

## ASX Release

### Half year cashflow results to December 2006 – Commentary

**31 January 2007, Melbourne:** Genepharma Australasia (ASX:GAA) has returned its second quarter of positive operating cashflows to finish the half year with a net positive operating cashflow of \$3.179 million. The result has been achieved with solid net sales growth over the quarter.

Generic pharmaceutical sales to pharmacies for the half-year to December 2006 continued to grow significantly over the same period with 50 percent growth in net sales and 50 percent growth in gross profit for the combined Genepharma and Douglas operations.

“Genepharma’s positive cashflow for the half year is a result of the rapid and successful integration of the businesses post the Douglas Australia acquisition in July 2006,” said Mr Dennis Bastas, CEO of Genepharma.

“We are particularly pleased with the strong sales performance of the overall business. We expect the sales growth to continue into the next half year as Genepharma continues to build its customer base and further expands its portfolio of products,” said Mr Bastas.

Inquiries :

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About Genepharma:

Genepharma Australasia (ASX:GAA) is Australia’s fastest growing generic pharmaceutical and healthcare product company. Genepharma’s focus is to establish a business with a diversified healthcare offering that is clearly focused on target customer segments.

Genepharma markets and distributes a premium range of generic pharmaceuticals in Australia. Generic pharmaceuticals are expected to double in total dispensed value to an estimated \$2billion by 2009. Genepharma Australasia listed on the ASX in June 2004.

*Rule 4.7B*

**Appendix 4C**  
**Quarterly report**  
**for entities admitted**  
**on the basis of commitments**

**Name of entity**

Genepharma Australasia Limited

**ABN**

52 107 340 367

**Quarter ended ("current quarter")**

31 December 2006

**Statement of Cashflows**

	<b>Current quarter SA'000</b>	<b>Year to date SA'000</b>
<b>Cash flows relating to operating activities</b>		
1.1 Receipts from customers	10,226	23,318
1.2 Payments for (a) staff costs	(2,051)	(3,942)
(b) advertising and marketing	(513)	(1,115)
(c) research and development	-	-
(d) leased assets	(99)	(189)
(e) other working capital	(5,074)	(15,189)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	172	348
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(52)	(52)
1.7 Other	-	-
<b>Net operating cash flows</b>	<b>2,609</b>	<b>3,179</b>

	<b>Current quarter SA '000</b>	<b>Year to date SA '000</b>
<b>1.8 Net operating cash flows carried forward</b>	<b>2,609</b>	<b>3,179</b>
<b>Cash flows related to investing activities</b>		
1.9 Payments for acquisition of:		
(a) businesses (item 5)	(552)	(56,587)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non current assets	(127)	(247)
(e) other non current assets	(508)	(618)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non current assets	-	-
(e) other non current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other - cash from acquired business	-	2,015
<b>Net investing cash flows</b>	<b>(1,187)</b>	<b>(55,437)</b>
<b>1.14 Total operating and investing cashflows</b>	<b>1,422</b>	<b>(52,258)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from the issues of shares	-	51,692
1.16 Proceeds from the sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other - transaction costs from the issues of shares and convertible notes	(34)	(2,960)
<b>Net financing cash flows</b>	<b>(34)</b>	<b>48,732</b>
<b>Net increase/(decrease) in cash held</b>	<b>1,388</b>	<b>(3,526)</b>
1.21 Cash at the beginning of the quarter/YTD	10,184	14,988
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at the end of the quarter</b>	<b>11,572</b>	<b>11,462</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

	<b>Current quarter SA'000</b>	<b>Year to date SA'000</b>
1.24 Aggregate amount of payments to the parties included in item 1.2	209	551
1.25 Aggregate amount of loans to the parties included in item 1.11	-	-

1.26 Explanation necessary for an understanding of the transactions

Staff costs included in item 1.2 consist of wages and salaries, superannuation entitlements and directors' fees

**Non cash finance and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows:

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest.

Not applicable

**Financing facilities available**

	<b>Amount available SA'000</b>	<b>Amount used SA'000</b>
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

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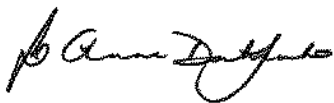
### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts as follows:

	<b>Current quarter SA'000</b>	<b>Previous quarter SA'000</b>
4.1 Cash on hand and at bank	(34)	2,173
4.2 Deposits at call	11,496	8,011
4.3 Bank overdraft	-	-
4.4 Other	-	-
<b>Total cash at the end of the quarter (item 1.23)</b>	<b>11,462</b>	<b>10,184</b>

### Compliance Statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.



Jo-Anne Dal Santo  
Company Secretary

31 January 2006