

## **ASX/Media Release**

### **Genepharm Australasia Ltd and Genepharm Asia Pacific Enterprises agree to terminate exclusive supply agreement**

**28 August 2007, Melbourne:** Genepharm Australasia Ltd (ASX:GAA) has finalised an agreement with Genepharm Asia Pacific Enterprises Limited (GAPE) to terminate their exclusive product supply agreement by mutual consent.

This agreement for mutual termination and releases is subject to shareholder approval and allows Genepharm Australasia to source pharmacy products unencumbered by the exclusive supply agreement (Agreement) formed before Genepharm Australasia Ltd listed on the Australian Stock Exchange in June 2004, and recognises the need for Genepharm Australasia to remain cost competitive in its generic pharmaceutical products division. This allows Genepharm Australasia maximum flexibility to seek cost competitive products from a wide range of suppliers, thereby driving down the cost of goods and accelerating the business plan.

Finalisation of the termination of the Agreement is subject to shareholder approval at Genepharm Australasia's Annual General Meeting in November.

As a consequence of the termination of the Agreement, Genepharm Australasia will write-off all of the intangible asset value of the Agreement and its associated costs of approximately \$18.46 million, of which over 90% (or \$16.7 million) is the write off of the remaining non-cash intangible balance sheet value of the Agreement. This was foreshadowed in the Investor Update of 30 April this year. This write-off will also significantly reduce Genepharm Australasia's ongoing amortisation expense in future years; which currently amounts to approximately \$2.4 million per annum. The write-off will have no impact on the tangible asset position of the company.

"Genepharm Australasia must have flexibility to continue its aggressive growth strategy and must be open to new sources of supply of pharmacy products," said Mr Dennis Bastas, CEO and Managing Director of Genepharm. "We've grown from being a single-source short-range generic drug supply company to a broad-based pharmacy sales and marketing business that has a full-range of generic drugs and a growing consumer health product portfolio sourced from over twenty leading global manufacturers."

"Generic pharmaceuticals is a fast growing and dynamic market and Genepharm Australasia's strengths include its pharmacy channel relationship and market adaptability. Agreeing to terminate the exclusive supply agreement will give us greater opportunity to use our independent structure to secure our competitive market position."

These arrangements have been agreed by Mr Achilles Vigopoulos, owner of the Genepharm Group of Companies, which is a substantial shareholder in Genepharm Australasia. Mr Vigopoulos and the Genepharm Group have been supportive of Genepharm Australasia and its desire to seek greater flexibility in its supply arrangements.

Genepharm Australasia will continue to use the “Genepharm” name in its core markets of Australia and New Zealand. Genepharm Australasia will transfer 6 product registrations to GAPE as part of the termination agreement. These registrations were not utilised by Genepharm Australasia and therefore will not have any impact on its product offering or sales.

Mr Vigopoulos will retire from the Genepharm Australasia board at the company’s AGM in November, subject to shareholder approval of the termination of the Agreement.

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**About Genepharm:**

Genepharm Australasia (ASX:GAA) is a growth-oriented pharmaceuticals company with a particular focus on generics. Genepharm 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 Australia’s second largest 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. For more info: [www.genepharm.com.au](http://www.genepharm.com.au)