

Announcement to NZX - 15 August 2008

Botry-Zen Limited (BOZ) wishes to announce to the market the outcome of the Special Meeting of Shareholders held earlier today to seek approval for proposed capital raising by way of the private placement of Convertible Notes and Options.

Four resolutions seeking approval for the issue of the Convertible Notes and Options for the purposes of the NZSX Listing Rules and Companies Act 1993 were put to shareholders at the Special Meeting. All four resolutions were required to be passed by the requisite majorities for the proposed capital raising to proceed. Botry-Zen announces that at the Special Meeting resolutions one to three were passed by the requisite majorities but resolution four, which sought approval under the 'major transaction' provisions of the NZSX Listing Rules and Companies Act 1993, was not passed by shareholders by the requisite majority and on this basis the Company cannot proceed to undertake the proposed capital raising.

The capital raising was proposed after directors and management recently assessed the company's capital requirements in consultation with Bank of New Zealand which provides ongoing credit facilities to the company to meet its operating commitments. The Company's position has been further complicated by the announced recent production difficulties encountered in connection with the manufacture of its products 'BOTRY-ZEN' and 'ARMOUR-Zen'. The anticipated effect of these production difficulties is such that the company will require more than the \$1.3 million of capital which would have been immediately available through the proposed capital raising (had it been approved by shareholders) if the Company was to stay within its existing credit facilities with Bank of New Zealand.

In these circumstances, unless the Board is able to secure new capital the future ability of the Company to trade must be considered uncertain. The Company has advised Bank of New Zealand of the outcome of the Special Meeting and is in discussions with the bank regarding the company's future. A possible outcome is that the directors conduct a sale of the business.

Dr Max Shepherd  
Chairman

On behalf of the Board of Directors