

ASX / Media Release

Genepharm's half-year results FY 2008

Strong sales and profit growth in a competitive market

28 February 2008, Melbourne: Genepharm Australasia (ASX:GAA) today reported its results for the half-year to 31 December 2007, delivering strong growth with a 28% increase in net sales and a 58% improvement in EBITDA over the previous corresponding period (pcp).

Half-Year Result Highlights

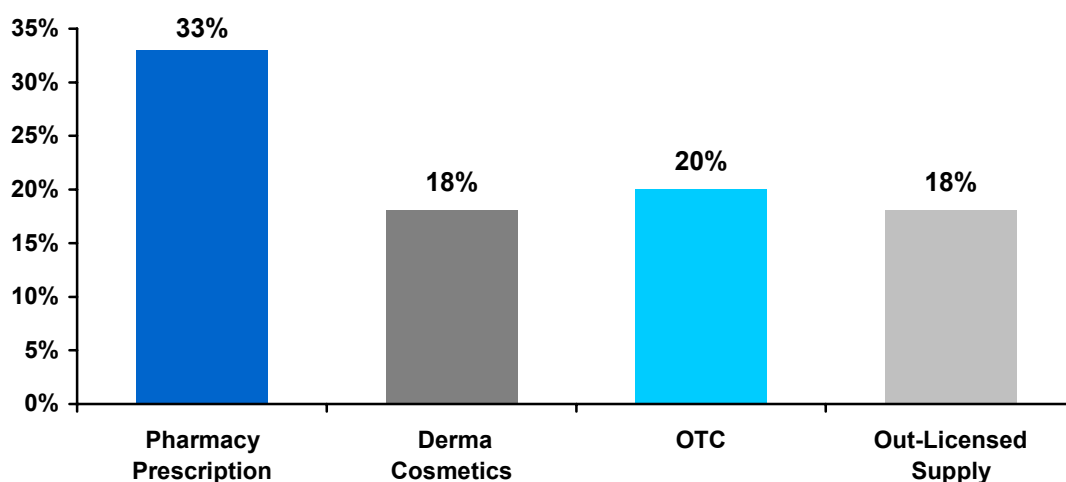
- Net sales of \$32.2 million, up 28% on the pcp of \$25.1 million
- EBITDA of \$2.6 million, up 58% on the pcp of \$1.6 million
 - EBITDA/Sales was 7.9% against 6.5% in the pcp
- NPAT of \$1.6 million (before non-recurring items) compared to a net loss of \$0.7 million in the pcp
 - Reported NPAT of \$1.3 million includes a final non-cash adjustment to the DPAL acquisition of \$0.3 million
- Reaffirms guidance of 25% growth in underlying NPAT (before NRI's) for the full year
 - 2H profit expected to be significantly stronger than 1H as new product sales deliver full result for the period and margin improvement is recognised in key product lines
 - 2H expenses will be reduced by \$1 million on 1H through cost saving initiatives

CEO Comments

"We continue to strengthen our competitive position in the pharmacy channel, with a growing range of generic pharmaceuticals, OTC and skincare products. Our sales and marketing teams have been further refined over the period to ensure a tighter alignment of expenses to sales growth. This is consistent with Genepharm's customer service and profit focus," said Mr Dennis Bastas, CEO of Genepharm.

"Genepharm's sales and profit result for the period provides a clear signal that the company is now poised for solid earnings growth over the next few years. Continued growth in our product range and increasing generic substitution will see significant additional value realised from our customer base."

**Net Sales Growth by Division
for period to 31 December 2007**



Genepharm successfully launched a number of new generic pharmaceutical products during the period including Omeprazole, Australia's second biggest selling generic drug. Further product launches are expected in the second half-year period including Amlodipine and Alendronate, two leading PBS drugs with dispensed sales in excess of \$150 million per annum.

Company Outlook

The Board of Genepharm reaffirms previous market guidance of 25% NPAT growth in the 2007/08 full financial year over the 2006/07 reported underlying net profit of \$4.6 million.

"The generic pharmaceutical market has seen increased pricing competition as new entrants seek to achieve a minimum level of market share and existing market leaders attempt to retain their pharmacy customers. Today's announced net sales growth has been achieved through even higher sales volume growth in Genepharm's generic pharmaceuticals. However, with pricing competition, the company has had to meet market led pricing demands in order to continue to build market share," said Mr Bastas

"Genepharm's position as an independent generic drug supplier with manufacturing relationships across the globe provides the company with a strategic benefit in low cost sourcing and the ability to react effectively to the pricing pressures of a competitive marketplace. This capability puts Genepharm in a strong position to manage the challenges of pricing competition and the upcoming PBS reforms."

The recent announcement by Genepharm that it had signed a Heads of Agreement to acquire the businesses of Strides in Australia and Asia, is part of the company's development strategy to complement organic growth with acquisition-based growth in order to build scale, thereby improving profitability and mitigating market risk.

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About Genepharm:

Genepharm Australasia Limited (ASX:GAA) is a growth-oriented pharmaceuticals company with a particular focus on generics. It markets, sells and distributes a range of pharmaceutical products ranging from blockbuster prescription drugs to cosmeceuticals. Genepharm services pharmacies, hospitals, medical centres and wholesalers. Genepharm is the second largest Australian generic pharmaceuticals company and the only dedicated generic pharmaceuticals company listed on the Australian Stock Exchange. The company was established in 2003 and listed on the ASX in 2004.

Additional information is available at the Company's website at www.genepharm.com.au

Attachment 1

	Half-Year Results December 2007 \$'000	Half-Year Results December 2006 \$'000	Growth %
Net sales	\$32,174	\$25,081	28%
Other revenue	\$224	\$7	
Cost of Sales	(\$20,305)	(\$14,607)	
Gross Profit	\$12,093	\$10,481	15%
Operating Expenses	(\$9,540)	(\$8,863)	8%
EBITDA	\$2,553	\$1,618	58%
Dep'n & Amortisation	(\$839)	(\$1,540)	
EBIT	\$1,714	\$78	
Interest Expense	(\$342)	(\$106)	
NPBT	\$1,372	(\$28)	
Tax Expense	(\$29)	(\$636)	
NPAT	\$1,343	(\$664)	NA
Earnings per Share (c)	1.0	(0.5)	NA