

ASX / Media Release

Genepharm signs definitive agreements with Strides

Update on final transaction terms and current trading conditions

30 April 2008, Melbourne: Genepharm Australasia Limited (ASX:GAA) announced today that it has signed definitive agreements with Strides Arcolab Limited ("Strides") to acquire its Australian and Asian operations:

- The Directors of Genepharm believe the transaction is in the best interest of all shareholders and unanimously recommend shareholders vote to approve the transaction.
- The transaction has been assessed by KPMG Corporate Finance (Aust) Pty Ltd ("KPMG"), as Independent Expert, as being fair and reasonable to the non-associated shareholders of Genepharm.

The transaction terms are consistent with the original Heads of Agreement announced on 10 February 2008, except that:

- The purchase consideration for the acquisition of Strides' Australian and Asian operations has been reduced from \$65.0 million to \$61.0 million, with Genepharm proposing to assume approximately \$4.1 million of existing debt within the business.
- The issue price of the shares paid to Strides as purchase consideration is \$0.55 per share compared to the original price of \$0.60 per share, reflecting Genepharm's recent trading results and share price performance.

In relation to the recent trading results of Genepharm to 31 March 2008:

- The Company has achieved growth across its business divisions, with overall net sales growth of 19% for the 9-month period to 31 March 2008 over the prior corresponding period. It has progressed with new product launches and other initiatives such as entering into a new business partnership with Willach-Heise to provide Australian pharmacies with an automated dispensing solution bundled with Genepharm's medicines.
- Despite these developments, the industry has continued to experience fierce price competition in generic pharmaceuticals and a slowdown in sales to pharmacy customers due to uncertainty caused by the upcoming PBS reforms. Given these factors, Genepharm has revised its previous market guidance of approximately 25% growth in underlying NPAT for the financial year ending 30 June 2008 to be closer to 10%.

Exclusive business partnership signed

Genepharm has entered into an exclusive agreement with Willach-Heise in Australia to provide Australian pharmacies with a unique robotic dispensing solution bundled with Genepharm's medicines. The automated dispensing solution, endorsed by the Pharmacy Guild, provides pharmacists with an accurate and space-saving system to automatically pick over 80% of the prescriptions dispensed daily to patients.

The exclusive partnership with Willach-Heise will give Genepharm a unique offering for pharmacists and provides a powerful platform for increased generic dispensing in pharmacy. Genepharm has already been approached by leading pharmacy groups to implement its new offer and expects the first pharmacy installations to occur in the first quarter of the next financial year.

Willach-Heise is the European market leader in the field of pharmacy dispensing solutions. The company, established in 1889, has been setting standards in pharmacy storage and automation for the last 40 years.

Major generic drug launches

Genepharm has received regulatory approval for its generic brands of Amlodipine and Risperidone, two blockbuster PBS drugs with total annual sales in excess of \$140 million.

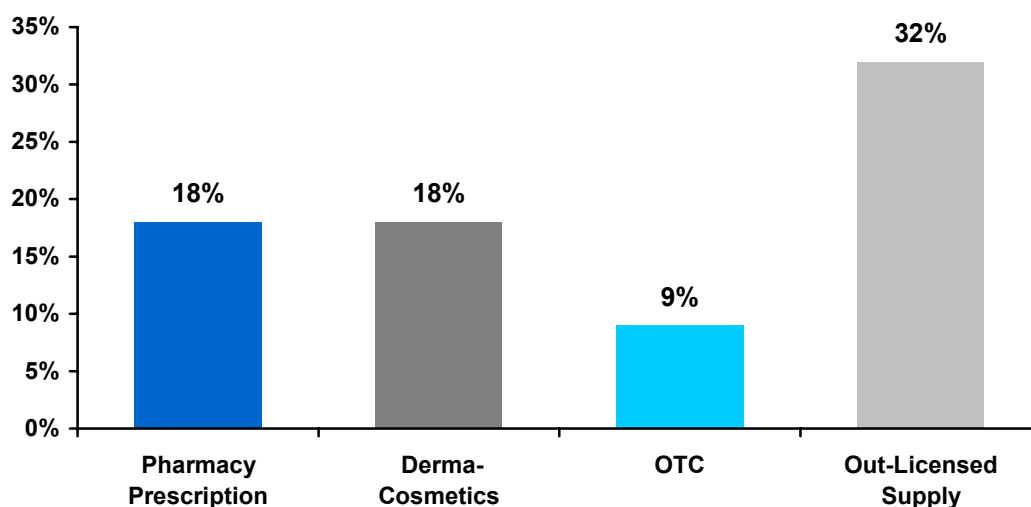
- Amlodipine is a leading cardiovascular drug with annual dispensed sales of \$65 million. Genepharm's brand of Amlodipine will be PBS listed from 1 May 2008.
- Risperidone, an anti-psychotic drug which comes off-patent in December 2008, will be a first-to-market launch for Genepharm and has annual dispensed sales of \$76 million.

Genepharm is also awaiting final approval for its generic brand of Alendronate with PBS listing anticipated for 1 September 2008. This top 10 PBS medicine with annual dispensed sales of \$95 million is the leading drug treatment for osteoporosis.

Update on trading results

Genepharm's Derma-cosmetics, OTC, and Out-Licensed Supply segments have performed strongly in the third quarter of the financial year ending 30 June 2008, with Genepharm reporting increased sales and earnings in all these segments. In addition, Genepharm has further reduced its operating expenses, to ensure a tighter alignment of expenses to sales growth.

Net sales growth by division
for the period to 31 March 2008



In the half year financial results announcement released on 28 February 2008 (for the six months ending 31 December 2007), Genepharm indicated that 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.

In recent months, fierce competition in generic pharmaceuticals has led the company to offer pricing discounts to meet market driven pricing demands, which has put pressure on Genepharm's profit margins. In addition, upcoming PBS reforms have resulted in some uncertainty amongst pharmacy customers and impacted normal buying behaviour patterns. Given these factors, the Board of Genepharm has revised previous market guidance of approximately 25% growth in underlying NPAT to be around 10% for the financial year ending 30 June 2008.

Acquisition of Strides' Australian and Asian operations

Genepharm has now signed a Share Purchase Agreement with Strides to acquire its Australian and Asian operations. An Extraordinary General Meeting ("EGM") will be convened in mid-June 2008 to seek shareholders' approval for the transaction.

Given Genepharm's recent trading results and share price performance, the transaction has been repriced since the signing of the Heads of Agreement in February 2008. Under the revised terms, Genepharm will acquire Strides' Australian and Asian operations for purchase consideration of approximately A\$61.0 million and assume approximately A\$4.1 million of existing debt within the business. The purchase consideration is payable by way of ordinary shares in Genepharm issued to Strides at a price of A\$0.55 per share.

The issue price represents a premium of 54% to the volume weighted average price of Genepharm shares for the six months prior to the date of this announcement. As a result of this transaction and its existing interests in Genepharm, Strides would own approximately 55.5% of Genepharm's issued shares.

On completion of the transaction, Genepharm will also enter into a 10 year Preferred Supply Agreement with Strides, giving Genepharm the first-right-of-refusal to distribute Strides' products in the region (with limited exceptions).

A detailed explanation of the transaction will be provided in the Explanatory Memorandum, together with a Notice of Meeting, to be distributed to shareholders in mid-May 2008.

The Directors of Genepharm believe the transaction is in the best interest of all shareholders and unanimously recommend shareholders vote in favour of the resolution to approve the transaction. All Directors who hold shares intend to vote all of their shares in favour of the resolution to approve the transaction.

The transaction has been assessed by KPMG as Independent Expert as being fair and reasonable to the non-associated shareholders of Genepharm. A copy of the Independent Expert's report will be provided to shareholders as part of the Explanatory Memorandum.

The transaction, if approved by Genepharm shareholders, will:

- establish Genepharm as an Australian and Asian pharmaceuticals business with a unique market channel for pharmaceutical and healthcare products sales and distribution;
- expand Genepharm's product portfolio and provide greater access to leading product development and manufacturing resources;
- increase Genepharm's total product sales to approximately A\$96.7 million with a pharmaceutical and healthcare range of over 400 products sold in eight countries;
- be immediately earnings per share accretive before any potential synergies;
- diversify Genepharm's activities away from the highly competitive Australian pharmaceuticals industry, while at the same time providing Genepharm with immediate access to the growing Asian markets;
- provide Genepharm with the additional scale and profitability necessary to accelerate the pursuit of new growth opportunities, including possible bolt-on acquisitions in Australia and Asia; and
- bring experienced executives into the leadership team of Genepharm.

At the EGM convened to approve the transaction, the Board of Genepharm has also decided to ask shareholders to approve a name change for Genepharm to Ascent Pharmahealth Ltd, reflecting this exciting new phase in the Company's development.

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About Genepharm:

Genepharm Australasia Limited (ASX:GAA) is a growth-oriented pharmaceutical and health products 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 one of Australia's leading pharmaceutical companies 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