

ASX / Media Release

Ascent Pharmahealth full year results 2007/08

Solid sales, EBITDA growth & first dividend

28 August 2008, Melbourne: Ascent Pharmahealth Limited (ASX:APH) today reported its results for the full year ended 30 June 2008, reflecting solid growth in sales and earnings. Net sales were up 20% to \$65.565 million, and net profit after tax (before non-recurring items) was \$5.191 million up from \$4.601 million, compared to 2006/07.

Full Year Highlights

- Reported net sales of \$65.565 million in 2007/08
 - Growth of 20% on the previous corresponding period
- EBITDA (before non-recurring items) of \$7.456 million in 2007/08
 - Growth of 57% on the previous corresponding period
 - Reported EBITDA of \$7.346 million after non-recurring items
- NPAT (before non-recurring items) of \$5.191 million in 2007/08
 - Growth of 13% on the previous corresponding period
 - Reported NPAT of \$4.183 million after non-recurring items
- Final dividend of 0.5 cents per share
 - The Board has announced the first dividend payment by Ascent payable in December 2008
- Strides Asian businesses acquired
 - The acquisition approved by shareholders on 18 June 2008 was completed on 31 July 2008
- Sales and earnings growth expected to continue
 - No guidance will be provided until the full effects of PBS reforms have been reviewed

CEO Comments

“The Company has delivered another year of solid growth,” said Mr Dennis Bastas, CEO of Ascent.

“This year’s growth has been achieved in an environment of intense competition and government reforms lowering the prices of PBS pharmaceuticals in Australia. Sales growth has been largely achieved through our strategy of building a diversified portfolio of health products including OTC and skincare lines to support sales of our generic pharmaceuticals. The Company successfully launched a number of new market leading drugs during the period which were responsible for the overall growth in Ascent’s generic pharmaceutical business,” said Mr Bastas.

“While we did not achieve the level of profit growth that we had initially expected, we now have a clearer understanding of the challenges that lie ahead of us and the organisational changes implemented over the last 12 months will ensure our structure and costs are better aligned to the profitability profile of the business,” Mr Bastas said. He added: “The 57% growth in EBITDA (before non-recurring items) highlights the success of our recent structural initiatives.”

Mr Bastas said, “We are delighted to have completed the acquisition of the Strides Asian businesses, which will open up new markets and growth opportunities for Ascent. The acquisition positions Ascent as an important player across the Australian and Asian pharmaceutical and healthcare markets, more relevant to our major suppliers and better able to service our customers.”

In relation to non-recurring items, Mr Bastas noted, “The Company devoted considerable resources to the Strides Asia acquisition, the internal management costs of which have been expensed. Also we have reviewed our product range and have written-off several minor products no longer relevant to the Company’s strategy. The Company has also fully absorbed its tax losses with a subsequent increase in the reported income tax expense for the year.”

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Dividends

The Board of Ascent has announced that the Company will pay a fully franked dividend of 0.5 cents per eligible share for the year ended 30 June 2008, payable in December 2008.

As disclosed in the Explanatory Memorandum dated 16 May 2008, new shares issued to Strides for the acquisition of the Strides Asia businesses will not be entitled to receive this dividend. As a result of this transaction Strides now owns more than 50% of the shares in Ascent Pharmahealth.

Company Outlook

Ascent is now well positioned with its broader access to regional markets, diversified product portfolio and cost effective operating base.

The evolution of Ascent's Australian business operations and the consolidation of its global supply relationships will ensure that the Company is able to take advantage of the opportunities that will emerge in the changing Australian market.

The Company also has a number of leading drug launches planned for the new financial year in line with major product patent expiries. This will be supplemented with new and innovative product releases in its OTC and skincare health categories.

The acquisition of the Strides Asian businesses was completed on 31 July 2008, such that the full year results for 2008/09 will include 11 months contribution from these businesses.

Over the remainder of this year, the Australian and Asian businesses will continue to operate semi-autonomously while systems and processes are gradually integrated. New growth initiatives will be developed to maximise synergies arising from the acquisition, but these are not anticipated to make a significant contribution in the current financial year.

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About Ascent Pharma:

Ascent Pharmahealth (ASX:APH) is a growth-oriented pharmahealth company with a particular focus on generic pharmaceuticals. Ascent markets, sells and distributes a range of healthcare products ranging from blockbuster prescription drugs to cosmeceuticals in Australia and key Asian markets including Singapore, Hong Kong, Malaysia, Thailand and Vietnam. Ascent's key subsidiaries are Genepharm, one of Australia's largest generic pharmaceutical companies and Drug Houses of Australia, Singapore's largest local generic pharmaceutical company. The company was listed on the ASX in June 2004. For more info: www.ascentpharma.com.au.

Attachment 1

A\$millions	Reported Result FY2008	Reported Result FY2007	Financial Result FY2008 (before NRI's)	Financial Result FY2007 (before NRI's)	% Growth FY08 vs FY07 (before NRI's)	Notes FY2008 (NRI's)
Net sales	\$65.6	\$54.6	\$65.6	\$54.6	20%	
Cost of Sales	\$40.8	\$32.8	\$40.7	\$32.8		(i)
Gross Profit	\$24.8	\$21.8	\$24.9	\$21.8		
Operating Expenses	\$17.5	\$36.8	\$17.3	\$17.1		
EBITDA	\$7.3	(\$15.0)	\$7.5	\$4.7	57%	
Dep'n & Amortisation	\$1.5	\$3.2	\$1.2	\$0.8		(ii)
EBIT	\$5.8	(\$18.2)	\$6.3	\$3.9	59%	
Interest Expense	\$0.7	\$0.2	\$0.7	(\$0.7)		
Net Profit before Tax	\$5.1	(\$18.5)	\$5.5	\$4.6	20%	
Tax Expense	\$0.9	(\$0.5)	\$0.3	\$0.0		(iii)
Net Profit after Tax	\$4.2	(\$18.0)	\$5.2	\$4.6	13%	
EPS (cents)	3.0	(13.0)	3.7	3.3		

Notes – non-recurring items FY2008:

- i) \$110,000 – One-off stock provisions related to Strides Asia acquisition
- ii) \$290,000 – One-off costs related to deferred tax asset goodwill adjustment
- iii) \$608,000 – Additional tax expense resulting from Strides Asia acquisition