

# Prospectus

GenePharm Australasia Limited  
ACN 107 340 367

## Offer to acquire Options in accordance with the GenePharm Australasia Limited Wealth Option Winners Program (WOW Program) Semester 2.

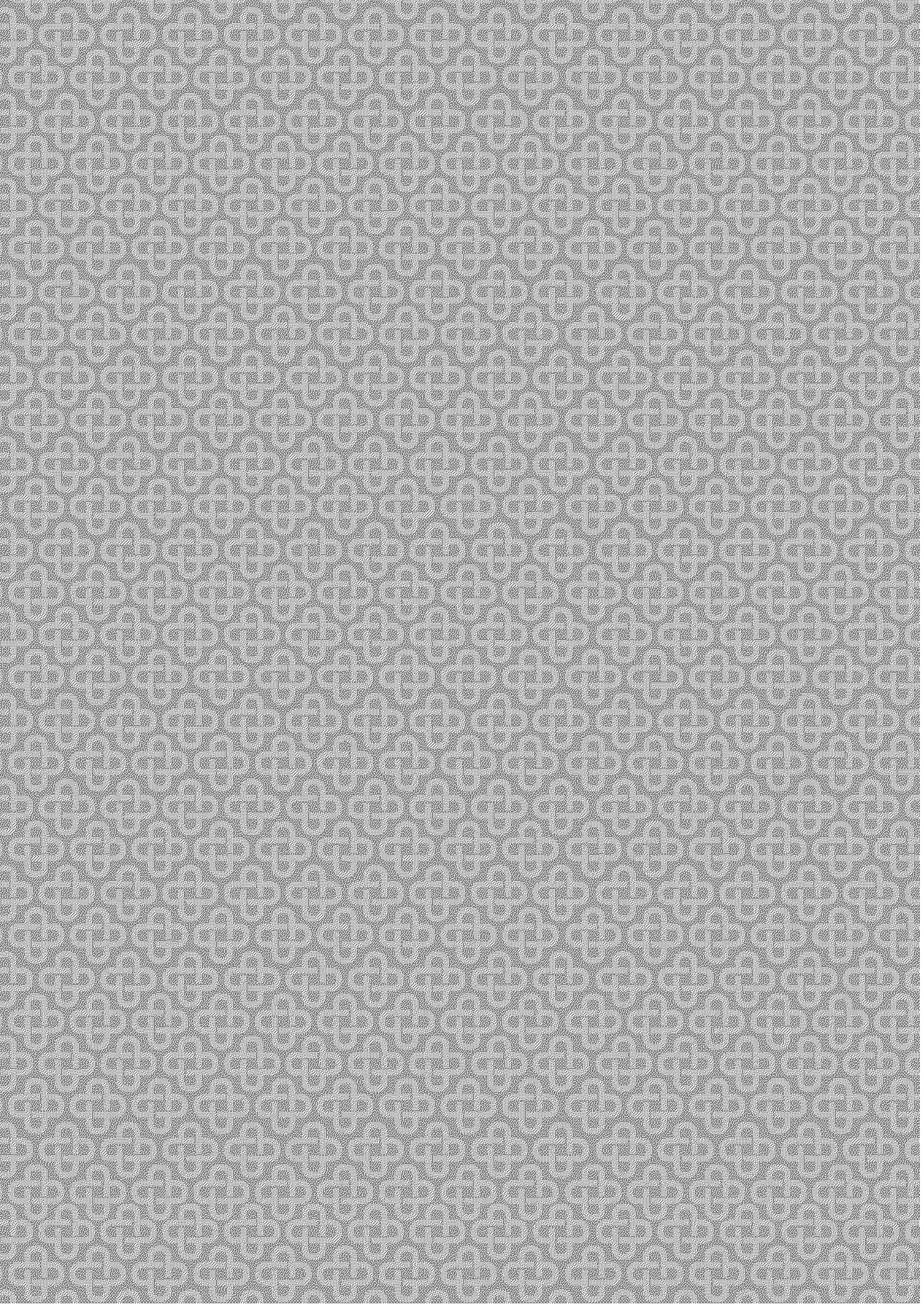
### Important Information

This Prospectus contains important information for you and requires your immediate attention.

It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your financial adviser, solicitor or other professional advisor immediately.

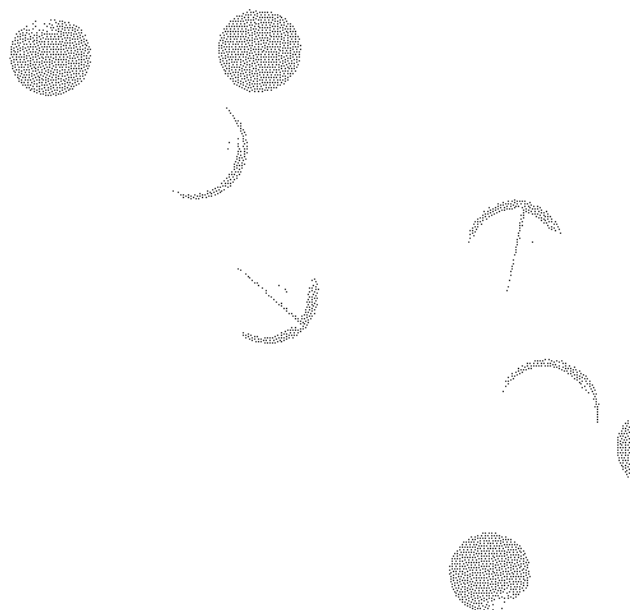
No application monies are payable for the grant of Options.





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# 1. Introductory Information

## 1.1 Important notice

This Prospectus is dated 8 January 2007 and was lodged with ASIC on that date. None of ASIC, ASX nor their respective officers take responsibility for the contents of this Prospectus. No securities will be allotted on the basis of the Prospectus later than 13 months after the date of issue of this Prospectus.

This Prospectus sets out information in relation to Options to acquire Shares in Genepharm Australasia Limited (Genepharm), which may be offered to Eligible Participants in the Genepharm Wealth Option Winners Program (WOW Program) in accordance with the Terms and Conditions, the Semester Notice and this Prospectus (Offer) for Semester 2.

## 1.2 Summary of principal dates

Event	Date
WOW Program Semester 2 commences	1 January 2007
WOW Program Semester 2 ends	30 June 2007
Opening date for acceptances for Semester 2	1 August 2007
Closing date for acceptances for Semester 2	28 September 2007
Expiry Date of Options	30 June 2009

Genepharm may, in its sole discretion, conduct further semesters of the WOW Program.

The above dates are subject to change and are indicative only. Genepharm reserves the right to amend this indicative timetable subject to the Corporations Act and the Listing Rules.

## 1.3 Definitions

Defined terms and abbreviations used in this Prospectus are explained in the definitions set out in section 6.1 of this Prospectus.

## 1.4 Eligible Participants

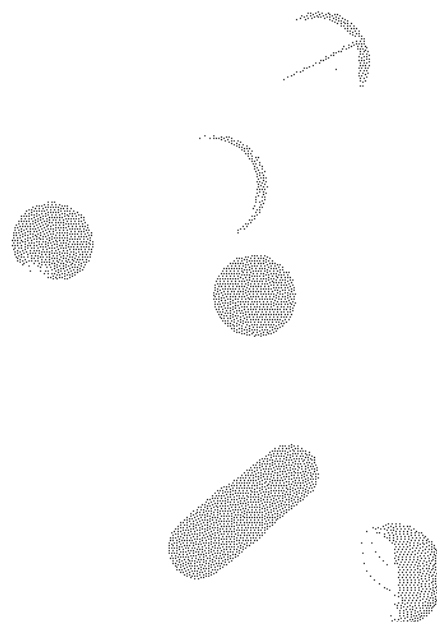
Only persons who are Participants, and who, in accordance with the Terms and Conditions and the Semester Notice are entitled to be offered Options under the WOW Program, are eligible to participate in the Offer (Eligible Participants).

## 1.5 Applications for Options

Eligible Participants who wish to apply for Options must complete and return the personalised Entitlement and Acceptance Form for Semester 2, or for future semesters will be issued prior to the Acceptance Period, by the Acceptance Closing Date for the relevant Semester.

## 1.6 Waiting period

In accordance with section 727(3) of the Corporations Act, Genepharm will not accept applications for, or issue or transfer, Options offered under this Prospectus for a period of 7 days after the lodgement of this Prospectus (or for such other period as directed by ASIC).



## 2. Details of the Issue

### 2.1 The Issue

This Prospectus is for the offer of Options to Eligible Participants in accordance with the WOW Program.

Each Eligible Participant will receive a personalised Entitlement and Acceptance Form prior to the time of the Acceptance Opening Date. Each Eligible Participant's entitlement will be calculated in accordance with the Terms and Conditions and the Semester Notice, and will be detailed on the Entitlement and Acceptance Form.

### 2.2 Rights attaching to Options

#### **The Options will be issued on the following terms:**

- (1) the Options shall expire at 5.00 pm (Melbourne time) on 30 June 2009 (Expiry Date);
- (2) each Option shall entitle the holder to subscribe for 1 Share in the capital of Genepharm which will rank *pari passu* with the then issued Shares;
- (3) Options may be exercised at any time from the date of grant until the Expiry Date but not thereafter. Each Option will lapse on the Expiry Date if it has not been exercised;
- (4) each Option shall be exercisable at a price of \$0.55;
- (5) Options may only be exercised by the registered holder by completing a notice of exercise of Options (Notice) and forwarding it to the registered office of Genepharm marked for the attention of the Company Secretary at any time prior to the Expiry Date. A Notice will be provided to Eligible Holders at the same time as Option holding statements are despatched;
- (6) the date of exercise of an Option will be the date on which the Notice is received by the Company;
- (7) Options may be transferred at any time prior to the Expiry Date (Eligible Participants should be aware that there may be adverse tax consequences in doing so – see section 5.13);
- (8) where a holder of Options exercises the Options in accordance with the terms set out in this section of the Prospectus, Genepharm must within 14 days issue the holder with the number of Shares that correspond with the number of Options;
- (9) Genepharm must make applications to have Shares issued on the exercise of Options listed for official quotation by the ASX, in accordance with the Listing Rules;
- (10) in the event of any reorganisation of the issued capital of Genepharm, Options will be reorganised as required by the Listing Rules applying to a reorganisation of capital at the time of reorganisation;

(11) Options do not carry any dividend entitlement or voting rights until they are exercised. Shares issued on exercise of Options in all other respects rank equally with other issued Shares from the date of issue; and

(12) a holder of Options may only participate in new issues of securities to holders of ordinary shares in Genepharm if the Options have been exercised and Shares allotted in respect of the Options before the record date for determining entitlements to the issue.

### 2.3 Allotment

Options will be allotted shortly after the Acceptance Closing Date for the relevant Semester and certificates will be dispatched shortly after Options are allotted.

### 2.4 ASX quotation of Options

Options will not be quoted on ASX.

## 3. Information About Genepharm and Industry Overview

### 3.1 Background

Genepharm was established in 2003 to become a leader in Australasia's expanding generic pharmaceutical market, through the sales and marketing of the highest value range of generic pharmaceuticals using innovative marketing strategies and competitive pricing.

Initially listed on the ASX in June 2004, the Company has proceeded to submit new generic drugs for registration by the TGA. Initial drug registrations were approved by the TGA in early 2006 and the Company's first medicines were sold through Australian pharmacies in April 2006.

In July 2006 the company acquired Douglas Pharmaceuticals Australia Limited (DPAL) for consideration of \$70 million from Douglas Pharmaceuticals Limited New Zealand (DPL). DPAL is a diversified pharmaceuticals business with differentiated product offerings to Australian retail pharmacies and hospitals. The product categories include:

- Generic medicines – DPAL markets both "blockbuster" and niche patent expired medicines;
- Branded generics – Dermatology products that have brand led sales. Estelle ED 35™ is currently the market leader in its class;
- "Over-the-Counter" medicines;
- Avene™ and Klorane™ products – a range of dermo-cosmetic products for skin and hair from France; and
- Hospital products – medicines dispensed in hospitals which include Curosurf™, the patented formulation for pre-mature babies.

The Company's sales and marketing strategy is built around mutual value creation with pharmacies.

The four pillars of the strategy are:

#### Service

The Company is building direct sales relationships with Australian pharmacies through sales representatives. Genepharm field personnel are not only involved in stock management and product ordering for pharmacists, but also provide product information, training and business support.

#### Profit

The Company's access to an efficient and cost effective product pipeline ensures that products can be supplied to the Australian market at prices that provide sustainable financial benefits to pharmacists, patients and the Pharmaceutical Benefits Scheme (PBS).

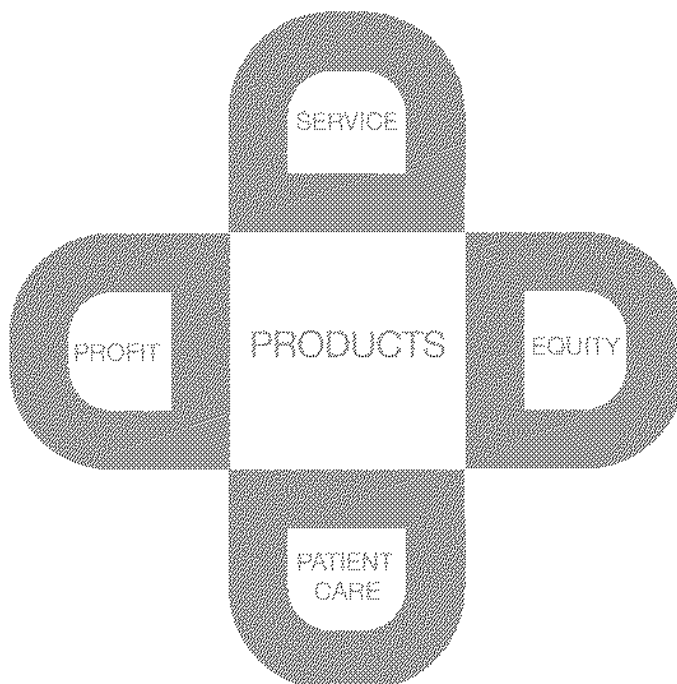
#### Patient care

Programs that support quality use of medicines and patient confidence in the quality, safety and efficacy of generic medicines are currently being developed by the Company with community pharmacists. The Company's patient care focus is also prevalent in patient-friendly packaging and product, designed to simplify use of the Company's generics.

#### Equity

The Company's unique proposition of mutual value creation between the business and its pharmacy customers will be built on a product offer that includes not only appropriate pricing incentives but long term equity incentives to include all stakeholders in the value growth of the business.

The Company's focus is to build a business that will be clearly positioned as one of the top three generic pharmaceutical companies in Australia over the next few years with a strong growth path for market leadership.



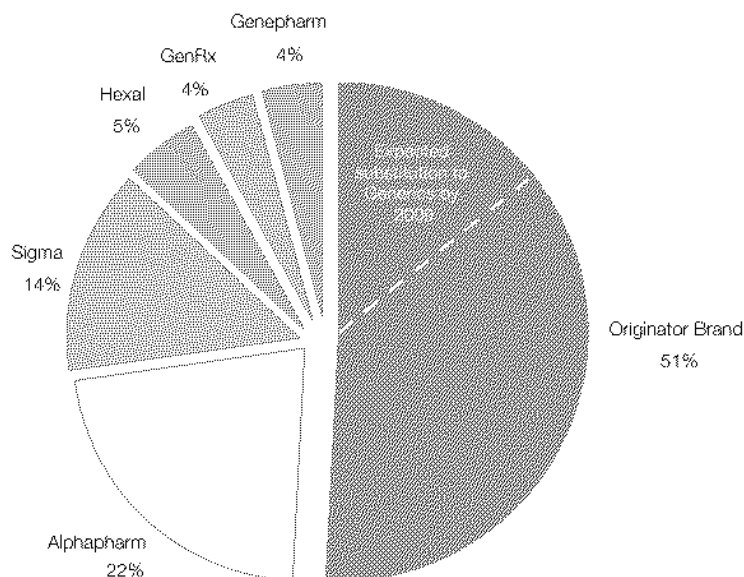
### 3.2 Industry Overview

#### Market Competition

There has been significant rationalisation in the Australian generic market in the last two years driven by local and global merger activities. On a global scale Novartis acquired the Hexal generic pharmaceuticals business in February 2005. Hexal has been merged into the Sandoz generic arm of Novartis pharmaceuticals. Locally, Sigma acquired the Arrow Pharmaceuticals generic business in August 2005. Both acquisitions resulted in the consolidation of competitors in the prescription generics market sector. Along with the Company's acquisition of DPAL, over 99% of the total market value for generic medicines is supplied by five companies: Genepharm, Alphapharm, GenRx, Hexal and Sigma.

Importantly, there is a significant incremental opportunity that still exists in the Australian market for generic substitution away from the originator brand of medicine. Industry figures estimate that sales of the originator brand still hold around half of all dispensed prescriptions for a drug once the patent has expired. The Company sees this as a vital area for growth and will be implementing programs to extract sales from this market segment.

Patent Expired Prescription Medicines  
Generic & Brand Market Shares, June 2006



Source: Genepharm Australasia estimates (based on IMS data 06/2006).

The relatively small size of the Australian market, the strong regulatory regime, and small number of already well-established players are natural barriers to entry to other global players contemplating entering this market.

The Company expects that other global generic players will seek a presence in the Australian market via in-licensing strategies that include long term supply arrangements with existing market participants.

The Company's position as an independent sales organisation has created a number of new partnership opportunities with global manufacturers to add unique product lines to the business.

## 4. Risk Factors

### 4.1 Introduction

Prior to exercising Options, holders should carefully consider all risk factors including the following, as well as other information contained in the Prospectus.

### 4.2 Economic risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

### 4.3 Market conditions

The market price of shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### 4.4 Reliance on key personnel and need to attract qualified staff

The Company is dependent on its senior management, the loss of whose services could materially and adversely affect the Company and impede the achievements of its growth and development objectives.

Because of the nature of the Company's business, its success will depend in part upon its ability to attract and retain suitably qualified senior management and staff over time.

There can be no assurance that the Company will be able to attract or retain sufficiently qualified personnel on a timely basis.

### 4.5 Risk of product liability and uninsured risks

The Company's business exposes it to potential product liability risks that are inherent in the marketing and use of its products. It will be necessary for the Company to secure sufficient levels of insurance to cover various product liability risks in the course of maintaining its business.

However, there can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts, if at all, or that product liability or other claims would not materially and adversely affect the business or financial condition of the Company.

### 4.6 Product Registrations

The ability of the Company to offer its products for sale depends on licences and registrations being obtained by the Company from the Therapeutic Goods Administration (TGA). The Company can give no assurances that it will successfully register its generic products with the TGA or that the appropriate approvals will be granted for these products on a timely basis. Delays, or failure to obtain such registration and/or approval may have a material adverse effect on the financial performance of the Company.

### 4.7 Uncertainty about future profitability

The Company's ability to operate profitably in the future will depend on its ability to distribute its products and sell to customers. This will depend on the ultimate demand for its products by consumers which cannot be guaranteed.

Other factors that will determine the Company's profitability are its ability to manage its costs, to execute its development and growth strategies, economic conditions in the markets the Company operates, competitive factors and regulatory developments. Accordingly, the extent of future profits, if any, and the time required to achieve a sustained profitability is uncertain. Moreover, the level of such profitability cannot be predicted.

### 4.8 Industry risks

The Company's current and future potential competitors include companies with substantially greater resources than the Company. There is no assurance that competitors will not succeed in developing products that are more effective or economic than the current products or any of those being developed by the Company or which would render the products obsolete and/or otherwise uncompetitive. In addition, the Company may not be able to compete successfully against current or future competitors where aggressive pricing policies are employed to capture market share. Such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's future business, operating results and financial position.

### 4.9 Pharmaceutical Benefits Scheme (PBS) Reforms

The Federal Government is constantly looking at reforms to the PBS in order to better promote the efficient use, and cost effective dispensing of prescription pharmaceuticals to the general public. Any reforms or changes to the PBS may adversely impact the financial performance of the Company.

### 4.10 Acquisitions and integration

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies, products or technologies. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies including the risk that the Company may not be able to successfully integrate multiple businesses.

### 4.11 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares.

Potential investors should consult their professional advisers before deciding whether to exercise the Options.

## 5. Other Material Information

### 5.1 Disclosing entity

This Prospectus is a prospectus to which the special content rules under section 713 of the Corporations Act apply. That section allows the issue of a more concise prospectus in relation to offers of securities in a class which has been continuously quoted by the ASX for the 12 months prior to the date of the prospectus.

Genepharm is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to Genepharm may be obtained from, or inspected at, an ASIC office.

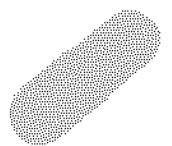
### 5.2 Reporting and disclosure obligations

As a disclosing entity for the purposes of the Corporations Act the Company is subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. These obligations require the ASX to be continuously notified of information about specific events and matters as they arise for the purpose of the ASX making the information available to the stock market conducted by the ASX.

In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions) to notify the ASX immediately of any information concerning the Company, of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of the shares. The Company is also required to prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a Director's declaration and report and audit review report.

### 5.3 Market prices in Genepharm shares

The lowest and highest market sale prices of Shares on ASX during the three months immediately before the date of this Prospectus, and the respective dates of those sales, were \$0.98 on 29 December 2006 and \$1.21 on 15 November 2006. The last sale price for Shares on the ASX before the date of this Prospectus was \$1.035 on 5 January 2007.



## 5.4 Capital Structure of Genepharm

### Details of Share Capital

Set out below is a summary of all securities on issue in the Company as at the date of this Prospectus, together with details of the maximum number of Options which may be issued pursuant to this Prospectus.

Capital Structure	Number
Shares currently on issue	139,241,828
Estimated number of Options to be issued	2,000,000
Maximum number of Options to be issued	5,000,000

### Details of Existing Options

A total of approximately 8,225,000 unlisted options are on issue as at the date of this Prospectus (Existing Options). Of these Existing Options, 6,070,000 are currently on issue to executives, industry advisors and staff, while approximately 155,000 options may be issued under the loyalty program conducted by Genepharm that finished on 30 June 2006, and that was disclosed under the Prospectus dated 9 August 2006 (2006 Loyalty Program) and a further 2,000,000 options may be issued under the loyalty program currently in progress by Genepharm for the period from 1 July to 31 December 2006 (Wealth Options Winner [WOW] Loyalty Program, Semester 1). Each option is non-transferable and converts to one Share. The options are detailed in the following table:

No of Existing Options	Exercise Price	Vesting
3,300,000 to CEO and CFO under the Executive Directors Share Option Scheme	\$1.20 - \$ 2.00 dependent on vesting date	Between now and March 2007
100,000 to industry advisors on initial listing of the Company	\$1.00 - \$2.00 dependent on vesting date	Vested – 1 December 2005
2,670,000 to staff under the Senior Managers Share Option Scheme	\$0.75 - \$2.00 dependent on the vesting date	Between now and January 2009
Up to 155,000 issued under the 2006 Loyalty Program	\$0.50	From December 2006 to June 2007
Up to 2,000,000 issued under Semester 1, 2007 WOW Loyalty Program	\$0.50	February 2007 to December 2008

Genepharm intends to continue offering Options to Participants in the future. Accordingly, the capital structure of the Company will be affected by these future issues.

### Details of Convertible Notes on Issue

As part of the consideration for the acquisition of Douglas Pharmaceuticals Australia Limited the Company issued 15 Convertible Notes with a face value of \$1 million each and an interest rate of 3% per annum. The notes have a four year vesting period from 1 July 2007 to 30 June 2011. Each Convertible Note is convertible into 1 million ordinary shares (or will be repaid in cash if not converted).

Convertible Notes	Exercise Price	Vesting
15 Convertible Notes in favour of Douglas International Holdings Limited, Interest Rate of 3% per annum	\$1,000,000	From 1 July 2007 to 30 June 2011

## 5.5 Effect of the issue on capital structure of Genepharm

The effect of the Issue on the capital structure of Genepharm, assuming 2,000,000 Options issued under this Prospectus are exercised before the Expiry Date, and all other Options capable of being exercised are exercised before their Expiry Date and all of the Convertible Notes are converted is as follows:

Shares currently on issue	Number of Shares on issue assuming 2,000,000 Options issued under this Prospectus are exercised before Expiry Date	Number of Shares on issue assuming all Existing Options capable of being exercised are exercised before the Expiry Date and all Convertible Notes are converted
139,241,828	141,241,828	164,466,828

## 5.6 Rights and liabilities attaching to Genepharm Shares

If you exercise your Options you will be issued with Shares. Set out below is a summary of some of the more significant rights attaching to Shares. This summary is not intended to be exhaustive or to constitute a definitive statement of the rights and liabilities of holders of Shares and must be read subject to Australian statute and general law and the Constitution of Genepharm.

### **Voting**

Members are entitled to notice of, and to attend and vote at, general meetings. Subject to any shares which may in the future be issued with special or preferential rights (at present there are none), every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each fully paid share. In the case of an equality of votes, the Chairman of the meeting shall not have a second or casting vote.

### **General meetings**

Subject to the Corporations Act providing for a shorter minimum period of notice, each shareholder is entitled to receive at least 28 days notice of and to attend general meetings of Genepharm and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

### **Dividends**

Subject to any Shares which may in the future be issued with special or preferential rights, the Directors may declare a dividend to be paid to shareholders entitled to that dividend. The Directors may set aside out of the profits of the Company such amounts as they determine as reserves to be applied at the discretion of the Directors for any purpose for which the profits of the Company may be properly applied.

### **Capitalisation of profits and conversion of shares**

Subject to the Listing Rules and the Corporations Act, the Directors may capitalise and distribute any undivided profits of the Company.

The company in general meeting may convert all or any of its shares into a larger or smaller number of shares by resolution.

### **Rights on winding up**

The liquidator in a winding up may, with the sanction of a special resolution of members, divide among the members the whole or any part of the property of the Company and determine how the division is to be carried out as between the members or different classes of members.

### **Power to issue securities**

Without prejudice to any special rights conferred on the holders of any shares or class of shares and subject to the Constitution, the Corporations Act and the Listing Rules, the Directors may issue Shares and options to subscribe for Shares on such terms and conditions as the Directors see fit.

### **Transfer of shares**

Subject to the Constitution, the Corporations Act, the Listing Rules and the ASTC Settlement Rules, Shares are freely transferable. A member may transfer Shares by a market transfer in accordance with any manner required or permitted by the Listing Rules, the Corporations Act or the ASTC Settlement Rules. Shares may also be transferred by an instrument in writing in any usual or common form or in such other form as the Directors approve or in such form as is required by the ASTC Settlement Rules.

### **Unmarketable parcels**

The Constitution provides that the Directors may cause the Company to sell a member's Shares if that member holds less than a marketable parcel of Shares, provided that the procedures set out in the constitution are followed. A non-marketable parcel of Shares is defined in the ASTC Settlement Rules and is, generally, a holding of Shares with a market value less than \$500.

### **Variation of rights**

The Company may only modify or vary the rights attaching to any class of shares with the consent in writing of the shareholders with at least 75% of the votes in the class or the sanction of a special resolution passed at a meeting of the holders of the issued shares of that class.

### **Alteration to the Constitution**

The Corporations Act provides that the Constitution can only be amended by a special resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution.

## 5.7 Privacy

The Company collects information about each Eligible Participant provided on the Entitlement and Acceptance Form for the purpose of processing the Entitlement and Acceptance Forms, and to administer the Eligible Participant's security holding in Genepharma.

By submitting an Entitlement and Acceptance Form, each Eligible Participant agrees that the Company may use the information provided on an Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Company's share registry, related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

The Corporations Act requires the Company to include information about the security holder (including name, address and details of the securities held) in its public register. The information contained in the Company's public registers must remain there even if that person ceases to be a security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance with legal and regulatory requirements.

If the information required on an Entitlement and Acceptance Form is not provided, the Company may not be able to accept or process the Entitlement and Acceptance Form.

An Eligible Participant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

## 5.8 Information available to Shareholders

The financial position of the Company as at 30 June 2006 was described in the Preliminary Final Report on 11 September 2006 and the Annual Report lodged with the ASX on 29 September 2006.

The financial position of the Company for the first quarter of FY07 as at 30 September 2006 was as set out in the financial statements made up to that date. As required in ASX Listing Rule 4.7B Appendix 4C, the Commitments Test Entity – First Quarter Report was lodged with the ASX on 30 October 2006. The Company undertakes to provide free of charge, to any person requiring the same prior to the Closing Dates for acceptance of Offers, a copy of:

- (1) each of the documents referred to above, unless contained in the Prospectus;
- (2) the annual report of Genepharma for the financial year ended 30 June 2006; and
- (3) any documents lodged with the ASX providing information about the Company in the 12 months prior to the date of this Prospectus which is set out in section 5.19 of this Prospectus.

The Company undertakes to make available for inspection free of charge at its registered office during normal business hours copies of:

- (a) the consents to the issue of the Prospectus referred to in section 5.18 of this Prospectus; and
- (b) the Constitution of the Company.

Copies of announcements made by Genepharma to ASX are available from ASX's website at [www.asx.com.au](http://www.asx.com.au).

## 5.9 Interests of Genepharm Directors

Interests of Genepharm Directors in Genepharm Securities  
Other than as set out below or elsewhere in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its promotion or the Offer; or
- (c) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm which the Director is associated with the formation or promotion of the Company or the Offer.

As at the date of this Prospectus, the Directors of Genepharm had the following interests in Genepharm Securities:

Director	Shares	Existing Options
D. Bastas and		
G.R. Harding (1)	12,480,000	-
D. Bastas	-	1,800,000
G.R. Harding	-	1,500,000
A. Vigopoulos	28,800,000	-
T. J. R. O'Brien	737,467	-

Note (1): D. Bastas and G. R. Harding hold 12,480,000 shares via a director related entity and as such both have a relevant interest in the 12,480,000 shares.

The Company's constitution provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares.  
Remuneration of Genepharm Directors

For the year ended 30 June 2006, the directors of Genepharm were paid as follows:

Director	Salary & Fees \$	Super Contributions \$	Options \$	Bonus \$	Total \$
T.J.R. O'Brien	90,600	8,100	-	-	98,700
D. Bastas	321,298	20,800	169,705	90,000	601,803
G.R. Harding	262,405	28,080	141,421	72,000	503,906
A. Vigopoulos	-	-	-	-	-
Total	674,303	56,780	311,126	162,000	1,204,209

## 5.10 Interests of experts and advisors

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or the promotion of the Offer; or
- (c) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, shares, options or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Computershare Investor Services Pty Ltd has provided and will continue to provide services in its capacity as the Company's share registry, including in connection with the Shares issued through the exercise of the Options.

## 5.11 Genepharm Directors' indemnity & insurance

Genepharm pays an insurance premium in respect of a Directors' and Officers' liability policy covering all Directors and the company secretaries of Genepharm and any related bodies corporate (Officers) against a liability incurred as an officer to the extent permitted by the Corporations Act.

In addition, each of the Directors have entered into a Deed of Indemnity, Access & Insurance confirming Genepharm's obligations to maintain an adequate Directors' and Officers' liability policy and the individual Officer's right to access Board papers and other Genepharm documents.

## 5.12 Material contracts

Genepharm has not entered into any material contracts prior to the date of this Prospectus, other than those previously disclosed to ASX and pursuant to previous disclosure documents of Genepharm lodged with ASIC, including the disclosure document lodged on 5 June 2006 with regard to a renounceable rights issue, the disclosure document lodged on 9 August 2006 with regard to the 2006 Loyalty Program, and the disclosure document lodged on 13 September 2006 in relation to Semester 1 of the Wealth Options Winners (WOW) Program.

### 5.13 Taxation

The potential tax effects relating to the Issue will vary between Eligible Participants. The application of taxation law to the issue of options is particularly complex, and, depending on the circumstances of those applying for the Offer, may result in a tax liability accruing at the time of the Issue. A tax liability may also accrue as a result of a transfer of an option prior to exercise. As an Eligible Participant you should satisfy yourself of possible tax consequences by consulting your own professional tax advisers before agreeing to take up Options pursuant to the Offer or transferring or exercising them.

### 5.14 Litigation

The Company is not engaged in any litigation which has or would be likely to have a material adverse effect on either the Company or its business.

### 5.15 Other information

There is no information relating to the Offer that, because of its confidential or prejudicial nature, has not been notified to ASX which investors and their professional advisers would reasonably require and reasonably expect to make an informed assessment of the effect of the Issue and the rights and liabilities attaching to the Options and Shares.

### 5.16 Costs of the issue

The Company estimates the costs of the Issue (including any ASX listing fees) to be approximately \$10,000.

### 5.17 Interests and benefits of advisers

No external advisers were engaged in relation to the Issue.

### 5.18 Consents

The following persons have consented to being named in, and/or the statements attributed to them in this Prospectus being included in the form and context in which they appear and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC:

- Ernst & Young; and
- Computershare Investor Services Pty Limited.

Ernst & Young and Computershare Investor Services Pty Limited have had no involvement in the preparation of any part of this Prospectus other than being named as the Company's Auditors and Share Registrar respectively. Neither of them has authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

## 5.19 ASX announcements

The following documents have been filed by Genepharma with ASX since 1 December 2005:

Date	Description
14 Dec 2006	Appendix 3B – Issue of Shares to Staff
29 Nov 2006	Results of AGM
29 Nov 2006	AGM Presentation
21 Nov 2006	Becoming a substantial holder
16 Nov 2006	Healthcare Conference Presentation
15 Nov 2006	Shareholder Update
30 Oct 2006	Commitments Test Entity – First Quarter Report
26 Oct 2006	Notice of Annual General Meeting
29 Sept 2006	Annual Report
27 Sept 2006	Alliance with Primary Health Care
14 Sept 2006	WOW Loyalty Program Disclosure Document
12 Sept 2006	CUV ann.: Claudel divests EpiPham Pty Ltd
12 Sept 2006	Acquisition of EpiPham Dermatology
11 Sept 2006	Full Year Results to June 2006 - Commentary
11 Sept 2006	Preliminary Final Report
09 Aug 2006	Loyalty Program Disclosure Document
26 Jul 2006	Appendix 3B
26 Jul 2006	To Launch Generic Pravastatin
24 Jul 2006	Commitments Test Entity – Fourth Quarter Report
20 Jul 2006	Appendix 3Y Change of Directors Interest Notification
19 Jul 2006	Wins Tasmanian Hospitals Tender
13 Jul 2006	Settles Douglas Acquisition
12 Jul 2006	Completes \$60 million Capital Raising
23 Jun 2006	Investor Presentation
5 Jun 2006	Prospectus 5 June 2006
5 Jun 2006	Section 708A Notice
9 Aug 2006	Loyalty Program Disclosure Document
26 July 2006	Appendix 3B
26 July 2006	To launch generic Pravastatin
24 July 2006	Commitments Test Entity – Fourth Quarter Report
20 July 2006	Change of Director's Interest Notice
19 July 2006	Wins Tasmanian Hospitals Tender
13 July 2006	Settles Douglas Acquisition
12 July 2006	Completes \$60 million Capital Raising
23 June 2006	Investor Presentation
5 June 2006	Disclosure Document
5 June 2006	Section 708A Notice
5 June 2006	Appendix 3B
5 June 2006	Acquires Douglas Pharmaceuticals Australia for \$70m
5 June 2006	Reinstatement to Official Quotation
31 May 2006	Appendix 3B/Shares to be released from Escrow
29 May 2006	Correction – Suspension from Official Quotation
29 May 2006	Suspension from Official Quotation
29 May 2006	Change in Company Secretary
1 May 2006	Sales & Product Update
28 Apr 2006	Commitments Test Entity – Third Quarter Report
13 Mar 2006	Director Resignation/Final Director's Interest Notice
9 Mar 2006	Cancer Drugs Approved by TGA
28 Feb 2006	Half Year Report
28 Feb 2006	Half Year Accounts
1 Feb 2006	Registers Biggest Selling Generic Drug
24 Jan 2006	Commitments Test Entity – Second Quarter Report

#### 5.20 Directors' Authorisation and Consent

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

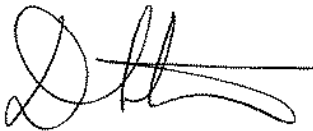
In accordance with section 720 of the Corporations Act, each Director has given, and has not withdrawn, before the date of this Prospectus, his consent to the lodgement of this Prospectus with ASIC.

#### 5.21 Governing Law

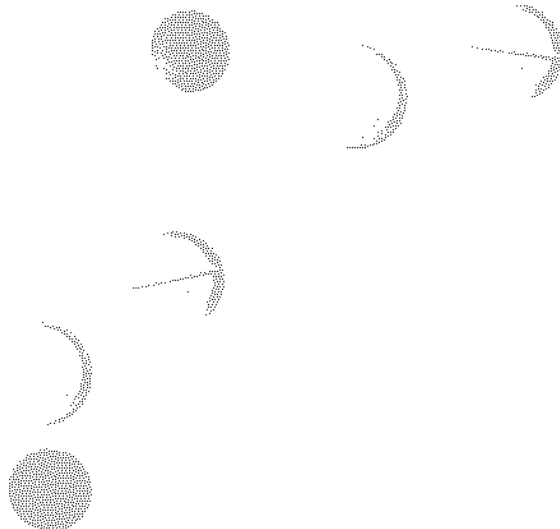
This Prospectus is governed by the laws of Victoria.

#### 5.22 Authorisation

This Prospectus is signed on behalf of the Directors, each of whom has consented to the signature, lodgement and issue of this Prospectus.



Dennis Bastas  
Managing Director / CEO



## 6. Glossary

### 6.1 Definitions

- (1) **Acceptance Closing Date** for Semester 2, means 28 September 2007, as stated in the Semester Notice;
- (2) **Acceptance Opening Date** for Semester 2, means 1 August, 2007, and as stated in the Semester Notice;
- (3) **Acceptance Period** means the period from the Acceptance Opening Date to the Acceptance Closing Date for the relevant Semester;
- (4) **ASIC** means the Australian Securities & Investments Commission;
- (5) **ASTC Settlement Rules** means the settlement rules of ASX;
- (6) **ASX** means Australian Stock Exchange Limited;
- (7) **Company** or **Genepharm** means Genepharm Australasia Limited ACN 107 340 367;
- (8) **Constitution** means the constitution of Genepharm;
- (9) **Convertible Notes** means the convertible notes disclosed in paragraph 5.4;
- (10) **Corporations Act** means the Corporations Act 2001 (Cth);
- (11) **Directors** or **Board** means the directors of Genepharm;
- (12) **DPAL** means Douglas Pharmaceuticals Australia Limited;
- (13) **DPL** means Douglas Pharmaceuticals Limited (New Zealand);
- (14) **Eligible Participant** means a Participant who is entitled to participate in the Offer in accordance with section 1.4 of this Prospectus;
- (15) **Entitlement and Acceptance Form** means the entitlement and acceptance form distributed to the Eligible Participants on or about the Acceptance Opening Date;
- (16) **Existing Options** means the existing options issued by the Company as described in section 5.4;
- (17) **Expiry Date** means the date and time of expiry of an Option as set out in Section 2.2(1);
- (18) **Issue** means the issue of Options, or any issue of Options, under the Offer contained in this Prospectus;
- (19) **Listing Rules** means the listing rules of the ASX;
- (20) **Offer** means the offer to acquire Options under this Prospectus and in accordance with the WOW Program;
- (21) **Official List** means the official list of ASX;
- (22) **Option** means an option to subscribe for a Share;
- (23) **Participant** means a participant in the WOW Program;
- (24) **PBS** means the Pharmaceutical Benefits Scheme;
- (25) **Prospectus** means this prospectus as modified or varied by any supplementary or replacement document issued by Genepharm and lodged with ASIC from time to time;
- (26) **Semester 2** means from 1 January 2007 to 30 June 2007;
- (27) **Semester Notice** means the notice distributed to participants in the WOW Program in relation to each Semester, during or prior to each Semester;
- (28) **Shareholder** means a registered holder of a Share;
- (29) **Shares** means fully paid ordinary shares in the capital of Genepharm;
- (30) **Terms and Conditions** means the Terms and Conditions of the WOW Program as provided with this Prospectus and a copy of which can be obtained on request from the Company;
- (31) **TGA** means the Therapeutic Goods Administration; and
- (32) **WOW Program** means the Wealth Option Winners loyalty program conducted by Genepharm under the Conditions.

### 6.2 Interpretation

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

- (1) words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- (2) the singular includes the plural and vice versa;
- (3) a reference to an individual or person includes a corporation, partnership, joint venture, association, authority, Company, state or government and vice versa;
- (4) a reference to any gender includes all genders;
- (5) a reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
- (6) a reference to dollars or \$ is to Australian currency; and
- (7) in this document, headings are for ease of reference only and do not affect its interpretation.

# 7. Corporate Directory

## Board of directors

T. J. R. O'Brien (Chairman)  
D. Bastas (Chief Executive Officer)  
G. R. Harding (Chief Financial Officer)  
A. N. Vigopoulos

## Company Secretary

J. Dal Santo

## Registered office

Level 1  
263 City Rd, Southbank VIC 3006  
Ph:03 9699 2300

ASX Code : GAA

## Share registry

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067

Ph: 1300 850 505

## Auditors

Ernst & Young  
8 Exhibition Street  
Melbourne, VIC 3000

