ASCENDIS HEALTH LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2008/005856/06)
ISIN: ZAE000185005   JSE share code: ASC
("Ascendis" or "the Company")

ACQUISITION OF LEADING PRODUCTS FROM ARCTIC HEALTHCARE PROPRIETARY LIMITED ("ARCTIC HEALTHCARE")

1. Introduction

Ascendis shareholders are advised that the Company has concluded an agreement in terms of which Ascendis has acquired certain market leading brands ("Acquired Products") from Arctic Healthcare (the "Acquisition") for a consideration of R151 million ("Purchase Consideration"). All conditions precedent to the Acquisition have been fulfilled as at 8 August 2014 ("Effective Date") and accordingly the Acquistion is unconditional.

2. Rationale for the Acquisition

The Acquired Products enjoy market leading positions in the domestic vitamin and mineral market segments and consist of six brands which include Chela-Fer, Menacal7, Chela-Preg, Chela-Mag, Osteoflex and Supa Chewz.

These brands are well supported by both retail consumers and healthcare professionals due to Artic Healthcare's focus on product differentiation and quality. The sustainable quality and production of the Acquired Products will be safeguarded by Ascendis adhering to Good Manufacturing Process ("GMP") standards, as the focus on superior manufacturing standards remains a priority for Ascendis.

The Acquisition is aligned to the Ascendis bolt-on strategy whereby existing operational platforms are utilised to bring the Acquired Products to market without having to absorb the associated fixed overhead structure. The additional contribution of the Acquired Products thus promotes higher operating profit for Ascendis through enhanced sales and margins. Furthermore, immediate synergy benefits and efficiencies (including opportunities to increase sales) are anticipated via the combined sales and distribution channels.

Ascendis is committed to expanding its national footprint through the acquisition of branded products which also enjoy market leading positions within their respective categories and which would therefore contribute postively towards Ascendis' sustainable earnings objectives. The strength of the Acquired Products respective market positioning and the quality of their underlying earnings is further demonstrated by their aggregate compounded annual growth rate ("CAGR") of revenue being in excess of 15% for the past five years.

In addition to the benefits experienced by augmenting the consumer brands division with an attractive new brand portfolio, the accretion in Ascendis earnings further supports the Ascendis board of directors' rationale to conclude the transaction. The Acquisition will result in an 8% increase in Ascendis' earnings per share on an unaudited pro-forma basis for the 6 month period ended 31 December 2013 as is illustrated within paragraph 3 below.

3. Unaudited *pro forma* financial effects ("Financial Effects") of the Acquisition

The table below sets out the Financial Effects of the Acquisition on the Company's earnings per share ("EPS"), headline earnings per share ("HEPS"), fully diluted earnings per share ("Diluted EPS"), net asset value per share ("NAV") and net tangible asset value per share ("NTAV"). The Financial Effects and the preparation thereof, which is the responsibility of the directors of Ascendis, have been prepared for illustrative purposes only, and because of their nature, may not give a fair reflection of the Company's financial position and results of operations, nor the effect and impact of the Acquisition on Ascendis going forward.

	6 MONTHS as at 31 December 2013 – Before the Acquisition (cents)	*Pro forma* 6 MONTHS as at 31 December 2013 - After the Acquisition (cents)	Change (%)
HEPS[1,3,4,6]	29	32	8
EPS[1,3,4,6]	29	32	8
Diluted EPS	29	32	8
NAV[2,3,5,6]	552	552	0
NTAV[2,3,5,6]	99	18	(82)
Weighted average and total shares in issue[3,6]	183,437,103	183,437,103	0

Notes:

1. For the purposes of calculating HEPS, EPS and Diluted EPS, the amounts in the "31 December 2013 - Before the Acquisition" column are based on Ascendis' statement of comprehensive income for the interim period ended 31 December 2013, as announced on SENS on 3 March 2014.
2. For the purposes of calculating NAV and NTAV, the amounts in the "31 December 2013 - Before the Acquisition" column are based on Ascendis' statement of financial position for the interim period ended 31 December 2013, as announced on SENS on 3 March 2014.
3. The weighted average and total shares in issue of 183,437,103 used for purposes of calculating HEPS, EPS, Diluted EPS, NAV and NTAV in the "31 December 2013 - Before the Acquisition" column, are based on Ascendis' statement of comprehensive income and statement of financial position for the interim period ended 31 December 2013, as announced on SENS on 3 March 2014.
4. The amounts in the "*Pro forma* 31 December 2013 - After the Acquisition" column have been calculated using the management accounts of Arctic Healthcare for the six months ended 31 December 2013 and include the relevant income streams pertaining to the Acquired Products for the 6 month period from 1 July 2013 to 31 December 2013. These amounts represent the profit before tax amount for the 6 month period (after applying a post-tax lending rate of 6.5% to 100% of the Purchase Consideration) adjusted by an assumed tax rate of 28%.
5. For the purposes of calculating NAV and NTAV, it was assumed that the Acquisition was effective on 31 December 2013 and that the net debt position is increased by an amount equal to the Purchase Consideration. Due to the nature of the transaction incorporating the acquisition of a range of products and not the business in its entirety, there is no material affect on NAV as the allocation of the Purchase Consideration resulted in an increase of intangible assets of R149 million.
6. *Pro forma* HEPS, EPS, Diluted EPS, NAV and NTAV have been calculated using the weighted average and total shares in issue of 183,437,103 which are based on Ascendis' statement of comprehensive income and statement of financial position for the interim period ended 31 December 2013, as announced on SENS on 3 March 2014. No additional shares will be issued as consideration for the Acquisition.
7. Ascendis will account for the earnings pertaining to the Acquired Product Range as from the Effective Date and therefore the consolidated accounts for Ascendis for the year ending 30 June 2014 will not reflect the earnings of the Acquired Products.

8. The Financial Effects exclude the acquisitions of Surgical Innovations Proprietary Limited announced on 25 November 2013, Pharma Natura Proprietary Limited announced on 27 February 2014 and Respiratory Care Africa Proprietary Limited announced on 11 June 2014.

4. JSE implications

The Acquisition is not a categorised transaction in terms of the JSE Listings Requirements.

11 August 2014

Cape Town

Arranger and Financial Advisor

Coast2Coast Investments Proprietary Limited

Sponsor

Investec Bank Limited