ASX Release

Genepharm alliance with Primary Health Care

Genepharm and Primary Health to promote benefits of generic substitution

27 September 2006, Melbourne: Genepharm Australasia Limited (ASX:GAA) has entered into an alliance with Primary Health Care Limited (ASX:PRY) to promote Genepharm generics at its medical centres, and educate patients as to the benefits of a generic choice. Primary will also promote the use of Genepharm products as a preferred supplier at the pharmacy outlets at Primary's large-scale medical centres around Australia.

The consideration for this 3-year deal includes 3 million options for Primary to subscribe for new Genepharm shares.

The Primary Group operates and manages 31 large-scale medical centres. In the year to June 2006 there were more than 3.44 million patient attendances at these medical centres. This is about 3 percent of all general practitioner attendances in Australia.

There is a pharmacy located in most of the Primary Group medical centres.

Primary has agreed with Genepharm that Primary will endeavour to promote Genepharm products so as to be preferred by patients, doctors and pharmacies in the medical centres. Primary sees this as a major long-term benefit for patients and taxpayers.

"With the increasing cost of current and future healthcare needs, this is an area for significant savings. Primary also sees a commonality of prescribing by practitioners as beneficial to good practice," said Dr Edmund Bateman, CEO of Primary Health Care.

Subject to both Genepharm shareholder approval and criteria being met by Primary, Genepharm will be granting 3 million options to Primary to subscribe for new Genepharm shares. The terms of those options will comprise:

- 2 million options will be granted in July 2007 at an exercise price of $1.00 each
- 1 million options will be granted in July 2008 at an exercise price of $1.10 each

"The alliance with Primary Health care substantially increases Genepharm's brand recognition with the core customer base for generic medicines. Generic sales are skewed towards the aged patient group which would mean that this agreement will allow Genepharm to build a direct relationship with 15% to 20% of the consumers of generic medicines," said Mr Dennis Bastas, CEO of Genepharm.

"The pharmacies in the Primary Health Care centres are higher turnover businesses than the average suburban pharmacy. We expect them to be a significant sales channel for Genepharm's range of generic medicines, OTC and dermo-cosmetic products," said Mr Bastas.

The Primary Group already has a current holding of shares in Genepharm. Exercising the 3 million options for shares would increase Primary's holding in Genepharm to approximately 5 percent of the company.

Inquiries:

Dennis Bastas	**Rudi Michelson**
Genepharm Australasia	**Monsoon Communications**
03 9699 2300	**03 9620 3333**

About Genepharm:

Genepharm markets and distributes a premium range of generic pharmaceuticals in Australia. With its alliances with suppliers such as Douglas Pharmaceuticals and Europe's Genepharm Group, Genepharm Australasia sells a variety of medicines and is probably the fastest growing company in this sector. Generic pharmaceuticals are expected to double in total dispensed value to an estimated $2billion by 2009. Genepharm Australasia listed on the ASX in June 2004.