



Adcock Ingram Holdings Limited
(Incorporated in the Republic of
South Africa)
Registration number
2007/016236/06
JSE Share code: AIP
ISIN: ZAE000123436
("Adcock")

Announcement of a firm intention by Adcock to make an offer to acquire at least 51% of the entire issued ordinary share capital of Ayrton Drug Manufacturing Limited ("Ayrton") ("the Offer")

1. Introduction

Holders of ordinary shares in the issued share capital of Ayrton ("Ayrton shareholders") are advised that Adcock has delivered a letter ("firm intention letter") to the board of directors of Ayrton ("the Ayrton Board") in terms of which Adcock has specified its firm intention to make an offer to acquire at least 51% of the entire issued ordinary share capital of Ayrton ("Ayrton shares") ("the Transaction").

The Offer, which is subject to the fulfilment or waiver of the conditions set out in paragraph 4 below, will be implemented by way of a general offer in terms of the Ghanaian Securities and Exchange Commission Code on Takeovers and Mergers ("the Takeovers Code").

As at the date of this announcement, Adcock and its subsidiaries ("Adcock Group") do not hold any shares in Ayrton.

2. Background and Rationale

2.1 Information on Adcock

Adcock began as the EJ Adcock Pharmacy in Krugersdorp, South Africa, 119 years ago. Adcock was listed on the main trading board of the predecessor of the JSE Limited ("JSE") in 1950 before it became a wholly-owned subsidiary of Tiger Brands Limited ("Tiger Brands") and was subsequently delisted from the JSE in 2000. Adcock re-listed on the main board of the JSE on August 25, 2008 at a share price of ZAR33.50 with approximately 172.6 million ordinary shares in issue.

Adcock has a market capitalisation of about ZAR 8.9 billion and has a 10% share of the private pharmaceutical market in South Africa. The unbundling from Tiger Brands and subsequent listing presented Adcock with opportunities that enabled it to drive its vision of being recognised as a leading, world-class, branded healthcare company. Adcock looks forward to pursuing organic growth opportunities and acquisitions in selected markets and developing exportable competencies.

Adcock has a number of divisions, each delivering essential services to a wide customer base, as set out below:

Prescription and Over the Counter ("OTC")

Adcock provides an extensive portfolio of branded and generic medicines in the following health disciplines - cardiovascular; central nervous system; dermatology; diabetes; ear, nose and eye preparations; feminine health; and analgesics. Its prescription brands include Myprodol and Synap Forte. It also has a strong presence in the OTC market in South Africa, where an independent industry analysis has shown that every second OTC brand sold in South Africa is an Adcock product. The portfolio range in the OTC market includes therapeutic products for coughs, colds, flu and analgesics. Some of the leading brands include Corenza C, Panado, Vita-thion and Bioplus.

Critical Care Division

Adcock Ingram Critical Care is South Africa's largest supplier of hospital and critical-care products, blood systems and accessories, as well as products used for renal dialysis and transplant medication. This division has a 60 year relationship with Baxter Healthcare S.A. Adcock, through the Scientific Group (Proprietary) Limited ("Scientific Group"), also supplies established brand name consumables and equipment to medical, research and pathology laboratories.

The Scientific Group is gaining an ever-increasing share of the medical diagnostics market in South Africa.

Consumer Care Division

Adcock Ingram Consumer Care provides a wide range of personal care, baby care and OTC medicines that are sold through foodstores and pharmacies.

Many of the products in this portfolio enjoy significant market share in South Africa and are found in most consumers' homes in South Africa.

Leading brands include Panado, Compral and Citro Soda.

International Division

Adcock's International Division manages all exports of pharmaceutical and hospital products to countries outside of South Africa. Currently, Adcock partners with distributors in Africa to sell and market Adcock products.

Where required, Adcock prepares product dossiers for registration in those countries and products for private label/house brand use. Adcock also assists with needs analysis and training for new, specialised healthcare facilities (e.g. renal care units).

Adcock's team of export managers has a wealth of experience. Furthermore, the team has access to expertise and contacts across the Adcock Group.

Currently, Adcock has reach into the following markets: West Africa, East Africa, Indian Ocean Islands and the Southern African Development Community.

2.2 Rationale for the Transaction

The Transaction is in line with Adcock's stated strategy to expand into the rest of Africa.

Adcock believes that the Transaction will benefit Ayrton. The benefits to Ayrton include -

2.2.1 Access to existing Adcock portfolio:

Adcock has a large basket of products, which cover several therapeutic categories. Ayrton would have the opportunity to access therapeutic categories in respect of which it currently has little or no exposure. Adcock's cost effective manufacturing facilities in India will allow Ayrton to compete more effectively in the Ghanaian market. Ayrton's knowledge of the Ghanaian market would be valuable in identifying the right products for introduction to the broader West African market.

2.2.2 Research and development:

Ayrton would have access to Adcock's World Health Organisation accredited research and development facilities, in order to develop specific products for the West African market.

2.2.3 High quality manufacturing:

Adcock is in the final stages of upgrading its manufacturing facilities to international standards. Adcock's facility in Bangalore, India, is already accredited by the relevant United Kingdom and Australian authorities. Ayrton would have access to expertise and experience in the implementation of international good manufacturing practices.

2.2.4 Marketing:

Ayrton would have access to Adcock's extensive marketing capabilities and experience.

2.2.5 Regulatory affairs:

Adcock has over twenty dedicated regulatory affairs personnel, with knowledge of and experience in the regulatory requirements in a number of African countries.

2.2.6 Pharmaceutical industry:

Adcock's knowledge of, and experience in, all aspects of the pharmaceutical industry will be shared with Ayrton. The implementation of Adcock's pharmaceutical standards, processes and procedures will benefit the West African pharmaceutical market.

2.2.7 Antiretrovirals:

Adcock has developed a range of generic antiretroviral products which are currently marketed in South Africa. Adcock's strategy would be to introduce this range via Ayrton into the West African market.

3. Transaction terms

The Offer will be for an aggregate consideration equal to GH¢ 0.1600 (sixteen Ghanaian pesewa) per Ayrton share ("the Offer Consideration") to be settled in cash. The Offer will be for the entire shareholding of each Ayrton shareholder, but Adcock will accept such lesser number of Ayrton shares that the Ayrton shareholder, to whom the Offer is made, may wish to tender in respect of the Offer.

The average of the highest weekly prices of Ayrton shares for the 26 weeks prior to 18 November 2009 is GH¢ 0.1519 (fifteen comma nineteen Ghanaian pesewa).

It is Adcock's intention to maintain the listing of Ayrton on the Ghana Stock Exchange ("GSE"), unless the implementation of the Offer results in Ayrton failing to satisfy the requirements of the GSE in order to maintain a listing on the GSE.

In the event that the implementation of the Offer results in Ayrton failing to satisfy the requirements of the GSE to maintain a listing on the GSE, Ayrton will apply to the GSE to be delisted. Should Ayrton become an unlisted company, the liquidity of the market for its shares will be substantially diminished.

4. Conditions applicable to the Offer

4.1 General Conditions

The Transaction is subject, inter alia, to the express conditions that Adcock acquires at least 51% of the entire issued ordinary share capital of Ayrton and the right to appoint the majority of the Ayrton Board.

4.2 Suspensive Conditions

The Transaction will be conditional on, inter alia, the fulfilment or waiver, as the case may be, of the suspensive conditions ("Suspensive Conditions") that -

4.2.1 all such regulatory approvals as may be required in law or are advisable to conclude and implement the Transaction will have been obtained, either

unconditionally or subject to such conditions as Adcock may in its entire discretion approve in writing, including, without limitation, such approvals as may be required of the Ghanaian Securities and Exchange Commission ("SEC") and the GSE, the South African Reserve Bank, relevant competition authorities and the JSE;

- 4.2.2 the board of directors of Adcock ("the Adcock Board") will have unconditionally resolved to approve the making of the Offer and the Transaction;
- 4.2.3 Adcock will have completed, to its entire satisfaction, a confirmatory legal, financial and operational due diligence investigation of Ayrton and its subsidiary and associated companies (collectively "the Ayrton Group") and its business, affairs and prospects;
- 4.2.4 the Transaction will not have triggered, or if so triggered will not have resulted in the exercise of any rights conferred on any supplier, licensor, lender or other contractual counterpart to any member of the Ayrton Group, other than as may be approved in writing by Adcock in its discretion;
- 4.2.5 Adcock will have concluded with each of Mr. Samuel Adjepong and Mrs. Belinda Opoku -
 - 4.2.5.1 a new service agreement;
 - 4.2.5.2 a share retention agreement in terms of which he/she agrees (i) to grant Adcock a right of first refusal in respect of any Ayrton shares which he/she may hold or come to hold after implementation of the Transaction ("Remaining Ayrton Shares") and/or (ii) to retain and not sell the balance of his/her Remaining Ayrton shares for a period stipulated by Adcock; and
 - 4.2.5.3 non-compete agreements restraining each of them from competing in any way with the Ayrton Group (for a period stipulated by Adcock), whilst employed by Ayrton or whilst a shareholder in Ayrton,

as applicable, on terms acceptable to Adcock in its discretion;
- 4.2.6 an offer document giving effect to the Offer ("the Offer Document"), the agreements contemplated in 4.2.5 and all other documents required to give effect to the Transaction (collectively "the Transaction Documents") will have been finalised, executed and concluded and

Adcock will have received written opinions, to Adcock's satisfaction, in relation to the Transaction Documents, including as to validity and enforceability of the Transaction Documents, from Ghanaian counsel appointed by Adcock;

4.2.7 no fact or circumstance will have come to Adcock's attention at any time up to the date and time of the fulfilment of the last of the Suspensive Conditions in 4.2.1 to 4.2.5, inclusive, that evidences a material mis-statement or material omission, fraud or material misrepresentation in relation to any information furnished to Adcock pursuant to the due diligence investigation referred to in 4.2.3 and the preliminary due diligence investigation conducted by Adcock of the Ayrton Group prior to the date hereof;

4.2.8 the Ayrton Group will not, from the date of the firm intention letter, have incurred or become committed to incur any capital expenditure exceeding GH¢ 100 000 (one hundred thousand Ghanaian Cedi), without the prior written consent of Adcock;

4.2.9 no -

4.2.9.1 breach of any obligation, representation and/or warranty contained in any of the Transaction Documents; and

4.2.9.2 material adverse change,

will have occurred as at the date and time of the last of the Suspensive Conditions in 4.2.1 to 4.2.5, inclusive, to be fulfilled.

4.3 Material adverse change

For the purpose of 4.2.9 above, "material adverse change" means the existence or coming to light of facts or circumstances, including the existence or coming to light of any claims against or liabilities of any member of the Ayrton Group, which in the reasonable opinion of Adcock has, or is reasonably likely to have, a material adverse effect on the business, operations, condition (financial or otherwise), assets, value or prospects of any member of the Ayrton Group. For purposes of this definition, a loss, liability, expense or diminution in value of GH¢145 000 (one hundred and forty five thousand Ghanaian Cedi) or more would be deemed to be material.

4.4 Waiver of conditions

Adcock shall be entitled, without prejudice to any other rights which it may have at law, to waive fulfilment of any of the conditions set out in 4.1 and 4.2 above, on written notice to that effect to Ayrton.

5. Market information

The Offer Consideration represents a premium of -

- 5.1 23.08% to the closing price per Ayrton share on the GSE on 18 November 2009; and
- 5.2 20.55% to the 30 - day volume weighted average price per Ayrton share calculated to the close of business on 18 November 2009.

6. Shareholder support

Adcock has received (1) written undertakings to accept, or to advise that the Offer be accepted; or (2) written confirmation of support in respect of the Offer, in respect of at least 52.37% of the entire issued ordinary share capital of Ayrton.

7. Cash confirmation

Deutsche Securities (SA) (Proprietary) Limited, (who have been appointed by Adcock as its South African financial adviser in respect of the Transaction) has confirmed receipt of written confirmation from Adcock's auditors, Ernst & Young Inc., that Adcock has resources available to it, sufficient to satisfy full acceptances of the Offer Consideration in a maximum amount of up to GH¢34.4 million (thirty four million and four hundred thousand Ghanaian Cedi), being the amount which will be payable by Adcock if the Offer is accepted in respect of the entire issued ordinary share capital of Ayrton (namely 215 million Ayrton shares) (being an amount, expressed in South Africa Rands ("ZAR") as at 18 November 2009 and based on the exchange rate of ZAR 5.1867 / GH¢ 1.00, equal to ZAR 178.423 million) ("the Offer Consideration").

8. Opinions and undertakings

The Adcock Board has carefully considered the rationale for proposing the Transaction, and considers the merits of acquiring a controlling interest in Ayrton to be compelling.

In accordance with the provisions of Rule 10 of the Takeovers Code the Ayrton Board is required to appoint an independent adviser to advise the Ayrton Board as to the fairness of the Offer.

9. Documentation and further announcements

The salient dates and times pertaining to the Offer will be provided in a further announcement and in the Offer Document. The Offer Document incorporating a form of acceptance, surrender and transfer, will be posted to all Ayrton shareholders after it has been submitted to and approved by the SEC.

Accra

23 November 2009



Financial adviser and sponsor to
Adcock in South Africa
Deutsche Securities (SA)
(Proprietary) Limited



Legal adviser to Adcock in South
Africa
Read Hope Phillips Thomas & Cadman
Inc



Legal adviser to Adcock in Ghana
Bentsi-Enchill Letsa & Ankomah



Financial adviser to Adcock in
Ghana
First Atlantic Brokers Ltd