

28th January 2009



Company Announcement

Acquired Intangible Asset Valuation Review

Phosphagenics Limited (“Phosphagenics” or “the Company”) (ASX: POH; OTCQX: PPGNY) today announced the outcome of its annual review of the carrying values of the acquired patent assets and goodwill. These carrying values arose on the 31st December 2004, when the Company acquired all of the outstanding shares in Vital Health Sciences Pty Ltd (“VHS”).

Australian Accounting Standards require companies to annually compare the carrying value of any acquired intangible assets to their recoverable amount. An independent valuer is engaged every year by Phosphagenics to assess the recoverable amount of the intangible assets and provide a written report to the Directors. In making their determination, Directors must also consider external sources of information, such as the carrying value compared to the market capitalisation of the Company.

In the current economic climate, the Company’s Directors have decided to apply a conservative approach to valuing the recoverable amounts of the acquired patent assets and goodwill.

Consequently, the Directors have decided to decrease the carrying value of the acquired patent assets from the December 2007 value of \$123.0 million, to \$53.7 million. Goodwill of \$34.3 million will be fully written down. Phosphagenics net asset position will therefore closely reflect its market capitalisation of \$51.1 million at 31 December 2008. The decrease in asset values has no cash impact on the Company.

Mr Harry Rosen, Managing Director said, “most biotechnology companies carry little, if any value for patents and goodwill in their balance sheet. The carrying value of Phosphagenics’ intangible assets arose out of its acquisition of VHS”. He said, “the acquired patent assets would normally be amortised against profits in future years once significant revenues are generated from those assets”.

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APPENDIX AND NOTES TO EDITORS

About Phosphagenics Limited

Phosphagenics is a Melbourne-based, globally driven biotechnology company focused on the discovery of new and cost effective ways to enhance the bioavailability, activity, safety and delivery of proven pharmaceutical and nutraceutical products.

Phosphagenics' core technology is built around the science and application of phosphorylation, a process where the addition of a phosphate group has been found to enhance the bioavailability, activity and safety of existing pharmaceuticals and nutraceuticals, as well as to assist in the production of drug delivery platforms.

Phosphagenics' shares are listed on the Australian Stock Exchange (POH). An ADR – Level 1 program was established in the U.S. with The Bank of New York Mellon (PPGNY) for U.S. investors to trade in Phosphagenics' stock on the 'over-the-counter' market. In July 2007, this was upgraded to the International OTCQX, a new premium market tier in the U.S. for international exchange-listed companies, operated by Pink Sheets, LLC.

For more information, please visit Phosphagenics' web site at www.phosphagenics.com

Safe Harbor Statement

This press release contains forward-looking statements based on current expectations of future events. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialise, actual results could vary materially from the Phosphagenics' expectations and projections. Risks and uncertainties include general industry conditions and competition; economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approvals; domestic and foreign health care reforms and governmental laws and regulations.

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