

ASX / Media Release

Genepharm to enter Asian generic markets through strategic partnership with Strides

*Genepharm to acquire Strides' Australian and Asian businesses
and become its regional partner*

11 February 2008, Melbourne: Genepharm Australasia Limited ("Genepharm") and Strides Arcolab Limited ("Strides") today announced that they have signed a Heads of Agreement under which Genepharm proposes to acquire the businesses of Strides in Australia and Asia.

Acquisition of Strides' Australian and Asian businesses

Strides' businesses in Australia and Asia are involved in the manufacture and distribution of generic prescription pharmaceuticals and over the counter ("OTC") products across the region, with sales in a number of countries, including Singapore, Malaysia, Thailand, Vietnam, Hong Kong and Australia. For the year ending 30 June 2008, these businesses are forecast to generate revenues of A\$32.5 million and earnings before interest, tax, depreciation and amortisation ("EBITDA") of A\$7.4 million. The main sales arm of the Strides Asian operations is Drug Houses of Australia (Asia) Pte Ltd ("DHA"). DHA is the leading local generic pharmaceutical company in Singapore and will become the hub for Genepharm's Asian business, managing the growing sales of the various company owned operations and distribution partnerships across the region's key markets.

The purchase price is approximately A\$65 million. Consideration for the acquisition will consist of ordinary shares in Genepharm issued to Strides at a price of A\$0.60 per share. The issue price represents a premium of 48% to the volume weighted average price of Genepharm shares for the 6 months prior to this announcement.

Based on the proposed terms, the acquisition will be earnings per share ("EPS") accretive for Genepharm, before potential synergies.

Dennis Bastas, Chief Executive Officer of Genepharm said: "This represents an excellent opportunity for Genepharm to build scale and diversity, leveraging the combined capabilities of Genepharm and Strides to create a premium healthcare business in the Australian and Asian regions."

"DHA is a long standing generic pharmaceutical company in Singapore that has built a solid reputation with a broad product offering. Similar to Genepharm, DHA operates a pharmaceutical sales and marketing business selling medicines to doctors and pharmacists. As the leading local generic company in Singapore, with branch offices in other Asian countries, it will create a significant new distribution channel for Genepharm's TGA approved pharmaceuticals and OTC products into the high growth Asian markets," said Mr Bastas.

The products currently sold by Strides into these markets are almost entirely complementary to Genepharm's existing product portfolio, creating significant cross-selling opportunities, whilst preserving the strong relationships that both Genepharm and Strides have already established with their existing customers and suppliers.

Strides to become a strategic shareholder

On Friday 8 February Strides announced to the Bombay Stock Exchange and National Stock Exchange of India Limited that it has acquired a relevant interest over 17.7% of the issued shares in ASX-listed Genepharm under a share acquisition agreement with a group of Genepharm shareholders based in Cyprus that are associated with Genepharm's largest shareholder, Genepharm Asia Pacific Enterprises Limited ("GAPE Transaction"). When added to the existing 2.1% of Genepharm shares over which Strides currently has a relevant interest, the GAPE Transaction takes Strides' total relevant interest in Genepharm issued shares to approximately 19.8%.

With the shares to be issued by Genepharm as consideration for the proposed acquisition of Strides' Australian and Asian businesses, Strides may emerge with approximately 55% of the expanded capital base of Genepharm.

Mr Bastas said: "Through all of our dealings with Strides, we have been consistently impressed by their high level of professionalism and integrity, and look forward to working with them to complete this transaction and going forward as a strategic partner in the region."

"Genepharm's Australian sales and marketing expertise, combined with Strides manufacturing strengths and existing presence in the Asian region, makes me confident that this will prove to be a very successful partnership that will create value for the shareholders in both companies," said Mr Bastas.

Strides is one of India's largest exporters of branded generic pharmaceutical products. It manufactures pharmaceutical formulations in various dosage forms, including capsules, tablets, and liquid injectables, and is one of the world's top five manufacturers of soft gel capsules. It operates from 14 plants located in India, Brazil, Mexico, Italy, Poland and Singapore.

Strides Preferred Supply Agreement

Contemporaneously with completion of the proposed acquisition, it is proposed that Genepharm enter into a 5 year Strides Preferred Supply Agreement, under which Genepharm, subject to any existing Strides supply arrangements in the region, will have the first right of refusal to distribute all existing and future Strides' products (other than products for treatment of AIDS, Tuberculosis and Malaria) into Australia, New Zealand and the Asian regions, excluding Japan and China, where Genepharm will have non-exclusive rights to the Strides' products.

Similarly, Genepharm will give Strides the first right to supply products manufactured by Strides in the region as its preferred supplier, subject to any existing Genepharm supply arrangements. However, if for any reason the parties do not reach an agreement on the terms for sale and distribution of any of the Strides' products in the region, Genepharm retains flexibility to source products from alternative suppliers to ensure that it can secure the most competitive terms available.

Other key elements of the regional partnership

In recognition of Strides' shareholding in Genepharm and the supply relationship between the two companies, it is proposed that Strides will nominate two non-executive directors to the Board of Genepharm. Accordingly, at the time of completion of the proposed acquisition, there will be six directors, comprising the Strides' nominees, the Managing Director, Dennis Bastas, together with three independent non-executive directors.

Key terms of the Heads of Agreement

The Heads of Agreement is subject to a number of conditions, including finalisation of due diligence, following which definitive agreements are expected to be executed in late March 2008.

Completion of the acquisition will also be subject to a number of conditions, including Genepharm obtaining shareholder approval and obtaining an opinion from an independent expert that the transaction is fair and reasonable to the non-associated shareholders. The Board of Genepharm has appointed KPMG to provide an independent expert's report in this regard. Genepharm shareholders will be asked to approve the acquisition at an Extraordinary General Meeting expected to be held in early May 2008.

Under the Heads of Agreement, Genepharm and Strides have agreed to an exclusivity period until 30 April 2008, although this is subject to the fiduciary duties of the Board of Genepharm.

Genepharm and Strides have also agreed to the payment of a A\$500,000 break fee by the relevant party in the event that the acquisition does not complete because of the occurrence of certain events, including the recommendation by either the Strides or the Genepharm Board of a competing proposal. No break fee is payable if the acquisition does not complete due to, amongst other things, Genepharm not obtaining shareholder approval or not obtaining an opinion from an independent expert that the acquisition is fair and reasonable.

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About Genepharm:

Genepharm Australasia Limited (ASX:GAA) is a growth-oriented pharmaceuticals 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 the second largest Australian 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.

Additional information is available at the Company's website at www.genepharm.com.au

About Strides:

Strides Arcolab Limited, listed on the Bombay Stock Exchange Limited (BSE:532531) and National Stock Exchange of India Limited (NSE:STAR) is one of India's largest exporters of branded generic pharmaceutical products. Strides manufacture pharmaceutical formulations in various dosage forms, including capsules, tablets, and liquid injectables and is one of the world's top five manufacturers of soft gel capsules. Strides also have the only globally dedicated soft gel facility for hormones. In addition, Strides undertakes contract research and the manufacturing of specialty chemicals for various multinational companies. Strides has a major presence in various developing countries such as Africa, Latin America and Asia as well as in developed markets such as the US, Canada and parts of Europe. Strides is one of the largest Indian suppliers of institutionally funded aid projects and is an approved supplier to the World Bank, the African Development Bank and UNICEF, amongst others.

Strides has 14 manufacturing plants in India, Brazil, Mexico, Italy, Poland and Singapore. This broad manufacturing network facilitates partnering with global organizations ranging from UNICEF and WHO-Global Drug Facility to European and American pharmaceutical multinationals and also private labelers and distribution chains. Strides has product registrations in over 37 countries around the world. The Indian manufacturing facilities for the regulated markets are approved by all major regulatory bodies such as MHRA, EU, TGA, MCC and USFDA and GMP accreditations including USFDA. Strides employs over 2,000 people across the globe and has a marketing presence in over 50 countries.

Additional information is available at the Company's website at www.stridesarco.com