

ASX ANNOUNCEMENT

VIRTUS HEALTH LIMITED (ASX: VRT)

3 September 2015

VIRTUS ACQUIRES IDS PATHOLOGY LABORATORY, SYDNEY

Highlights

- Virtus has agreed terms to acquire the business and certain assets of Sydney based general category pathology laboratory, Independent Diagnostic Services ("IDS");
- IDS revenue for fiscal year ending 30 June 2015 was \$2.9m;
- IDS acquisition supports Virtus' stated diversification strategy to expand its specialist diagnostics capability; and
- New operating division "Virtus Health Specialist Diagnostics" established

Sydney, Australia – Virtus Health ("Virtus", ASX:VRT), Australia's largest fertility services provider, has agreed terms to acquire the business and certain assets of Independent Diagnostic Services (IDS), a general category pathology laboratory based in Sydney, Australia, as part of its strategy to expand and strengthen its diagnostics services. Completion of the acquisition is expected to take place during September 2015 subject to regulatory approval.

IDS is a privately run pathology laboratory in the southern suburbs of Sydney with a network of seven collection centres. IDS has been owned and operated for 15 years by pathologist Dr Tony Stoloff,

Virtus has also established a new division "Virtus Health Specialist Diagnostics", reflecting the growing importance of diagnostics as a service to patients. Dr Stoloff will remain with the business and become part of the Virtus Health Specialist Diagnostics team.

"The acquisition of IDS will enable us to expand the scope of diagnostic tests we can conduct in-house, as well as retain the revenue for the wide array of tests that are already conducted as part of the IVF process," said Sue Channon, Chief Executive Officer of Virtus Health.

"Importantly, this acquisition is central to our strategy to continue to grow our diagnostics offering. With a comprehensive pathology service in-house and a designated diagnostics division, we will enhance our capacity to introduce new genetics based testing capabilities – such as Next Generation Sequencing – to both internal and external referrers."

Virtus has recently introduced pre-conception screening by Next Generation Sequencing which screens 550 genes for diseases that have significant paediatric morbidity.

The IDS laboratory operation will be complementary to the diagnostic structure and footprint of Virtus. IDS has a team of 36 experienced staff including scientists and support staff delivering haematology, microbiology, biochemistry, serology and immunology pathology services. The acquisition will be earnings accretive.



Virtus has identified diagnostics as a key area for growth, with revenue for the year to June 30, 2015, up 14.6% on the prior corresponding period.

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Contact details

Sue Channon

Chief Executive Officer
Virtus Health
+61 (0)2 9425 1722

Kyahn Williamson

Investor Relations
Buchan Consulting
+61 (0)3 9866 4722 / + 61 401018828
kwilliamson@buchanwe.com.au

About Virtus Health Limited

Virtus Health Limited (ASX:VRT) brings together leading clinicians, scientists, researchers and support staff to provide the very best in fertility care and related services.

We have developed one of the most successful medical collaborations in the world. With more than 108 of the world's leading fertility specialists supported by 1093 professional staff, we are the largest network and provider of fertility services in Australia with an international presence in Ireland and Singapore. Our combined expertise creates a unique and powerful body of knowledge which when combined with the collegial team approach of our specialists and scientists, means we are able to find new and advanced solutions for achieving success for our patients.

Our combined expertise and investment in resources and research allows us to bring clinical and scientific advances to our patients first. An example of this is karyomapping, which our group was the first to introduce to Australia.