

4 May 2010

The Manager  
Company Announcements  
ASX Limited  
Level 6 Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir / Madam

**Update to shareholders on progress of proposal  
to acquire remaining shares in APH by Strides Arcolab Limited**

Ascent Pharmahealth Ltd (ASX:APH) advised on 16 March 2010 that it had received an indicative, non-binding and conditional proposal from its major shareholder, Strides Arcolab Limited (**Strides**), to acquire the outstanding minority shareholders in APH for \$0.35 cash per share (**Indicative Proposal**).

APH formed a committee comprising the independent non-executive directors of APH (**Independent Board Committee**), led by the Chairman Dr Roger Aston, to consider the Indicative Proposal and any further proposal which may be made by Strides.

The Independent Board Committee has undertaken a preliminary assessment of the Indicative Proposal, and is willing to progress negotiations with Strides for a scheme of arrangement at a price of \$0.35 cash per share, subject to:

- receipt by the Independent Board Committee of an independent expert's report that confirms the Proposal is in the best interest of shareholders;
- Strides securing binding finance arrangements in respect of the transaction;
- formal transaction documents being entered into by APH and Strides; and
- no receipt by APH of a superior proposal.

As part of the scheme of arrangement process and information provision to APH shareholders, an Independent Expert's Report will be prepared setting out whether the proposal is in the best interests of APH's shareholders.

The Independent Board Committee has been advised by Strides that it is progressing its arrangements with potential financiers in order to secure the necessary funding to proceed with the Indicative Proposal. The Independent Board Committee understands that this process will continue at least for the next few weeks.

The Independent Board Committee notes that the transaction as currently contemplated will not complete before July 2010.

APH will continue to keep its shareholders informed and will make further announcements in the event of any of the previously noted conditions being satisfied, or any other material transaction developments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Burgess', with a stylized flourish at the end.

**Andrew Burgess**

Company Secretary and Chief Financial Officer  
Ascent Pharmahealth Limited

**About Ascent Pharmahealth Limited:**

Ascent Pharmahealth Limited (ASX:APH) sells over 400 health products registered in Australia and Asia. It is one of region's fastest growing and most dynamic pharmaceuticals businesses. Ascent registers, markets, distributes and sells generic pharmaceuticals, consumer skincare and over-the-counter medicines. Key subsidiaries are Ascent Pharmaceuticals Limited (formerly Genepharm (Australia) Limited), one of Australia's largest generic pharmaceutical companies and Drug Houses of Australia Pte Ltd, Singapore's largest generic pharmaceutical Company, which also markets and distributes products in eight Asian countries. The Company listed on the Australian Securities Exchange in June 2004. For more information visit: [www.ascentpharmahealth.com](http://www.ascentpharmahealth.com)