanding			**1,157,164**	**1,200,644**

The weighted average remaining contractual life of options outstanding at the end of the period was 1.5 years (2019: 2.5 years).

Share options reserve $NZ000's	2020	2019
Balance at beginning of year	(682)	(430)
Current year amortisation	(114)	(252)
Options Exercised transferred to retained earnings	1	-
Options lapsed transferred to retained earnings	32	-
Balance at end of year	**(763)**	**(682)**

1,000 share options were exercised during the reporting period. The options outstanding at 31 March 2020 had a weighted average exercise price of $2.80 and a remaining average contractual life of 1.5 years. No options were granted during the year. The inputs into the Black-Scholes model are as follows:

Weighted average share price	$2.38
Weighted average exercise price	$2.80
Expected volatility	40%
Expected life	4 years
Risk-free rate	2.09%
Expected dividend yields	NIL

The Group engaged external valuers to assist with the valuation. Volatility was determined on AFT's observed volatility and that of comparable companies.

23. FINANCIAL RISK MANAGEMENT

(a) Managing financial risk

The Group's activities expose it to various financial risks as detailed below.

• Market risk

Management is of the opinion that the Group's exposure to market risk at balance date is defined as:

Risk Factor	Description	Sensitivity
(i) Currency risk	Exposure to changes in foreign exchange rates on assets and liabilities of subsidiaries, and USD denominated borrowings	As below
(ii) Interest rate risk	Exposure to changes in interest rates on borrowings	As below
(iii) Other price risk	No commodity securities are bought, sold or traded	Nil

• Foreign exchange risk

The Group benefits from the use of derivative financial instruments to manage foreign currency exposures. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates at year end and the contract exchange rates, considered level 2 of the fair value hierarchy.

The Group purchases goods and services from overseas suppliers in a number of currencies, primarily AUD, USD, EUR and GBP and has borrowings that are denominated in US dollar amounts. This exposes the Group to foreign currency risk. The Group manages foreign currency risk through use of derivative arrangements, in particular forward exchange contracts. The exposure is monitored on a regular basis based on Group foreign exchange policies. Future revenues from markets outside Australasia will be denominated primarily in USD and EUR which will provide a natural hedge against these costs.

In the current year (FY 2020) Foreign Exchange losses totalled $1,371k (2019: $3,041k loss) of which $2,564k (2019: $1,933k loss) were realised losses on the USD denominated CRG loan. The balance are gains derived from the restatement of the cash balances at the spot rate on the year end balance date of 31 March 2020, the mark to market unrealised gain on derivatives held and the change in spot rates during the time between when revenues, receipts and expenses are recorded in the general ledger and when they are paid/received.

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

In total, the Group had financial assets and liabilities denominated in the following currencies

FY 2020			FY 2019		
Assets NZD$'000	Currency	Liabilities NZD$'000	Assets NZD$'000	Currency	Liabilities NZD$'000
13,743	AUD	21,797	13,931	AUD	4,014
2,618	USD	378	1,650	USD	42,698
271	MYR	91	905	MYR	36
1,204	SGD	21	542	SGD	177
745	EUR	1,418	203	EUR	696
2	GBP	-	5	GBP	175

The following forward foreign exchange contracts were held at the end of the 2020 financial year:

Forward Foreign Exchange Contracts				
Buy Currency	Buy currency amount ('000)	Sell amount NZD('000)	Buy amount 31-Mar-20	Fair value NZD ($'000)
EUR	4,195	7,296	7,718	422
GBP	181	357	371	14
USD	100	155	169	14
Sell Currency	Sell currency amount ('000)	Buy amount NZD('000)	Sell amount 31-Mar-20	Fair value NZD ($'000)
AUD	1,250	1,348	1,284	64
Total Asset as at 31 March 2020				**514**

All contracts mature within one year from 31 March 2020
The following forward foreign exchange contracts were held at the end of the 2019 financial year:

Forward Foreign Exchange Contracts				
Buy Currency	Buy currency amount ('000)	Sell amount NZD('000)	Buy amount 31-Mar-20	Fair value NZD ($'000)
EUR	3,300	5,735	5,963	(228)
GBP	155	302	305	(3)
USD	4,205	6,192	6,202	10
Total liability as at 31 March 2019				**(241)**

- **Interest rate risk**

Borrowings are at a mixture of floating base rates plus a margin determined by the group's performance against covenant adherence levels, which exposes the Group to fair value interest rate risk. There are no specific derivative arrangements to manage this risk.

- **Credit risk**

Financial instruments, which potentially subject the Group to credit risk, principally consist of accounts receivable. Regular monitoring is undertaken to ensure that the credit exposure remains within the Group's normal terms of trade.

The Group has one significant concentration of credit risk at 31 March 2020 with the largest debtor being $5,937,456 (2019: $7,232,700). There has been no past experience of default and no indications of default in relation to this debtor.

The Group's cash and short-term deposits are placed with high credit quality financial institutions. Accordingly, the Group has no significant concentration of credit risk other than bank deposits, with 4.1% of total assets at the Bank of New Zealand (2019: 7.2%), 2.2% at NAB Bank (2019: 3.3%). The carrying value of financial assets represents the maximum exposure to credit risk.

- **Liquidity risk**

Liquidity risk is the risk that the Group may encounter difficulty in raising funds at short notice to meet its commitments and arises from the need to borrow funds for working capital. The directors monitor the risk on a regular basis and actively manage the cash available to ensure the net exposure to liquidity risk is minimised.

The liquidity/maturity profile of the liabilities is as follows:

Liquidity profile					
31 March 2020	< 1 year $000	1-2 years $000	2-5 years $000	> 5 years $000	TOTAL $000
Trade and other payables	(18,292)	-	-	-	(18,292)
Borrowings	(5,037)	(7,200)	(43,138)	-	(55,375)
Derivative instruments (outbound)	(9,092)	-	-	-	(9,092)
Derivative instruments (inbound)	9,606	-	-	-	9,606
Totals	**(22,815)**	**(7,200)**	**(43,138)**	**-**	**(73,153)**
31 March 2019	$000	$000	$000	$000	$000
Trade and other payables	(15,098)	-	-	-	(15,098)
Borrowings	(47,482)	-	-	-	(47,482)
Derivative instruments (outbound)	(12,470)	-	-	-	(12,470)
Derivative instruments (inbound)	12,229	-	-	-	12,229
Totals	**(62,821)**	**-**	**-**	**-**	**(62,821)**

(b) Fair Values

The carrying value of financial assets and liabilities (trade receivables and trade payables) approximates their fair value. Trade receivables are valued net of provision and trade payables are valued at their original amounts by contract.

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

24. SEGMENT REPORTING

	Operating Segments				
	Australia $000	New Zealand $000	Southeast Asia $000	Rest of World $000	Total $000
31 March 2020					
Revenue - Sale of goods	61,428	30,108	4,930	4,950	101,416
Revenue - Royalties	-	-	-	356	356
Revenue - Licensing	-	-	-	3,825	3,825
Total Revenue	**61,428**	**30,108**	**4,930**	**9,131**	**105,597**
Other income	-	-	-	535	535
Depreciation - Lease assets	409	283	-	-	692
Depreciation - Other	30	88	4	-	122
Amortisation	-	286	-	-	286
Gain on derecognition of equity accounted investment and recognition of net assets acquired at fair value in a step acquisition	-	-	-	9,784	9,784
Equity accounted loss of joint venture entity	-	-	-	(80)	(80)
Operating Profit/(loss)	**7,278**	**(205)**	**93**	**14,040**	**21,206**
Finance income	-	22	-	-	22
Interest expense - Loans	(965)	(5,626)	(68)	-	(6,659)
Interest expense - Lease liabilities	(83)	(216)	-	-	(299)
Other finance gains/ (losses)	(973)	(547)	127	-	(1,393)
Gain/(loss) before tax	**5,257**	**(6,572)**	**152**	**14,040**	**12,877**
Total assets	**25,163**	**34,873**	**32**	**26,984**	**87,052**
ROU assets	973	2,739	-	-	3,712
Other property plant and equipment	40	271	4	-	315
Pascomer IP	-	-	-	12,500	12,500
Other Intangible assets	-	-	-	14,484	14,484
Total liabilities	**7,892**	**61,897**	**8**	**-**	**69,797**
Capital expenditure	**20**	**67**	**5**	**-**	**92**

24. SEGMENT REPORTING *(continued)*

	Operating Segments				
	Australia $000	New Zealand $000	Southeast Asia $000	Rest of World $000	Total $000
31 March 2019					
Revenue - Sale of goods	50,304	26,796	2,142	4,407	83,649
Revenue - Royalties	-	-	-	255	255
Revenue - Licensing	-	-	-	1,223	1,223
Total Revenue	**50,304**	**26,796**	**2,142**	**5,885**	**85,127**
Other income	1,860	-	-	377	2,237
Depreciation - Lease assets	-	-	-	-	-
Depreciation - Other	29	81	5	-	115
Amortisation	-	204	-	-	204
Equity accounted loss of joint venture entity	-	-	-	(521)	(521)
Operating profit/(loss)	**5,321**	**537**	**(343)**	**601**	**6,116**
Finance income	-	42	-	-	42
Interest expense - Loans	(1,333)	(3,985)	(76)	-	(5,394)
Interest expense - Lease liabilities	-	-	-	-	-
Other finance gains/ (losses)	447	(3,483)	13	-	(3,023)
Gain/(loss) before tax	**4,435**	**(6,889)**	**(406)**	**601**	**(2,259)**
Total assets	**24,582**	**35,653**	**327**	**3,033**	**63,595**
RTU assets	-	-	-	-	-
Other property plant and equipment	52	292	13	-	357
Pascomer IP	-	-	-	-	-
Other Intangible assets	-	-	-	8,239	8,239
Investment in joint venture entity	-	-	-	3,033	3,033
Total liabilities	**4,890**	**53,567**	**47**	**-**	**58,504**
Capital Expenditure	**39**	**99**	**2**	**-**	**140**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). For the purposes of NZ IFRS 8 the CODM is a group comprising the Board of Directors, together with the Chief Executive Officer, the Chief of Staff, the Chief Financial Officer and the Director of International Business Development. This has been determined on the basis that it is this group that determines the allocation of the resources to segments and assesses their performance.

The Group has four operating segments based on geographical location reportable under NZ IFRS 8, as described below, which are the Group's strategic groupings of business units. The following summary describes the operations in each of the Group's reporting segments:

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

New Zealand – Includes the Head Office function for the Group, supplier relationships and procurement of all stock for the Group, all regulatory activity, governance, all marketing activity and all finance activity. The sales and distribution activity principally relates to the New Zealand market.

Australia – Includes the sales and distribution activity relating to the Australian market.

Southeast Asia – Includes the sales and distribution activity relating to the Southeast Asian market (Brunei, Hong Kong, Malaysia, Philippines, Singapore and Vietnam).

Rest of World – Includes the out-licensing of IP developments to markets in which the Group does not have a presence and the export of products to export markets. The costs of research and development and new market development activity not specific to the other segments are expensed to this segment.

Major Customers – Revenues from one customer of the Australian segment (being a licensed wholesaler) represents approximately NZ$24.4m (2019: NZ$21.4m) and from one customer of the New Zealand segment (also being a licensed wholesaler) represents approximately $15.2m (2019: $13.6m) of the Group's total revenues.

25. CONTINGENT LIABILITIES

In December 2019, AFT Pharmaceuticals Limited renewed its guarantee of AFT Pharmaceuticals (AU) Pty Limited for its five-year lease extension contract with Investec Limited for the premises occupied in Sydney, Australia. A deposit of AUD$84,000 has been placed with NAB as security for this lease.

The Company has also provided a guarantee to Robt Jones Investment Holdings Ltd of $100,000 as security over the leased office premises at 129 Hurstmere Rd, Takapuna. Auckland. The Group has also placed NZD$75,000 on term deposit with the BNZ as security for a guarantee issued by the BNZ in favour of the NZX.

The company have also received notice of a potential claim from a former contractor in South East Asia which, in the event that it were to proceed, we would defend vigorously. No Provision has been made.

26. COMMITMENTS

(a) **Capital Commitments**

The Group has no capital commitments at 31 March 2020 (2019: nil).

(b) **Lease Commitments**

Payments for leases with a term less then 12 months or a low value are charged in the income statement on a straight-line basis over the term of the lease.

$NZ000's	2020	2019
Due within one year	777	845
Due later than one year but within five years	2,274	1,697
Due later than 5 years	2,518	701
	5,569	**3,243**

From 1 April 2019, the company has accounted for leases in accordance with NZ IFRS 16, refer notes 3 and 4.

(c) **Other Commitments**

The Company has entered into contracts to complete clinical trials overseas. These contracts call for stage or milestone payments to be made progressively when those stages or milestones are achieved. Certain conditions allow for the termination of the trials, with future obligations extinguished. The aggregate expected amounts to be paid under these contracts is $1.65m (2019: $2.2m).

27. MANAGEMENT OF CAPITAL

The Group's objectives when managing capital are:
To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to its shareholders and to maintain a strong capital base to support the development of its business.

The Group meets these objectives through a mix of equity capital and borrowings. The level and mix of capital is determined by the Group's internal Corporate Governance Policies.

Under the new BNZ facility, there is a covenant requirement that the facility, comprising an overdraft and letter of credit facility, must not exceed the total of 70% of acceptable debtors plus 50% of acceptable stock. Additional covenants include a requirement for a minimum principle and interest cover ratio, a minimum net leverage ratio and a maximum Capex and R&D ratio. Covenant reporting is required on a quarterly basis.

Notes to the Consolidated Financial Statements *(continued)*

For the Year Ended 31 March 2020

28. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net earnings attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during each period.

$NZ000's	2020	2019
Earnings used in the calculation of basic and diluted earnings per share		
Profit/(Loss) after tax	12,692	(2,427)
Less Redeemable Preference shares dividend	(994)	(935)
Net Profit/(Loss) after tax attributable to Ordinary shareholders	**11,698**	**(3,362)**
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**97,309,019**	**97,308,019**
Basic and diluted profit/(loss) per share ($)	0.12	(0.03)

29. DIVIDENDS PER SHARE

No dividends have been declared to the ordinary shareholders of the parent company during the current year, nor in FY 2019.

Gross dividends of $994k (2019: $935k) were declared on the Redeemable Preference Shares, with $566k (2019: $178k) paid or payable in cash and withholding taxes, and $428k (2019: $758k) accumulated in a reserve for future settlement per the terms described at note 20.

30. SUBSEQUENT EVENTS

CRG has, on May 19 2020, given notice to AFT to convert all 2,600,000 redeemable preference shares in AFT (RPS) held by CRG. In accordance with the terms of the RPS, on 20 May 2020 the 2,600,000 RPS held by CRG converted into 2,600,000 ordinary shares in AFT and AFT issued a further 468,030 ordinary shares in AFT to CRG in respect of the accumulated dividends on those RPS. Following this conversion, 730,000 RPS remain on issue.

There were no other events ocurring after balance date that required disclosure at the time these accounts were authorised.

Corporate Governance

The Board and management of AFT Pharmaceuticals Limited (AFT or the Company) are committed to ensuring that AFT maintains corporate governance practices in line with best practice and adheres to the highest ethical standards.

The Board has had regard to the NZX Listing Rules and a number of corporate governance recommendations when establishing its governance framework, including the Third and Fourth Editions of the Australian Securities Exchange (ASX) Corporate Governance Council Principles and Recommendations (notwithstanding AFT is not required to follow these recommendations due to its ASX Foreign Exempt Listing) and the revised NZX Corporate Governance Code 1 January 2020 (NZX Code).

The NZX Listing Rules require AFT to formally report its compliance against the recommendations contained in the NZX Code. How AFT has implemented these recommendations is set out in AFT's Corporate Governance Statement. The Board considers that AFT's corporate governance structures, practices and processes have followed all of the recommendations in the NZX Code in the financial year to 31 March 2020.

AFT's Corporate Governance Statement and governance charters and policies can be found on the investor centre of the Company's website investors.aftpharm.com/Investors/. AFT's corporate governance charters and policies have been approved by the Board and are regularly reviewed by the Board and amended (as appropriate) to reflect developments in corporate governance practices.

Stock Exchange Listings

AFT is listed on the New Zealand stock exchange (NZX Main Board) and on the Australian stock exchange (ASX) as an ASX Foreign Exempt Listing. As an ASX Foreign Exempt Listing, AFT needs to comply with the NZX Listing Rules (other than as waived by NZX) but does not need to comply with the vast majority of the ASX Listing Rule obligations.

AFT is incorporated in New Zealand.

Statutory Disclosures

Non-executive Director Remuneration

AFT's shareholders have approved a total cap of $575,000 per annum for Non-executive Directors' fees, for the purposes of the NZX Listing Rules. This annual fee pool has not been increased since it was approved by shareholders in 2015. With the return of the Company to profitability in FY2019 and having held Directors' fees at the same level since AFT listed in 2015, the Board undertook a review of Non-executive Directors' fees during the FY2020 financial year to ensure that the Company is offering appropriate levels of remuneration to both existing and prospective Directors. Due to the effects of Covid-19, any decision to alter Directors' fees has been placed on hold and will be re-evaluated during the FY2021 financial year. Additional information about the remuneration payable to Directors is set out in AFT's Corporate Governance Statement which is located on the investor centre of the Company's website.

The current approved fixed annual fees payable to non-executive directors are detailed below (as mentioned above, review of these fees has been placed on hold and will be re-evaluated in FY2021).

	Position	Fees per annum (paid in NZD except where stated)
Board of Directors	Chair	$95,000
	Non-Executive Director	$40,000[1]
Audit and Risk Committee	Committee Chair	$7,500
	Committee Member	$5,000[2]
Remuneration and Nominations Committee	Committee Chair	$7,500
	Committee Member	$5,000[3]
Regulatory and Product Development Oversight Committee	Committee Chair	$7,500
	Committee Member[3]	$5,000

1 Fee payable to non-United States (US) based Directors. US based Directors receive US$50,000.
2 Fee payable to non-US based Directors. US based Directors receive US$5,000.
3 Payable only to non-executive directors who are members of the Committee.

Statutory Disclosures (continued)

Non-executive Directors received the following Directors' fees, remuneration and other benefits from the Company in the year ended 31 March 2020:

Remuneration and value of other benefits received in FY2020[2]

Name of Director	Non-Executive Directors' Board Fees	Audit and Risk Committee Fees	Remuneration and Nominations Committee Fees	Regulatory and Product Development Oversight Committee Fees	Shares and Other Payments or Benefits[1]	Total Remuneration
Jim Burns[2]	$77,611	$7,761	$7,761	-	-	$93,133
David Flacks	$95,000 (Chairman)	$5,000	-	-	-	$100,000
Nate Hukill[3]	-	-	-	-	-	-
Jon Lamb	$40,000	$7,500 (Chairman)	$7,500 (Chairman)	-	-	$55,000
Doug Wilson	$40,000	-	-	$7,500 (Chairman)	-	$47,500
Total	**$252,611**	**$20,261**	**$15,261**	**$7,500**	**-**	**$295,633**

[1] In addition to Directors' fees, AFT meets costs incurred by Non-executive Directors that are incidental to the performance of their duties. This includes paying the costs of Directors' travel. As these costs are incurred by AFT to enable Directors to perform their duties, no value is attributable to them as benefits to Directors for the purposes of this table.

[2] Fees disclosed in NZD. Jim Burns receives fees paid in USD. These fees have been converted into NZD in the above table, calculated at an exchange rate of 1: 0.644.

[3] Nate Hukill agreed not to receive any Directors' fees during the financial year ended 31 March 2020.

Executive Director Remuneration

The Executive Directors, Hartley Atkinson and Marree Atkinson, receive remuneration and other benefits in their respective executive roles as Chief Executive Officer and Chief of Staff and, accordingly, do not receive Directors' fees. Their remuneration packages are set by the Board to reflect the scope and complexity of each role, with reference to comparative market data.

During the period ended 31 March 2020, Hartley Atkinson and Marree Atkinson's remuneration each comprised a fixed cash component and an at-risk short-term incentive based on achievement of specified key performance indicators (refer below). Neither executive director was issued any form of long-term incentive during the financial period.

The table below sets out the total remuneration and value of other benefits earned by, or paid, to each Executive Director of AFT during, and in respect of, the financial period ended 31 March 2020:

	Base Salary	Taxable Benefits[1]	Subtotal	Pay Performance STI	LTI[4]	Subtotal	Total Remuneration
Hartley Atkinson	$442,759	$5,000	$447,759	$144,594[2]	–	$144,593	$592,353
Marree Atkinson	$118,930	–	$118,930	$11,559[3]	–	$11,559	$130,489

[1] Taxable benefits include a car allowance.

[2] The short-term incentive stated was earned in FY2019 and paid in FY2020. Hartley Atkinson earned a short-term incentive for FY2020 of $195,382 from a full potential of $257,243 This will be paid in FY2021.

[3] The short-term incentive stated was earned in FY2019 and paid in FY2020. Marree Atkinson earned a short-term incentive for FY2020 of $11,790. This will be paid in FY2021.

[4] Neither Executive Director was issued any form of long-term incentive during the financial period.

Hartley Atkinson's STI component for the period was based on achievement of key performance indicators relating to:

- Company revenue and profit targets
- Key innovative product development; and
- Key product registration and licensing.

Marree Atkinson's STI component for the period was based on achievement of key performance indicators relating to:

- Company revenue and profit targets
- Human resource objectives; and
- Overhead cost savings.

Similar criteria will be applied for assessing the performance of the Executive Directors in FY2021.

Statutory Disclosures (continued)

Employee Remuneration

The table below sets out the number of employees or former employees of AFT and its subsidiaries, not being Directors of AFT, who, in their capacity as employees received remuneration and other benefits during the period ended 31 March 2020 totalling at least $100,000 per annum. The remuneration of those employees paid outside of New Zealand has been converted into New Zealand dollars.

Remuneration Range (NZD)	Total Number of Employees
$100,001 - $110,000	2
$110,001 - $120,000	6
$120,001 - $130,000	9
$130,001 - $140,000	5
$140,001 - $150,000	1
$150,001 - $160,000	-
$160,001 - $170,000	-
$170,001 - $180,000	1
$180,001 - $190,000	1
$190,001 - $200,000	2
$200,001 - $210,000	-
$210,001 - $220,000	2
$220,001 - $230,000	-
$240,001 - $250,000	-
$250,001 - $260,000	-
$260,001 - $270,000	1
$270,001 - $280,000	1
$310,001 - $320,000	1
$340,001 - $350,000	1
$550,001 - $560,000	-
Total number of employees and former employees[1]	**33**

[1](earning over $100k)

The table includes base salaries and short-term incentives paid during FY2020 and long-term incentives vested or exercised during FY2020. The table does not include long-term incentives that have been granted and have not yet vested. Where the individual is a KiwiSaver member, contributions of 3% of gross earnings towards that individual's KiwiSaver scheme are included in the above table. Where the individual works in Australia contributions of 9.5% of gross earnings towards Australian Superannuation are included in the above table.

Diversity

The respective numbers and proportions of men and women at various levels within the AFT workforce as at 31 March 2019 and 31 March 2020 are set out in the table below:

	Female				Male			
	2020 No.	%	2019 No.	%	2020 No.	%	2019 No.	%
Directors	1	14%	1	14%	6	86%	6	86%
Officers[1]	4	36%	4	40%	7	64%	6	60%
Overall Worforce	52	60%	48	58%	34	40%	35	42%

[1] Officers are considered to be the CEO and his direct reports. Note that CEO, Hartley Atkinson, and Chief of Staff, Marree Atkinson are included in both the number of Directors and Officers reported.

Board and Committee Attendance

The table below shows the number of Board and Committee meetings each Director was eligible to attend and attended during the year ended 31 March 2020:

Director	Board	Audit and Risk Committee	Remuneration and Nominations Committee	Regulatory and New Product Development Committee[2]
Hartley Atkinson	9/9	-	2/2	2/2
Marree Atkinson	9/9	-	-	0/2
Jim Burns	8/9	3/4	2/2	-
David Flacks	9/9	4/4	-	-
Nate Hukill[1]	3/9	-	-	-
Jon Lamb	9/9	4/4	2/2	-
Doug Wilson	9/9	-	-	2/2

[1] Nate Hukill represents major shareholder CRG on the Board. When he was unavailable to attend Board meetings, another CRG observer was present.
[2] Committee members also met frequently through-out the year on an informal basis to discuss regulatory and new product development matters.

Director Independence

As at 31 March 2020 (and the date of this Annual Report), the Board comprised seven Directors:

- David Flacks – Independent, Non-executive Director and Chairman
- Jon Lamb – Independent, Non-executive Director
- Doug Wilson – Independent, Non-executive Director
- Jim Burns – Independent, Non-executive Director
- Nate Hukill – Non-independent, Non-executive Director
- Hartley Atkinson – Executive Director and Chief Executive Officer
- Marree Atkinson – Executive Director and Chief of Staff

A biography of each Director is set out on pages 20 and 21 of this Annual Report.

The Board has determined, based on information provided by Directors regarding their interests and the criteria specified in the Board Charter, that as at 31 March 2020 (and the date of this Annual Report) David Flacks, Jon Lamb, Doug Wilson and Jim Burns are Independent Directors. The Board has also determined that Hartley Atkinson and Marree Atkinson are not Independent Directors owing to also being executives of the Company; and in Hartley Atkinson's case, he is also a trustee of a substantial product holder of the Company and both Hartley and Marree is a discretionary beneficiary of a substantial product holder of the Company having major shareholding interests in AFT. The Board has also determined that Nate Hukill is not independent owing to his relationship with CRG, a major shareholder in AFT.

Statutory Disclosures (continued)

Director Interest Disclosures

Directors have given general notices disclosing interests pursuant to section 140(2) of the Companies Act 1993. All of those interests (and any changes to interests) notified and recorded in AFT's Interests Register during the financial year ended 31 March 2020 (and subsequently) are set out below:

Director	Entity	Relationship
Hartley Atkinson	AFT Dermatology Limited	Director
	AFT Limited Partner Limited	Director
	AFT Orphan Pharmaceuticals Limited	Director
	AFT Pharmaceuticals Pty Limited	Director
	AFT Pharmaceuticals Singapore PTE Limited	Director
	AFT Pharmaceuticals (SE Asia) SDN BHD	Director
	Atkinson Family Trust	Trustee/Discretionary Beneficiary
	Dermatology Specialties, L.P.	Director of AFT Limited Partner Limited (LP of Dermatology Specialties)
	DSGP Limited	Director
Marree Atkinson	Atkinson Family Trust	Discretionary Beneficiary
James Burns	Phenomics Health Inc	Director/Executive Chairman
	Precera Bioscience Inc	Director
	Vermillion, Inc	Director
	VisionGate Inc	Director
David Flacks	Asteron Life Limited	Director/Appointed Chairman
	Flacks & Wong Limited	Director
	Harmoney Corp Limited	Chairman
	NZ Venture Investment Fund	Ceased to be Director
	NZX Regulatory Governance Committee	Chairman
	Upside Biotechnologies Limited	Chairman
	Vero Insurance New Zealand Limited	Director/Appointed Chairman
	Vero Liability Insurance New Zealand Limited	Director/Appointed Chairman
Nate Hukill	Capital Royalty Group entities	President/Shareholder/Managing Partner/Chairman
	CRG Investment Committee	Chairman
	Piedmont Evergreen	Partner
	Valeritas Inc	Director
Jon Lamb	Coronation Equities Limited	Director
	Culture Check Limited	Director
	Indica Industries NZ Limited	Appointed Director/Shareholder
	Medreleaf NZ Limited	Appointed Director/Shareholder
	Project X Trustee Limited	Director
	Redvers Limited	Director
	Rivers One Limited	Trustee
	Three Dots Limited	Director
	Zoono Limited	Ceased to be Director
Doug Wilson	Ferghana Partners Inc	Ceased to be Consultant
	Mainz Consulting Limited	Director
	Malaghan Institute	Member of Commercial Committee
	Ryman Healthcare	Member of Clinical Governance Committee

Directors have disclosed the following interest(s) for the purposes of section 140(1) of the Companies Act 1993 during the financial year ended 31 March 2020:

Director	Nature of Director's Interest in Transaction
Nate Hukill	Gave notice that the CRG Funds in which he is President and Chairman should be considered to have an interest in all transactions between CRG and the Company in relation to a facility agreement with BNZ and its US$9.5m repayment of debt to CRG.
Nate Hukill	Gave notice to the Board that the CRG Funds in which he is President and Chairman should be considered to have an interest in all transactions between CRG and the Company in relation to the US$20.5m final repayment of debt to CRG. Nate Hukill was not part of the sub-committee formed for all matters relating to the entry into and performance of the documents and resolutions to complete these transactions.

No directors acquired or disposed of relevant interests in AFT ordinary shares during the financial year ended 31 March 2020 for the purposes of Section 148(2) of the Companies Act 1993.

In accordance with the NZX Listing Rules, as at 31 March 2020, Directors had a relevant interest in AFT ordinary shares as follows:

Name	Relevant Interest	Percentage
Hartley Atkinson[1]	72,964,942	74.983%
Jon Lamb	207,972	0.214%
David Flacks	145,431	0.149%
James Burns	125,417	0.129%
Doug Wilson	56,689	0.058%

[1] Hartley Atkinson also has a relevant interest in 730,000 redeemable preference shares (21.9% of the total redeemable preference shares on issue), which may in the future convert into ordinary shares.

Statutory Disclosures (continued)

For the purposes of section 161 of the Companies Act 1993, the following entries were made in the Interests Register in relation to the payment of remuneration and other benefits to Directors during the financial year ended 31 March 2020:

Date	Director	Particulars of Board Authorisation
30 April 2019	Hartley Atkinson Maree Atkinson	The payment of remuneration and the provision of other benefits by the Company to each of Hartley Atkinson and Marree Atkinson on the terms set out in a letter of amendment to the relevant employment agreement.
1 May 2019	Hartley Atkinson Maree Atkinson	The payment of short-term incentive (STI) remuneration by the Company to each of Hartley Atkinson and Marree Atkinson on the terms set out in a letter of STI notification.
20 February 2020	James Burns David Flacks Jon Lamb Doug Wilson	The payment of increased non-executive directors' fees and the provision of other benefits by the company to the non-executive directors on the terms detailed in the Board minutes dated 20 February 2020 and on the grounds set out in the corresponding directors' certificate.[1]

[1] Due to the effects of Covid-19, the Board subsequently determined that any decision to alter non-executive Directors' fees would be placed on hold and be re-evaluated during the FY2021 financial year.

For the purposes of section 162 of the Companies Act 1993, an entry was made in the Interests Register in relation to insurance effected for Directors of AFT, in relation to any act or omission in their capacity as Directors.

Shareholdings

As at 30 April 2020 there were 97,428,019 AFT ordinary shares on issue, each conferring on the registered holder the right to vote on any resolution at a meeting of shareholders, held as follows:

Size of Shareholding	Number of Ordinary Holders		Number of Ordinary Shares	
1 to 1,000	579	43.31%	261,775	0.27%
1,001 to 5,000	509	38.07%	1,304,216	1.34%
5,001 to 10,000	130	9.72%	999,542	1.03%
10,001 to 50,000	88	6.58%	1,766,807	1.81%
50,001 to 100,000	12	0.90%	798,403	0.82%
100,001 and over	19	1.42%	92,297,276	94.73%
Total	1,337	100.00%	97,428,019	100.00%

Shareholdings (continued)

As at 30 April 2020 there were 15 individuals holding a total of 485,000 options to acquire shares issued by AFT under its employee long-term incentive scheme. The options are unlisted and carry no voting rights.

As at 30 April 2020, there were five shareholders holding a total of 3,330,000 redeemable preference shares issued by AFT. The redeemable preference shares may convert into ordinary shares in certain circumstances. The redeemable preference shares are unlisted and do not carry any right to vote except at meetings of an "interest group" of holders of redeemable shares.

There is currently no on-market buy-back of the Company's ordinary shares.

Set out below are details of the 20 largest holders of AFT ordinary shares as at 30 April 2020:

	Shareholder[1]	Number of Ordinary Shares Held	%
1	Hartley Atkinson & Colin McKay	72,964,942	74.89%
2	Capital Royalty Partners II - Parallel Fund B (Cayman) L.P.	6,499,508	6.67%
3	Capital Royalty Partners II - Parallel Fund A L.P.	3,285,589	3.37%
4	Capital Royalty Partners II L.P.	2,444,415	2.51%
5	National Nominees Limited - NZCSD	1,352,876	1.39%
6	HSBC Nominees (New Zealand) Limited - NZCSD	1,069,464	1.10%
7	Accident Compensation Corporation - NZCSD	852,002	0.87%
8	Capital Royalty Partners II (Cayman) L.P.	769,503	0.79%
9	FNZ Custodians Limited	740,464	0.76%
10	HSBC Nominees A/C NZ Superannuation Fund Nominees Limited - NZCSD	737,134	0.76%
11	New Zealand Depository Nominee Limited	257,678	0.26%
12	Joeri Yvonne Jozef Sels	220,642	0.23%
13	Rivers One Limited	207,972	0.21%
14	Hamish Stewart Atkinson & Karen Winifred Atkinson & Andrew John Marriott	190,000	0.20%
15	FNZ Custodians Limited	159,739	0.16%
16	Joseph Wallace Carson	150,000	0.15%
17	David Mark Flacks & Adina Rita Betty Halpern	145,431	0.15%
18	James Burns	125,417	0.13%
19	JP Morgan Nominees Australia Limited	124,500	0.13%
20	John Gerard Blacklow	84,622	0.09%

[1] The shareholding of New Zealand Central Securities Depository Limited (custodian for members trading through NZClear) has been re-allocated to the applicable members.

According to notices given to AFT under the Financial Markets Conduct Act 2013, the following persons were substantial product holders in AFT as at 31 March 2020 in respect of the number of quoted voting products noted below. As at the balance date (31 March 2020) there were 97,309,019 ordinary shares on issue:

Substantial Product Holder	Number of Ordinary Share in which Relevant Interest is Held	% of Class Held at Date of Last Notice
Capital Royalty Partners Funds[1]	12,999,015	13.36%
Hartley Campbell Atkinson and Colin McKay as Trustees of the Atkinson Family Trust	72,964,942	74.98%

[1] Funds detailed in the substantial product holder notice.

Statutory Disclosures (continued)

Subsidiary Company Directors

The following fees were paid to Directors of subsidiary companies during the year ended 31 March 2020. No other Directors of subsidiary companies received Directors' fees:

- Raymond McGregor received A$12,000 during the financial year ended 31 March 2020 in his capacity as a Director of AFT Pharmaceuticals (AU) Pty Limited.
- Hawksford Singapore Pte Ltd received SG$5,785 during the year ended 31 March 2020 in relation to Leong Wai Kuan acting as a Director of AFT Pharmaceuticals Singapore Pte Limited.
- Ilium Corporate Management SDN BHD received MYR3,600 during the year ended 31 March 2020 in relation to Khafnena Binti Khanafiah and Irdawati Binti Mohamad acting as Directors of AFT Pharmaceuticals (SE Asia) SDN BHD.

The following people held office as Directors of subsidiary companies as at 31 March 2020:

Subsidiary	Directors
AFT Pharmaceuticals (AU) Pty Limited (Australia)	Hartley Atkinson, Raymond MacGregor
AFT Pharmaceuticals (SE Asia) SDN BHD (Malaysia)	Hartley Atkinson, Khafnena Binti Khanafiah, Irdawati Binti Mohamad
AFT Pharmaceuticals Singapore Pte Limited (Singapore)	Hartley Atkinson, Leong Wai Kuan
AFT Orphan Pharmaceuticals Limited	Hartley Atkinson, Malcolm Tubby, Andrew Moore, Giles Moss,
Dermatology Specialties Limited Partnership	-
AFT Dermatology Limited	Hartley Atkinson
AFT Limited Partner Limited	Hartley Atkinson
DSGP Limited	Hartley Atkinson, Michael Derby

There were no entries made in the subsidiary company Interest Registers during the financial reporting period.

NZX Waivers
No NZX waivers have been relied upon by AFT during the period 31 March 2019 to 31 March 2020. A copy of previous waivers relied upon by AFT can be viewed at www.aftpharm.com.

Donations
Monetary donations of $137,000 were made to charities during the financial reporting period.

Credit Rating
AFT does not currently have an external credit rating status.

Directory

AFT is a company incorporated with limited liability under the New Zealand Companies Act 1993 (Companies Office registration number 873005).

Registered Office	Level 1, 129 Hurstmere Road, Takapuna, Auckland 0622, New Zealand +64 9 488 0232 www.aftpharm.com Mertons, Level 7, 330 Collins Street, Melbourne, Victoria 3000, Australia +61 3 8689 9997
Principal Administration Office	Level 1, 129 Hurstmere Road, Takapuna, Auckland 0622, New Zealand +64 9 488 0232 www.aftpharm.com 113 Wicks Road, North Ryde NSW 2113, Australia +61 2 9420 0420 ARBN: 609 017 969
Directors (as at date of this Annual Report)	Dr Hartley Atkinson Marree Atkinson Dr James (Jim) Burns David Flacks Nathan (Nate) Hukill Jon Lamb Dr Douglas (Doug) Wilson
Share Registrar	Computershare Investor Services Limited Level 2, 159 Hurstmere Road, Takapuna, Auckland 0622, New Zealand +64 9 488 8777 enquiry@computershare.co.nz Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street, Abbotsford VIC 3001, Australia +61 3 9415 4083 enquiry@computershare.co.nz
Auditor	Deloitte Deloitte Centre, 80 Queen Street, Auckland 1140, New Zealand +64 9 303 0700

Financial Calendar

Annual Meeting	July/August 2020
Interim	30 September 2020
Interim Accounts	November 2020
Financial Year End	31 March 2021