

Arrow Pharmaceuticals Limited

Annual General Meeting - Wednesday 30 April 2003

Chairman's address to shareholders

I am pleased to report that 2002 was a very successful year for Arrow. Financial highlights for the year include

- Revenues of \$248 Million – up from \$147 Million in 2001;
- Earnings Before Interest Tax, Depreciation and Amortisation, or EBITDA, of \$13.9 Million – up from \$4.4 Million in 2001;
- Net profit after tax of \$9.0 Million – up from \$2.2 Million in 2001; and
- Diluted Earnings per share of 15.4 cents per share.

Non-financial highlights show that 2002 was also a significant year for Arrow.

- October 30 saw the listing of Arrow's shares on the Australian Stock Exchange;
- Chemist Club's operations were integrated into our business;
- 3 Arrow Laboratories developed products were introduced to our generic product range;
- We continued to build on our licensed product base having established successful alliances with many pharmaceutical companies; and
- The directors appointed Mr David Mortimer to the Board. David has a wealth of experience in business administration and has been a valuable addition to Arrow's Board. Welcome David.

These results reflect the continued growth and success of your Company. I congratulate the management team and employees. Their hard work and dedication has established a solid foundation for the future. With a strong commercial and strategic focus, Arrow is well placed to take advantage of emerging market opportunities in 2003 and beyond.

Before handing over to our Managing Director, Mr Paul Duchon, I would like to comment on the recent Pan Pharmaceutical developments. In April this year, we commenced the distribution of one product for Ferrosan (Australia) Pty Limited that was manufactured by Pan Pharmaceuticals. With revenue totalling \$35,000 the recall of this product will have little impact on our business. Our distribution agreement with Ferrosan (Australia) Pty Limited does not expose Arrow Pharmaceuticals Limited to cost or risk.

At arrow we live and breathe pharmacy