

ASX/Media Release

Half year results to December 2006 – Commentary

Integration completed with strong sales growth and increased market share

27 February 2007, Melbourne: Genepharm Australasia (ASX:GAA) has experienced strong growth for the half-year period delivering a result that indicates a well integrated business post the acquisition of Douglas Pharmaceuticals Australia Ltd. Genepharm's market share of generic pharmacy sales grew by 30 percent over the period.

Key points:

- Pro forma* net sales of \$27.0 million and gross profit of \$11.2 million for the half-year period to 31 December 2006. Generic drug sales to pharmacy increased by 49 percent and gross profit increased by 50 percent over the previous corresponding period for the aggregated Genepharm Australasia and Douglas Pharmaceuticals Australia businesses
- Pro forma* EBITDA was \$1.9 million, including non-cash expenses, with a break-even NPAT result for the half-year period
- Genepharm now has an estimated 7-8% market share of the total ethical generic pharmacy market in Australia with its market share of leading generic drug, Simvastatin, rising to over 10 percent in November 2006 (source: IMS data, Jul-Dec 2006)
- Pro forma* operating expenses of \$10.9 million include one-off Douglas acquisition integration costs, increased warehousing capacity, aggressive pharmacy and consumer sales and marketing and pharmacy share option expenses
- Positive net operating cash flow for the half-year with \$11.5 million in cash at the end of the period
- Genepharm launched several new drugs during the half-year period including three leading prescription pharmaceuticals: Pravastatin, Paroxetine and Zolpidem. These products have a combined dispensed value of over \$175 million per annum in Australia.

“Genepharm is continuing to deliver on its strategy of rapidly growing sales and market share,” said Mr Dennis Bastas, CEO of Genepharm.

“The company is on track for significant sales growth and a stronger financial position for the full year. Further growth is expected from new product lines as well as potential acquisitions.”

*Please Note: “Pro forma” denotes results for the complete half-year period from 1 July to 31 December 2006 for the combined Genepharm Australasia and Douglas Pharmaceuticals Australia businesses. The actual accounting result for the half-year report includes results for the Douglas Pharmaceuticals Australia business for the period from 13 July to 31 December 2006.

Inquiries:

Dennis Bastas
Genepharm Australasia
03 9699 2300

Rudi Michelson
Monsoon Communications
03 9620 3333

About Genepharm:

Genepharm Australasia (ASX:GAA) is one of Australia's leading generic pharmaceutical and healthcare product companies. Genepharm's focus is to establish a business with a diversified healthcare offering that is clearly focused on target customer segments.

Genepharm markets and distributes a premium range of generic pharmaceuticals in Australia. Generic pharmaceuticals are expected to increase in total dispensed value to an estimated \$2billion by 2010. Genepharm Australasia listed on the ASX in June 2004.