THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 14 of this Circular apply throughout this Circular, including this front cover.

Action required:

- This Circular is important and should be read in its entirety, with Shareholders' attention being specifically drawn to the fact that this Circular relates to the following corporate actions: (i) the Rights Offer; and (ii) the General Meeting concerning, *inter alia*, approval for the Acquisitions.
- Consistent with the foregoing: (i) Qualifying Shareholders are referred to pages 10 to 11 of this Circular which sets forth the detailed required action by Qualifying Shareholders in relation to the Rights Offer; and (ii) Shareholders are referred to pages 12 to 13 of this Circular which sets forth the detailed required action by Shareholders in relation to the General Meeting.
- If you are in any doubt as to the action you should take in relation to this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.
- If you have disposed of all your Shares, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker, attorney, accountant or other agent through whom the disposal was effected.

Ascendis does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Ascendis Shares to notify such beneficial owner of the details set out in this Circular.

Ascendis HEALTH

ASCENDIS HEALTH LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 2008/005856/06)
Share code on the JSE: ASC ISIN: ZAE000185005

CIRCULAR TO SHAREHOLDERS

relating to:

- an underwritten renounceable Rights Offer to Qualifying Shareholders in respect of up to 54,545,454 Rights Offer Shares in the ratio of 18.25033 Rights Offer Shares for every 100 Shares held at the close of trade on Friday, 22 July 2016, at a price of R22.00 per Rights Offer Share;
- the approval of the acquisition by Ascendis of 100% of the issued share capital of Remedica in terms of the Remedica Transaction as a Category 1 transaction in terms of the Listings Requirements;
- the approval of the acquisition by Ascendis of 100% of the issued share capital of Scitec in terms of the Scitec Transaction as a Category 1 transaction in terms of the Listings Requirements; and
- the approval of the renewal of the general authority to issue Shares for cash;

and including:

- in relation to the Rights Offer, a Form of Instruction *(pink)* in respect of Letters of Allocation for use by Qualifying Certificated Shareholders only; and
- in relation to the General Meeting, a notice of the General Meeting and a Form of Proxy *(blue)* in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration only).

Corporate Advisor

Coast2Coast Capital

Exclusive Financial Advisor to Ascendis on the Remedica Transaction

Jefferies

South African Legal Advisor to Ascendis

CDH Cliffe Dekker Hofmeyr

Legal Advisor to Ascendis on the Remedica Transaction

DLA Piper

Legal Advisors to the Joint Global Coordinators and Underwriters (as to South African law)

BG Bowman Gilfillan

Member of Bowman Gilfillan Africa Group

Joint Global Coordinators, Underwriters and Financial Advisors

ABSA

HSBC

Legal Advisors to the Joint Global Coordinators and Underwriters (as to US and English law)

Freshfields Bruckhaus Deringer

Independent Reporting Accountants and Auditors to Remedica and Scitec

EY Building a better working world

Independent Reporting Accountants and Auditors to Ascendis

pwc

Financial Advisor to the Remedica Disposing Shareholders

Speria AG

Sponsor

Investec Specialist Bank

Transaction Sponsor

ABSA

Date of issue: 12 July 2016

This Circular is available in English only. Copies of this Circular may be obtained at the Company's registered office or at the offices of the Transfer Secretaries, during normal business hours on Business Days from 12 July 2016 until 11 August 2016. The Circular will also be available on the website of the Company (www.ascendis.co.za) from 12 July 2016. The addresses of Ascendis and the Transfer Secretaries are set out in the "Corporate Information" section of this Circular.

CERTAIN FORWARD-LOOKING STATEMENTS

This Circular includes certain "forward-looking statements" that reflect the current views or expectations of the Directors with respect to future events and future financial and operational performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: the economic outlook for the industry; use of the proceeds of the Rights Offer; the Ascendis Group's ability to implement its strategy; the competitive environments in which the Ascendis Group operates; trends in the industries and markets in which the Ascendis Group operates; future operating results, growth prospects and outlook for the operations of the Ascendis Group, individually or in the aggregate; and the Ascendis Group's liquidity and available capital resources and expenditure. Such forward-looking statements generally reflect the Ascendis Group's current plans, estimates, projections and expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases. Similarly, statements that describe the Ascendis Group's objectives, plans or goals are or may be forward-looking statements.

Although the Directors believe that the expectations reflected in these and other forward-looking statements are reasonable, no assurances can be given that such expectations will materialise or prove to be correct. These forward-looking statements are based on various estimates and/or assumptions subject to known and unknown risks, uncertainties and other factors that may cause future events or the Ascendis Group's actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements.

These risks, uncertainties and other factors include, among others:

The Enlarged Ascendis Group's ability to:

- successfully integrate Remedica and Scitec and recognise expected synergies;
- accurately predict or fulfil customer preferences and demands, including seasonal fluctuations in demand;
- meet customer expectations regarding its value proposition or the quality and ethical nature of the products sold;
- execute its business strategies, including to complement its growth in the domestic health and care market with international expansion through the acquisition of platform businesses and bolt-on acquisitions;
- protect its reputation and brand;
- attract and retain key executives and skilled employees;
- maintain its relationships with key suppliers;
- expand its distribution capacity to meet expected growth in operations; and
- comply with changing laws and regulations.

Additional factors that could cause the Ascendis Group's actual results, performance or achievements to differ materially from those contained herein include, but are not limited to, those discussed herein and under paragraph 17 *(Risk Factors)* in the Rights Offer Circular. Consequently, investors are cautioned not to place undue reliance on the forward-looking statements.

Shareholders should carefully review all information included in this Circular, including the historical financial statements and the notes thereto presented in the respective annexures to this Circular. The forward-looking statements included in this Circular are made only as of the date of this Circular. Ascendis undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Circular or to reflect the occurrence of future events. All subsequent written and oral forward-looking statements attributable to Ascendis or any person acting on its behalf are qualified by the cautionary statements above.

IMPORTANT INFORMATION

INDUSTRY INFORMATION

Information included in this Circular relating to markets and other industry data pertaining to the Enlarged Ascendis Group's business consists of information from data reports compiled by professional third-party organisations and analysts, data from external sources, Ascendis's knowledge of the industries in which it operates and Ascendis's own calculations based on such information. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate industry-related analyses and estimates, thus requiring Ascendis to rely on internally developed estimates. While Ascendis has compiled, extracted and reproduced industry data from external sources, including third-party or industry or general publications, Ascendis has not independently verified the data. Ascendis cannot assure you of the accuracy and completeness of, or take any responsibility for, such data. Similarly, while Ascendis believes its internal estimates to be reasonable, they have not been verified by any independent sources, and Ascendis cannot assure you as to their accuracy.

TRADEMARKS

The Ascendis Group owns or has the right to use certain trademarks, trade names or service marks that it uses in connection with the operation of its business. Ascendis asserts, to the fullest extent under applicable law, its rights to these trademarks, trade names or service marks. Each trademark, trade name or service mark of any other company appearing in this Circular belongs to its holder. Solely for convenience, the trademarks, trade names and copyrights referred to in this Circular are listed without the ™, ® and © symbols.

CORPORATE INFORMATION

Registered Office of Ascendis

Ascendis Health Limited
(Registration number 2008/005856/06)
22 Sloane Street
Bryanston
Gauteng
2191
(PostNet Suite #252, Private Bag X21, Bryanston, 2021)

Company Secretary of Ascendis

Andy Sims
CA(SA)
22 Sloane Street
Bryanston
Gauteng
2191
(PostNet Suite #252, Private Bag X21, Bryanston, 2021)

South African Legal Advisor to Ascendis

Cliffe Dekker Hofmeyr Incorporated
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town
8001
(PO Box 695, Cape Town, 8000)

Legal Advisor to Ascendis on the Remedica Transaction

DLA Piper
(Registration number OC307847)
101 Barbirolli Square
Bridgewater
Manchester
M2 3DL
United Kingdom

Joint Global Coordinators, Underwriters and Financial Advisors

Absa Bank Limited (acting through its Corporate and Investment Bank division)
(Registration number 1986/004794/06)
15 Alice Lane
Sandton
2196
(Private Bag X10056, Sandton, 2146)

Independent Reporting Accountants and Auditors to Ascendis

PricewaterhouseCoopers Inc
(Registration number 1998/012055/21)
2 Eglin Road
Sunninghill
2191
(Private Bag X36, Sunninghill, 2157)

Corporate Finance Advisor

Coast2Coast Capital Proprietary Limited
(Registration number 2006/000073/07)
Block A, Silverwood
Steenberg Office Park
Cape Town
South Africa
(PostNet Suite #257, Private Bag X26, Tokai, 7966)

Exclusive Financial Advisor to Ascendis on the Remedica Transaction

Jefferies International Limited
(Registration number 1978621)
Vintners Place
68 Upper Thames Street
London, EC4V 3BJ
United Kingdom

Financial Advisor to the Remedica Disposing Shareholders

Ponthieu Partners, a brand by Speria AG
(Registration number 114.821.558)
9 Bahnhofstrasse
CH 6340 Baar
Switzerland

Joint Global Coordinators, Underwriters and Financial Advisors

HSBC Bank plc
(Registration number 14259)
8 Canada Square
London
E14 5HQ
United Kingdom

Independent Reporting Accountants and Auditors to Scitec and Remedica

Ernst & Young
(Registration number 2005/002308/21)
102 Rivonia Road
Sandton
2196

Transaction Sponsor[1]

Absa Bank Limited
(Acting through its Corporate and Investment Bank division)
(Registration number 1986/004794/06)
15 Alice Lane
Sandton
2196
(Private Bag X10056, Sandton, 2146)

Legal Advisors to Joint Global Coordinators as to South African law

Bowman Gilfillan Inc
165 West Street
Sandton
Johannesburg
2196
(PO Box 785812, Sandton, 2146)

Legal Advisors to Joint Global Coordinators as to US and English law

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London
United Kingdom
EC4Y 1HS

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)

Date of incorporation of Ascendis: 5 March 2008

Place of incorporation of Ascendis: South Africa

Sponsor

Investec Bank Limited
(Registration number 1969/004763/06)
100 Grayston Drive
Sandown
Sandton
2196
(PO Box 785700, Sandton, 2146)

Date of incorporation of Scitec: 2012

Place of incorporation of Scitec: Luxembourg

Date of incorporation of Remedica: 1980

Place of incorporation of Remedica: Republic of Cyprus

Note 1:

Absa is acting as joint Global Coordinators, Underwriters and Financial Advisors as well as Transaction Sponsor for Ascendis on the Acquisitions and Rights Offer, respectively.

As set out in paragraphs 4.1 and 5.1 of the Acquisition Circular and paragraph 25 of the Rights Offer Circular:

a. Absa and HSBC, acting severally, have committed to fully underwrite the Rights Offer for an amount of R1.2 billion;

b. Absa and HSBC will provide a new debt facility of €100 million and €80 million to fund the Remedica Transaction and Scitec Transaction, respectively; and

c. Absa will receive a fee of R250,000.00 for performing the services as Transactional Sponsor.

Having considered the above, it is to be noted that the Transaction Sponsor acts independently. It has had no influence on the decision to underwrite the rights offer, nor to facilitate the debt funding for which there are separate transaction teams and specific approval processes in place. Additionally there are the required ethical screens separating the different work streams within Absa.

TABLE OF CONTENTS

The definitions and interpretations commencing on page 14 of this Circular apply to this table of contents.

NOTICE TO INVESTORS IN RELATION TO THE RIGHTS OFFER

The Rights Offer is being made in accordance with the Companies Act and is only addressed to persons to whom it may lawfully be made. By subscribing for any Rights Offer Shares or purchasing any Letters of Allocation, you will be deemed to have represented and agreed that: (i) you are not (and any person for whom you are acting is not) (a) a Restricted Shareholder or otherwise (b) a resident in any jurisdiction in which such offer would be unlawful or (c) a person to whom the Rights Offer may not lawfully be made; and (ii) you have received all necessary information required to make an informed investment decision.

This Circular is not an offer of new Ascendis Shares, or an invitation to exercise any of the Rights pursuant to the Letters of Allocation, in any jurisdiction in which such offer would be unlawful. In a number of countries, in particular in the United States, Australia and the other Excluded Jurisdictions, the distribution of this Circular, the exercise of Rights pursuant to the Letters of Allocation, the offer of the Rights Offer Shares, as well as the sale of the Rights Offer Shares, are subject to restrictions imposed by law (such as registration, admission or other regulations). No action has been or will be taken by Ascendis or by the Joint Global Coordinators to permit the possession or distribution of this Circular (or any Letter of Allocation) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement.

Accordingly, neither this Circular nor any advertisement nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will be in compliance with applicable laws and regulations. Persons into whose possession this Circular may come are required to inform themselves about and comply with such restrictions, in particular not to publish or distribute this Circular in violation of applicable securities regulations. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. This Circular does not constitute an offer to sell the Letters of Allocation or the Rights Offer Shares to any person in any jurisdiction in which it is unlawful to make such offer to such person, or a solicitation of an offer to buy the Letters of Allocation or the Rights Offer Shares from a person in a jurisdiction in which it is unlawful to make such solicitation.

No person is or has been authorised to give information or to make any representation regarding this Rights Offer other than those contained in this Circular and, if given or made, such information or representations shall not be relied upon as having been so authorised. No representation or warranty, express or implied, is made by the Joint Global Coordinators as to the accuracy, completeness or verification of the information contained in this Circular, and nothing contained in this Circular is, or shall be relied upon as, a promise or representation by the Joint Global Coordinators in this respect, whether as to the past or the future. The Joint Global Coordinators assume no responsibility for its accuracy, completeness or verification and, accordingly, disclaim to the fullest extent permitted by applicable law any and all liability whether arising in delict (tort), contract or otherwise which they might otherwise be found to have in respect of this Circular or any such statement. Information given or representations made in connection with this Rights Offer or the subscription or the sale of the Letters of Allocation or the Rights Offer Shares that are inconsistent with those contained in this Circular are invalid.

Investors acknowledge that: (i) they have not relied on the Joint Global Coordinators or any person affiliated with the Joint Global Coordinators in connection with any investigation of the accuracy of any information contained in this Circular or their investment decision; and (ii) they have relied only on the information contained in this Circular, and that no person has been authorised to give any information or to make any representation concerning the Ascendis Group, the Letters of Allocation or the Rights Offer Shares (other than as contained in this Circular) and, if given or made, any such other information or representation should not be relied upon as having been authorised by Ascendis or the Joint Global Coordinators.

The distribution of this Circular does not mean that the data contained herein is current as of any time after the date of this Circular. In particular, neither the delivery of this Circular nor the offer, sale or delivery of the Letters of Allocation or the Rights Offer Shares means that no adverse changes have occurred or no events have happened which may or could result in an adverse effect on the Ascendis Group's business, financial condition or results of operations.

Nothing contained in this Circular is intended to constitute investment, legal, tax, accounting or other professional advice. This Circular is for your information and nothing in this Circular is intended to endorse or recommend a particular course of action. In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Ascendis Group and the terms of the Rights Offer, including the merits and risks involved. Neither Ascendis, nor any of the Joint Global Coordinators, nor any of their respective representatives, is making any representation to any offeree, subscriber or purchaser of the Letters of Allocation or the Rights Offer Shares regarding the legality of an investment in the Letters of Allocation or the Rights Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each investor should consult its own advisors before acquiring the Letters of

Allocation or subscribing for or purchasing the Rights Offer Shares. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of acquiring the Letters of Allocation or subscribing for or purchasing the Rights or the Rights Offer Shares. They are also required to make their independent assessment of the risks involved in acquiring the Letters of Allocation or subscribing for or purchasing the Rights or the Rights Offer Shares.

The Joint Global Coordinators are acting exclusively for Ascendis and no one else in connection with the Rights Offer. They will not regard any other person (whether or not a recipient of this Circular) as their respective client in relation to the Rights Offer and will also not be responsible to anyone other than Ascendis for providing the protections afforded to their clients or for giving advice in relation to the Rights Offer or any transaction or arrangement referred to herein.

In connection with the Rights Offer, each of the Joint Global Coordinators and any of their respective affiliates, acting as an investor for its own account, may exercise Rights in terms of the Letters of Allocation in the Rights Offer and in that capacity may retain, purchase or sell for its own account such securities and any Letters of Allocation or Rights Offer Shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Rights Offer. Accordingly, references in this Circular to shares being offered should be read as including any offering of Letters of Allocation or Rights Offer Shares to any of the Joint Global Coordinators or any of their respective affiliates acting in such capacity. None of the Joint Global Coordinators intends to disclose the extent of such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

1. NOTICE TO INVESTORS IN THE UNITED STATES

The Letters of Allocation and the Rights Offer Shares offered hereby have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, exercised, transferred or delivered, directly or indirectly, in or into the United States. The Letters of Allocation will not be issued, and the Rights Offer Shares are not being offered, in the United States.

The Letters of Allocation and the Rights Offer Shares offered hereby have not been recommended by any US Federal or State Securities Commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the offering or confirmed the accuracy or determined the adequacy of this Circular. Any representation to the contrary is a criminal offence in the United States.

In the United States, this Circular is being furnished on a confidential basis solely for the purpose of enabling an existing shareholder to evaluate whether to vote in favour of or against the Resolutions. Persons in the United States will not be permitted to participate in the Rights Offer.

The information contained in this Circular has been provided by Ascendis and the other sources identified herein. Distribution of this Circular to any person other than the shareholder specified by Ascendis and those persons, if any, retained to advise such shareholder with respect thereto is unauthorised, and any disclosure of its contents, without the prior written consent of Ascendis, is prohibited. Any reproduction or distribution of this Circular in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Circular is personal to each shareholder and does not constitute an offer to any person in the United States, to any other person or to the public generally to subscribe for or otherwise acquire the securities described herein. Investors agree to the foregoing by accepting delivery of this Circular.

2. NOTICE TO INVESTORS IN SOUTH AFRICA

The Rights Offer will not constitute an "offer to the public", as envisaged in Chapter 4 of the Companies Act and, accordingly, this Circular does not, nor does it intend to, constitute a "registered prospectus", as contemplated in Chapter 4 of the Companies Act. Should any person who is not a Qualifying Shareholder (or its renouncee) receive this Circular, they should not, and will not be entitled to, acquire any Rights Offer Shares or Letters of Allocation or otherwise act thereon.

3. NOTICE TO INVESTORS IN CANADA, JAPAN AND AUSTRALIA

The Rights Offer will not be made to persons who are residents of Canada, Japan or Australia. In addition, persons in jurisdictions that are not Excluded Jurisdictions who cannot lawfully under the laws of such jurisdictions participate in the Rights Offer should inform themselves of such restrictions.

4. **MEMBER STATES OF THE EUROPEAN ECONOMIC AREA**

The Rights Offer is being made to shareholders in the Member States of the European Economic Area under the exemption available when fewer than 100 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive) eligible to participate are in such Member State.

5. **NOTICE TO NOMINEES, CUSTODIANS AND FINANCIAL INTERMEDIARIES**

Any person, including nominees, custodians and other financial intermediaries who would, or otherwise intends to, or has a contractual or legal obligation to forward this Circular or any information relating to this Rights Offer to any jurisdiction outside of South Africa, should adhere to the restrictions set out above and in the section entitled "Circular to Qualifying Shareholders relating to the Rights Offer" at paragraph 11 (*Non-Residents*) on page 24 of this Circular. In connection with any subscriptions for the Rights Offer Shares or any sales or purchases of the Letters of Allocation, nominees, custodians and financial intermediaries will be deemed to have represented and warranted that they have complied with the terms of the Rights Offer.

6. **NOTICE TO NOMINEES, CUSTODIANS AND FINANCIAL INTERMEDIARIES**

Any person, including nominees, custodians and other financial intermediaries who would, or otherwise intends to, or has a contractual or legal obligation to forward this Circular or any information relating to this Rights Offer to any jurisdiction outside of South Africa, should adhere to the restrictions set out above and in the section entitled "Circular to Qualifying Shareholders relating to the Rights Offer" at paragraph 11 *(Non-Residents)* on page 24 of this Circular. In connection with any subscriptions for the Rights Offer Shares or any sales or purchases of the Letters of Allocation, nominees, custodians and financial intermediaries will be deemed to have represented and warranted that they have complied with the terms of the Rights Offer.

7. **ENFORCEMENT OF CIVIL LIABILITIES**

The ability of an Non-Resident Shareholder to bring an action against Ascendis may be limited under law. The rights of Ascendis Shareholders are governed by South African law, the Listings Requirements and by the Memorandum of Incorporation of Ascendis. A Non-Resident Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. It may not be possible for a Non-Resident Shareholder to effect service of process upon the Directors and executive officers within the Non-Resident Shareholder's country of residence or to enforce against the Directors and executive officers' judgments of courts of the Non-Resident Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurances that a Non-Resident Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than South Africa against the Directors or executive officers who are residents of countries other than those in which judgment is made. In addition, South African or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against Ascendis or its Directors or executive officers in a court of competent jurisdiction in South Africa or other countries.

REQUIRED ACTION BY QUALIFYING SHAREHOLDERS RELATING TO THE RIGHTS OFFER

The definitions and interpretations commencing on page 14 of this Circular apply to this important legal notices section.

REQUIRED ACTION BY QUALIFYING CERTIFICATED SHAREHOLDERS

If you are a Qualifying Certificated Shareholder, a Form of Instruction (*pink*) is enclosed with this Circular and a Letter of Allocation will be created in electronic form with the Transfer Secretaries to afford you the same Rights and opportunities as those who have already dematerialised their Ascendis Shares.

If you do not wish to subscribe for all of the Rights allocated to you as reflected in the Form of Instruction (*pink*), you may either dispose of or renounce all or part of your Rights.

If you wish to dispose of all or part of your Rights, you must complete Form A in the enclosed Form of Instruction (*pink*) and return it to the Transfer Secretaries so that it is received by no later than 12:00 on Monday, 1 August 2016. The Transfer Secretaries will endeavour to procure the sale of your Rights on the JSE on your behalf and to remit the proceeds less any fees paid to the Transfer Secretaries in accordance with your instructions. In this regard, neither the Transfer Secretaries nor Ascendis will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained or the failure to dispose of such Rights. Please note that the last day to trade Letters of Allocation is Monday, 1 August 2016.

If you wish to renounce all or part of your Rights in favour of any named renouncee, you must complete Form B in the enclosed Form of Instruction (*pink*), and the renouncee must complete Form C in the enclosed Form of Instruction (*pink*), and return it to the Transfer Secretaries so as to be received by no later than 12:00 on Monday, 1 August 2016.

Payment for the Rights Offer Shares subscribed for: (i) must be made in full by a bank-guaranteed cheque drawn on a South African bank or banker's draft drawn on a registered commercial bank (each of which should be crossed and marked "not transferable", and in the case of a cheque with the words "or bearer" deleted), or EFT (into the designated bank account, details of which are available from the Transfer Secretaries; (ii) must be paid in Rand; and (iii) if made by bank-guaranteed cheque, banker's draft or proof of payment by EFT, must be lodged, posted, faxed or emailed, as the case may be, together with the completed Form of Instruction (*pink*), as follows:

By hand to:	***By post to:***
Ascendis Health Ltd c/o Computershare Investor Services Proprietary Limited Ground Floor 70 Marshall Street Johannesburg 2001 South Africa	**Ascendis Health Ltd** c/o Computershare Investor Services Proprietary Limited PO Box 61763 Marshalltown 2107 South Africa
By facsimile to: +27 (0) 11 688 5238	***By email to:*** corporate.events@computershare.co.za

The Transfer Secretaries will not be responsible for any loss and/or damage whatsoever in relation to or arising from the late or non-receipt of faxed or emailed Forms of Instruction or owing to Forms of Instruction being forwarded to any other facsimile number or email address other than that provided above. Notwithstanding anything to the contrary, it is the Qualifying Shareholder's responsibility to ensure that their Form of Instruction (*pink*) is received by the Transfer Secretaries.

If you take up your full Rights and you wish to apply for additional Rights Offer Shares, you must complete the enclosed Form of Instruction (*pink*) in accordance with the instructions contained therein and remit sufficient funds to cover your total application.

If the required documentation and payment have not been received in accordance with the instructions contained in the enclosed Form of Instruction (*pink*), either from the Qualifying Certificated Shareholder or from any person in whose favour the Rights have been renounced, by 12:00 on Monday, 1 August 2016, then the Rights of that Qualifying Certificated Shareholder to those unsubscribed Rights Offer Shares will be deemed to have been declined and the Rights will lapse for such Qualifying Certificated Shareholder.

ACTION REQUIRED BY QUALIFYING DEMATERIALISED SHAREHOLDERS

If you are a Qualifying Dematerialised Shareholder, the printed Form of Instruction (*pink*) is not applicable to you. Your CSDP or Broker will credit your account with the number of Rights to which you are entitled and you should receive notification from your CSDP or Broker in this regard. If your CSDP or Broker does not contact you, you should contact your CSDP or Broker and provide them with your instructions.

If you do not wish to subscribe for all of the Rights allocated to you, you may either dispose of or renounce all or part of your Rights.

If you wish to dispose of all or part of your Rights, you are required to instruct your CSDP or Broker as to the number of Rights of which you wish to dispose. Please note that the last day to trade Letters of Allocation is Monday, 1 August 2016.

If you wish to renounce all or part of your Rights in favour of any named renouncee, you are required to instruct your CSDP or Broker as to the number of Rights you wish to renounce and in favour of whom you wish to renounce those Rights.

If you wish to subscribe for all or part of your Rights, you are required to instruct your CSDP or Broker as to the number of Rights Offer Shares for which you wish to subscribe.

If you take up your full Rights and you wish to apply for additional Rights Offer Shares, you are required to instruct your CSDP or Broker as to the number of additional Rights Offer Shares for which you wish to subscribe.

CSDPs effect payment on a delivery versus payment basis.

Instructions to your CSDP or Broker must be provided in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or Broker. If your CSDP or Broker does not obtain instructions from you, they are obliged to act in terms of the mandate granted to them by you or, if the mandate is silent in this regard, the Rights of such Qualifying Dematerialised Shareholder may lapse.

Ascendis does not take responsibility and will not be held liable for any failure on the part of any CSDP or Broker to notify you of the Rights Offer and/or to obtain instructions from you to subscribe for the Rights Offer Shares and/or to dispose of the Rights allocated.

Qualifying Dematerialised Shareholders are required to inform their CSDP or Brokers of their instructions in terms of the Rights Offer in the manner and time stipulated in the agreement governing the relationship between the Qualifying Dematerialised Shareholder and their CSDP or Broker. Qualifying Dematerialised Shareholders are advised to contact their CSDP or Broker as early as possible to establish what the cut-off dates and times are for acceptance of the Rights Offer, as set out in the custody agreement, as this may be earlier than the proposed closing time of the Rights Offer.

NON-RESIDENT SHAREHOLDERS AND RESTRICTED SHAREHOLDERS

Additional information for Non-Resident Shareholders and the treatment of Restricted Shareholders' Rights is provided in paragraph 11 (*Non-Residents*) of the Rights Offer Circular.

ACTION REQUIRED IF YOU HAVE DISPOSED OF YOUR SHARES

If you have disposed of all of your Ascendis Shares, this Circular should be forwarded to the purchaser to whom, or the CSDP, Broker, banker or agent through whom, you disposed of such shares, but not if the purchaser or transferee is in the United States, Australia, any other Excluded Jurisdiction or any other jurisdiction where to do so may constitute a violation of local securities laws or regulations.

NOTE:

If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal advisor, accountant or other professional advisor immediately.

REQUIRED ACTION BY SHAREHOLDERS RELATING TO THE GENERAL MEETING

The definitions and interpretations commencing on page 14 of this Circular apply to this important legal notices section.

Please take careful note of the following provisions regarding the action to be taken by Shareholders:

1. If you are in any doubt as to what action you should take arising from this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.
2. If you have disposed of all of your Ascendis Shares, please forward this Circular to the purchaser of such Shares or the CSDP, Broker, banker, attorney or other agent through whom the disposal was effected.
3. You should carefully read through this Circular and decide how you wish to vote on the resolutions to be proposed at the General Meeting.

General Meeting:

Ascendis Shareholders are invited to attend the General Meeting, convened in terms of the Notice of General Meeting (which is attached to and forms part of this Circular), to be held at Block A Silverwood, Steenberg Office Park, Silverwood Close, Tokai, Cape Town, 7945 on Thursday, 11 August 2016 at 09:00 in order to consider, and if deemed fit, approve the resolutions set out in the Notice of General Meeting forming part of this Circular.

The implementation of the Acquisitions are subject, *inter alia*, to Ascendis Shareholders passing the requisite resolutions at the General Meeting.

ACTION REQUIRED BY SHAREHOLDERS

1. ACTION REQUIRED BY DEMATERIALISED SHAREHOLDERS WITH OWN-NAME REGISTRATION

You are entitled to attend in person, or be represented by proxy, at the General Meeting.

If you are unable to attend the General Meeting but wish to be represented thereat, you must complete and return the attached Form of Proxy *(blue)* in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, (registration number 2004/003647/07), 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107 by no later than 09:00 on Monday, 8 August 2016.

2. ACTION REQUIRED BY DEMATERIALISED SHAREHOLDERS OTHER THAN OWN-NAME REGISTRATION DEMATERIALISED SHAREHOLDERS

If you wish to attend or be represented at the General Meeting, you must advise your CSDP or Broker timeously that you wish to attend or be represented at the General Meeting, in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or Broker. These instructions must be provided to your CSDP or Broker by the cut-off date and time advised by your CSDP or Broker for instructions of this nature. Your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the General Meeting.

If you do not wish to attend or be represented at the General Meeting but wish to vote, and your CSDP or Broker has not contacted you, you are advised to contact your CSDP or Broker and provide them with your voting instructions, in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or Broker. These instructions must be provided to your CSDP or Broker by the cut-off date and time advised by your CSDP or Broker for instructions of this nature. If your CSDP or Broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

You must **not** complete the attached Form of Proxy *(blue)*.

3. **ACTION REQUIRED BY CERTIFICATED SHAREHOLDERS:**

You are entitled to attend in person, or be represented by proxy, at the General Meeting.

If you are unable to attend the General Meeting but wish to be represented thereat, you must complete and return the attached Form of Proxy (*blue*) in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, (registration number 2004/003647/07), 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107 by no later than 09:00 on Monday, 8 August 2016.

DEMATERIALISATION

If you wish to Dematerialise your Ascendis Shares, please contact your Broker.

ELECTRONIC PARTICIPATION

Shareholders or their proxies may participate in (but not vote at) the General Meeting by way of a teleconference call. If you wish to do so, you must contact Ascendis' Company Secretary, Andy Sims, on +27 11 036 9555 or email andy.sims@ascendis.co.za by no later than 09:00 on Wednesday, 10 August 2016 and identify yourself to the satisfaction of the Company Secretary to obtain the dialing code and pin number. Shareholders participating in this manner will still have to appoint a proxy to vote on their behalf at the General Meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the attachments hereto, unless the context indicates otherwise, the words in the first column shall have the meanings assigned to them in the second column, the singular includes the plural and *vice versa*, an expression which denotes one gender includes the other genders, a natural person includes a juristic person and *vice versa* and cognate expressions shall bear corresponding meanings.

"Absa"	Absa Bank Limited (acting through its Corporate and Investment Banking division);
"Acquisition Agreements" or "Transaction Agreements"	together, the Remedica Sale Agreement and the Scitec Sale Agreement;
"Acquisition Circular"	the section commencing on page 49 of this document and titled: "*Circular to Shareholders relating to the General Meeting*", including the annexures thereto, the Notice of General Meeting and Form of Proxy (*blue*);
"Acquisitions" or "Transactions"	together, the Remedica Transaction and the Scitec Transaction;
"Agreed Price"	R22.00 per Ascendis Share;
"Ascendis" or "Ascendis Health" or "the Company"	Ascendis Health Limited (registration number 2008/005856/06), a public company registered and incorporated in South Africa;
"Ascendis Group"	Ascendis and its subsidiaries;
"Ascendis Shares" or "Shares"	no par value ordinary shares in the share capital of Ascendis;
"Authorised Dealer"	a person authorised to deal in foreign exchange as contemplated in the Exchange Control Regulations;
"Board" or "Directors"	the board of directors of Ascendis as set out in Annexure 14 on page 173 of this Circular;
"Broker"	any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
"Business Day"	any day other than a Saturday, Sunday or an official public holiday in South Africa and in the event that a day referred to in terms of this Circular should fall on a day which is not a Business Day, the relevant date will be extended to the next succeeding Business Day;
"Certificated Shareholders"	holders of Certificated Shares;
"Certificated Shares"	Ascendis Shares which are held and represented by a paper share certificate or other Documents of Title, which ordinary Shares have not been Dematerialised in terms of the requirements of Strate;
"CIPC"	the Companies and Intellectual Property Commission, established in terms of the Companies Act;
"Circular"	this bound circular document, dated 12 July 2016, which incorporates the Acquisition Circular and the Rights Offer Circular collectively;
"Coast2Coast Capital"	Coast2Coast Capital Proprietary Limited (registration number 2006/00073/07), a private company registered and incorporated in South Africa, which is majority held by Coast2Coast Holdings Proprietary Limited;
"Common Monetary Area"	the geographic region comprising South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
"Companies Act"	the Companies Act No. 71 of 2008, as amended from time to time;
"Company Secretary"	Andy Sims CA(SA), subject to change from time to time;

"Consideration Shares"	1 117 460 Ascendis Shares which will be issued to Charalambos Pattihis, as a Remedica Disposing Shareholder in terms of the Control Premium Payment;
"Control Premium Payment"	the issue of the Consideration Shares to Charalambos Pattihis, as a Remedica Disposing Shareholder, on the Remedica Closing Date in respect of the PCHL Target Shares, in addition to the portion of the Remedica Purchase Consideration he will receive in respect of the PCHL Target Shares;
"CSDP"	a central securities depository participant, being a "participant" as defined in section 1 of the Financial Markets Act, and appointed by Ordinary Shareholders for purposes of and in regard to Dematerialisation;
"Dealworth"	Dealworth Limited (registration number HE357111), a company incorporated and registered in the Republic of Cyprus, and a 99.9% indirectly owned subsidiary of Ascendis;
"Debt Facilities"	the new debt facilities granted jointly by Absa and HSBC, subject to certain conditions, in the sums of (i) €100 million (R1.64 billion, converted at the exchange rate as at the Last Practicable Date, being R16.40 : €1) to partially fund the Remedica Initial Consideration, and (ii) €80 million (R1.31 billion, converted at the exchange rate as at the Last Practicable Date, being R16.40 : €1) to partially fund the Scitec Initial Consideration;
"Debt Facilities Agreements"	means the agreements governing the Debt Facilities, details of which are set out in clause 17 of the Acquisition Circular;
"Dematerialisation" or "Dematerialised"	the process by which Ascendis Shares held by Certificated Shareholders are converted into an electronic form as Dematerialised Shares and recorded in the subregister of shareholders maintained by a CSDP;
"Dematerialised Shareholders"	holders of Dematerialised Shares;
"Dematerialised Shares"	Ascendis Shares that have been Dematerialised and incorporated into Strate and which Shares are no longer evidenced by physical Documents of Title;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts or any other documents of title to Ascendis Shares acceptable to Ascendis;
"Earn Out Period"	the three-year period commencing on the Remedica Closing Date up until the date on which the Remedica Earn Out Consideration is determined;
"EBITDA"	earnings before interest, taxation, depreciation and amortisation as such term is understood in terms of IFRS;
"EFT"	electronic funds transfer;
"Enlarged Ascendis Group"	the Ascendis Group together with Remedica and Scitec post the Acquisitions;
"EPS"	earnings per share as such term is understood in terms of IFRS;
"Euro" or "€"	the lawful currency of the European Union's member states who are also members of the Eurozone;
"Exchange Control Regulations"	the Exchange Control Regulations of South Africa, as amended, promulgated in terms of Section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended, and issued from time to time by Excon;
"Excluded Jurisdictions"	the United States, Canada, Japan and Australia;
"Excon"	the Exchange Control Department of the SARB;
"IFC"	the International Finance Corporation;
"IFC Subscription Agreement"	the subscription agreement entered into between the IFC and Ascendis, the terms of which are set out in paragraph 18 of the Acquisition Circular;.
"Final Record Date"	the record date for determining the persons to whom the Rights Offer Shares will be issued, being Friday, 5 August 2016;

"Financial Markets Act"	the Financial Markets Act, No. 19 of 2012, as amended;
"FMCG"	fast moving consumer goods;
"FNB"	First National Bank, a division of FirstRand Bank Limited (registration number 1929/001225/06) a listed company registered and incorporated in South Africa;
"Form of Instruction"	the form of instruction attached in pink in respect of the Letter of Allocation reflecting the entitlement of Qualifying Certificated Shareholders to subscribe for Rights Offer Shares and on which Qualifying Certificated Shareholders should indicate whether they wish to take up, sell or renounce all or some of their Rights, which form is enclosed with this Circular;
"Form of Proxy"	the form of proxy attached in blue for Certificated Shareholders and "own-name" Dematerialised Shareholders as attached to and forming part of this Circular;
"Futuregrowth"	Futuregrowth Asset Management (Proprietary) Limited;
"General Meeting"	the meeting of Shareholders to be held at Block A Silverwood, Steenberg Office Park, Silverwood Close, Tokai, Cape Town, 7945 on Thursday, 11 August 2016 at 09:00 for the purpose of considering, and if deemed fit, passing, the resolutions set out in the Notice of General Meeting;
"Goldbond"	Goldbond Trading & Investments Limited (registration number HE350009), a company incorporated and registered in the Republic of Cyprus. Charalambos Pattihis is the registered shareholder of 100% of Goldbond. Goldbond holds Goldbond Remedica Target shares constituting approximately 2.962% of the ordinary shares in the share capital of Remedica;
"Goldbond Remedica Target Shares"	1,269,046 ordinary shares in the share capital of Remedica;
"Group"	in relation to a person that is a company, that person, its subsidiaries and that person's holding company and the subsidiaries of its holding company from time to time;
"HEPS"	headline earnings per share;
"Holding Company"	has the meaning given to that term in the Companies Act;
"HSBC"	HSBC Bank plc;
"IFRS"	International Financial Reporting Standards as adopted by the International Accounting Standards Board from time to time;
"Initial Record Date"	the record date for determining the Shareholders entitled to participate in the Rights Offer, being Friday, 22 July 2016;
"Issued Shares"	the Ascendis Shares in issue (being in number 298 607 470 as at the Last Practicable Date);
"JIBAR"	Johannesburg interbank agreed rate in South Africa for a period equal in length to the interest period of the relevant loan;
"Joint Global Coordinators"	means Absa and HSBC;
"Kefolile"	Kefolile Health Investments Proprietary Limited (registration number 2016/061992/07), a private company registered and incorporated in South Africa;
"Kefolile Subscription Agreement"	the subscription agreement entered into between Kefolile and Ascendis, the terms of which are set out in paragraph 18 of the Acquisition Circular;
"JSE"	JSE Limited (registration number 2005/022939/06), a public company registered and incorporated in South Africa, licensed as an exchange under the Financial Markets Act;
"Joint Global Coordinators"	ABSA and HSBC;

"Kadent"	Kadent Limited (registration number HE349633), a company incorporated and registered in the Republic of Cyprus, and a 99.9% indirectly owned subsidiary of Ascendis;
"Last Practicable Date"	the last practicable date prior to the finalisation of this Circular, being 30 June 2016;
"Letters of Allocation"	renounceable nil paid letters of allocation to be issued to Qualifying Shareholders in electronic form, conferring the Right to subscribe and pay for a pro rata portion of the allotment of Rights Offer Shares, in respect of Qualifying Certificated Shareholders, as the Form of Instruction (*pink*);
"Leverage Ratio"	the ratio of total outstanding debt less net cash, divided by EBITDA;
"Listings Requirements"	the Listings Requirements published by the JSE, as amended from time to time;
"Memorandum of Incorporation" or "MOI"	the memorandum of incorporation of the Company, extracts of which are set out in Annexure 12 to this Circular;
"NAV"	net asset value;
"Nedbank"	Nedbank Capital a division of Nedbank Limited;
"Non-Resident"	a person who is not considered to be ordinarily resident in South Africa in terms of the Exchange Control Regulations;
"Notice of General Meeting"	the notice of the General Meeting attached to and forming part of this Circular;
"NTAV"	net tangible asset value;
"Ordinary Shareholders" or "Shareholders"	holders of Ascendis ordinary Shares, from time to time;
"OTC"	over the counter (normally referring to medicines sold directly to consumers not requiring a prescription);
"Own-Name Registration"	Dematerialised Shareholders who have instructed their CSDP to hold their Ascendis Shares in their own name on the uncertificated securities registers of Ascendis;
"PCHL"	Pattihis Ch. Holdings Limited (registration number HE286997), a company incorporated and registered in the Republic of Cyprus. Charalambos Pattihis is the registered holder of 100% of the shares in PCHL. PCHL holds 23 802 913 ordinary shares, constituting approximately 55.56% of the ordinary shares in the share capital of Remedica;
"PCHL Target Shares"	10 000 ordinary shares in the share capital of PCHL, comprising the entire issued share capital of PCHL;
"Prospectus Directive"	Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU;
"Qualifying Certificated Shareholder"	a Qualifying Shareholder holding Certificated Shares;
"Qualifying Dematerialised Shareholder"	a Qualifying Shareholder holding Dematerialised Shares;
"Qualifying Shareholder"	a registered Shareholder recorded in the register at 17:00 on the Initial Record Date, excluding Restricted Shareholders (whose Rights will be sold by the Transfer Secretaries on the JSE for the benefit of such Restricted Shareholders);
"Rand" or "R"	the lawful currency of South Africa;
"Register"	the securities register of Ascendis maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Companies Act, including Ascendis' uncertificated securities register;

"Remedica"	Remedica Holdings Limited (registration number HE 3559), a company incorporated and registered in the Republic of Cyprus. The shareholders of Remedica include Margrit Pattihis, Goldbond and PCHL;
"Remedica Closing Date"	15 business days post the fulfilment of the Remedica Conditions Precedent or such other date agreed in writing pursuant to the provisions of the Remedica Sale Agreement;
"Remedica Conditions Precedent"	the conditions precedent to the Remedica Transaction summarised in paragraph 5.2 of this Circular;
"Remedica Deferred Consideration"	additional consideration of €90 million (R1.48 billion converted at the exchange rate as at the Last Practicable Date, being R16.40 : €1) to be paid by Ascendis, indirectly to the Remedica Disposing Shareholders for the Remedica Target Shares, the Goldbond Remedica Target Shares and the PCHL Target Shares over and above the Remedica Initial Consideration on the third anniversary of the Remedica Sale Agreement, i.e. 23 May 2019;
"Remedica Disposing Shareholders"	Margrit Pattichis and Goldbond, being the legal and beneficial owners of the Remedica Target Shares and Goldbond Remedica Target Shares respectively and Charalambos Pattihis, being the legal and beneficial owner of the PCHL Target Shares;
"Remedica Earn Out Consideration"	additional consideration of between €0 and €75 million (R1.23 billion, converted at the exchange rate as at the Last Practicable Date, being R16.40 : €1) to be paid by Ascendis, indirectly to the Remedica Disposing Shareholders for the Remedica Target Shares, the Goldbond Remedica Target Shares and the PCHL Target Shares over and above the Remedica Initial Consideration and the Remedica Deferred Consideration, determined with reference to the average annual EBITDA of the Remedica Group over the period beginning 1 July 2016 and ending 30 June 2019, to be paid 10 business days post the earn out statements pursuant to which such annual EBITDA is determined are in an agreed form;
"Remedica Initial Consideration"	the initial consideration paid by Ascendis to the Remedica Disposing Shareholders for the Remedica Target, the Goldbond Remedica Target Shares and the PCHL Target Shares, amounting to €170 million (R2.79 million, converted at the exchange rate as at the Last Practicable Date, being R16.40 : €1), adjusted for cash, debt and working capital;
"Remedica Purchase Consideration"	the aggregate of the Remedica Initial Consideration, the Remedica Deferred Consideration and the Remedica Earn Out Consideration;
"Remedica Sale Agreement"	the agreement entered into between Dealworth, Ascendis and the Remedica Disposing Shareholders on 23 May 2016, in respect of the Remedica Transaction as described in this Circular;
"Remedica Target Shares"	17 768 490 ordinary shares, constituting approximately 41.476% of the ordinary shares in the share capital of Remedica;
"Remedica Transaction"	the direct and indirect acquisition by Ascendis of 100% of the ordinary shares of Remedica through the acquisition of the Remedica Target Shares from Margrit Pattichis, the Goldbond Remedica Target Shares from Goldbond and 100% of the ordinary shares in PCHL from Charalambos Pattihis;
"Restricted Shareholder"	Shareholders with registered addresses or who are resident in or hold on behalf of a person located in an Excluded Jurisdiction;
"Right/s"	the entitlement to subscribe for Rights Offer Shares at the Rights Offer Issue Price pursuant to the Rights Offer;

"Rights Offer"	the underwritten renounceable Rights offer by Ascendis to Qualifying Shareholders to subscribe for 18.25033 Rights Offer Shares for every 100 Shares held by them on the Initial Record Date at the Rights Offer Issue Price, the proceeds of which will partially fund the Remedica Initial Consideration to the value of between R450 million and R600 million (€27.4 million – €36.6 million, converted at the exchange rate as at the Last Practicable Date, being R16.40 : €1) and the Scitec Initial Consideration to the value of between R450 million and R600 million (€27.4 million – €36.6 million, converted at the exchange rate as at the Last Practicable Date, being R16.40 : €1);
"Rights Offer Circular"	the section commencing on page 24 of this Circular and titled: "*Circular to Qualifying Shareholders relating to the Rights Offer*", including the annexures thereto, and the Form of Instruction (*pink*) in respect of Letters of Allocation;
"Rights Offer Issue Price"	the issue price of R22.00 per Rights Offer Share, ex the entitlement to any dividends prior to the Rights Offer Share issue date, issued pursuant to the Rights Offer;
"Rights Offer Shares"	the 54,545,454 Ascendis Shares to be issued pursuant to the Rights Offer;
"Rump Shares"	means any Rights Offer Shares not subscribed for pursuant to Rights in the Rights Offer;
"Sanlam"	Sanlam Capital Markets (Proprietary) Limited, a subsidiary of Sanlam Limited;
"SARB"	South African Reserve Bank;
"Scitec"	Scitec International S.à r.l., a private limited liability company ("*société à responsabilité limitée*") governed by the laws of the Grand Duchy of Luxembourg, having its registered office at 1, rue Jean Piret, 1-2350, Luxembourg and registered with the Luxembourg Trade and Companies Register ("*R.C.S. Luxembourg*") under number B 172.254. Scitec is 100% held by Scitec Holding B.V., which is held by South Dakota Trust Company LLC, Polish Enterprise Fund VII Investment Holdings SARL and Morgan Stanley Private Markets Fund;
"Scitec Closing Date"	10 business days post fulfilment of the Scitec Conditions Precedent, or such other date as Ascendis and the Scitec Disposing Shareholder agree in writing;
"Scitec Conditions Precedent"	the conditions precedent to the Scitec Transaction summarised in paragraph 4.2 of this Circular;
"Scitec Deferred Payment"	that portion of the Scitec Purchase Consideration which is due and payable on the first annual anniversary of the Scitec Closing Date, namely the sum of €20 million (R328 million, translated at the exchange rate as at the Last Practicable Date, being R16.40 : €1);
"Scitec Disposing Shareholder"	Scitec Holding B.V., a private limited liability company ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under the laws of The Netherlands with registration number 56451997, and having its registered office at Prins Bernhardplein 200, 1097 JB (1076 EE) Amsterdam, The Netherlands;
"Scitec Initial Consideration"	that portion of the Scitec Purchase Consideration which is due and payable on the Scitec Closing Date, namely the sum of €150 million (R2.46 billion, converted at the exchange rate as at the Last Practicable Date, being R16.40 : €1);
"Scitec Purchase Consideration"	the aggregate of the Scitec Initial Consideration and the Scitec Deferred Payment;
"Scitec Sale Agreement"	the agreement entered into between Ascendis and the Scitec Disposing Shareholder on 23 May 2016, in respect of the Scitec Transaction as described in this Circular;
"Scitec Transaction"	the acquisition by Ascendis of 100% of the shares in Scitec for the Scitec Purchase Consideration;
"SENS"	Stock Exchange News Service of the JSE;

"Shareholders"	holders of Ascendis Shares, including Certificated Shareholders and Dematerialised Shareholders;
"Solvency and Liquidity Test"	the solvency and liquidity test set out in section 4(1) of the Companies Act;
"South Africa"	the Republic of South Africa;
"Standard Bank"	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division;
"Strate"	Strate Proprietary Limited (registration number 1998/022242/07), a private company registered and incorporated in South Africa, the electronic settlement system for transactions that take place on the JSE and offmarket trades;
"STT"	securities transfer tax;
"Sub-Register"	the list of Shareholders maintained by a CSDP and forming part of the Register;
"subsidiaries"	has the meaning given to that term in the Companies Act;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company registered and incorporated in South Africa;
"Underwriters"	Absa and HSBC, the joint underwriters of the Rights Offer;
"Underwriting Agreement"	means the agreement entered into between the Company and the Underwriters dated 11 July 2016, pursuant to which the Undewriters have severally agreed, subject to certain conditions, to underwrite the Rump Shares;
"United States"	the United States of America;
"US Securities Act"	US Securities Act of 1933, as amended;
"VAT"	value added taxation, in terms of the Value Added Tax Act (Act 89 of 1991), as amended;
"Vendor Consideration Placement"	the issue of Ascendis Shares in terms of a vendor consideration placement, as defined by the Listings Requirements, to partially fund the Remedica Initial Consideration to the value of between R600 million and R750 million (€36.6 million – €45.7 million, converted at the exchange rate as at the Last Practicable Date, being R16.40 : €1) and the Scitec Initial Consideration to the value of between R600 million and 750 million (€36.6 million – €45.7 million, converted at the exchange rate as at the Last Practicable Date, being R16.40 : €1). The increase in the total Vendor Consideration Placement from R1.2 billion to R1.5 billion will only be raised in extreme circumstances and therefore should be considered as a reserve top-up mechanism; and
"VWAP"	volume weighted average price, being the total value of the securities traded divided by the total number of securities traded over a particular period of time.

INTRODUCTION TO THE CIRCULAR

This Circular is prepared on a combined basis and thus includes all information relating to the Shareholder approvals required for the Acquisitions (included within the section captioned "Circular to Shareholders relating to the General Meeting" from page 49 of this Circular) as well as includes all necessary details regarding the Rights Offer required to partially fund the Acquisitions (included within the section captioned "Circular to Qualifying Shareholders relating to the Rights Offer" from page 24 of this Circular).

As more fully set out within paragraph 11 of the Acquisition Circular, Ascendis has received irrevocable commitments from approximately 62% of Shareholders (as at the Last Practicable Date) to vote in favour of the Acquisitions.

As more fully set out in paragraphs 4.1 and 5.1 of the Acquisition Circular, on pages 52 and 54 respectively, the Acquisitions will be funded by way of a combination of a new Debt Facility to the value of €180 million (R2.95 billion converted at the exchange rate as at the Last Practicable Date, being R16.40 : €1), a Vendor Consideration Placement (to the value of between R1.2 billion and R1.5 billion) and the Rights Offer (to the value of R1.2 billion). Certain existing Shareholders and new strategic investors have provided irrevocable commitments to support the Rights Offer and the Vendor Consideration Placement to the sum of R2.3 billion as set out in paragraphs 21 and 11 of the Rights Offer Circular and Acquisition Circular respectively. The irrevocable commitments will be allocated towards the Rights Offer to the extent they represent commitments from existing Qualifying Shareholders and thereafter, if applicable, to the Vendor Consideration Placement, whilst those which represent new strategic Shareholders will be allocated to the Vendor Consideration Placement directly. Where an irrevocable commitment is given by an existing Shareholder, such Shareholder shall be required to follow its Rights in full and to the extent there are any excess Rights Offer Shares available, to fill its total commitment from such excess Rights Offer Shares) before being allocated shares through the Vendor Consideration Placement mechanism.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 14 of this Circular apply to this salient dates and times section.

Rights Offer	**2016**
Declaration date announcement in respect of the Rights Offer released on SENS	Thursday, 30 June
Finalisation date announcement in respect of the Rights Offer released on SENS	Tuesday, 12 July
Circular and Form of Instruction *(pink)* distributed to Shareholders	Tuesday, 12 July
Last day to trade in Ascendis Shares in order to participate in the Rights Offer	Tuesday, 19 July
Listing and trading of Letters of Allocation on the JSE under JSE code: ASCN and ISIN ZAE000221891 commences at 09:00	Wednesday, 20 July
Ascendis Shares commence trading on the JSE ex Rights Offer entitlement at 09:00	Wednesday, 20 July
Circular and Form of Instruction *(pink)* distributed to new Certificated Shareholders who became shareholders post 1 July 2016 but prior to the Initial Record Date	Thursday, 21 July
Record date for determination of Qualifying Shareholders entitled to participate in the Rights Offer (Initial Record Date) at close of business	Friday, 22 July
Rights Offer opens at 09:00	Monday, 25 July
Qualifying Dematerialised Shareholders will have their accounts at their CSDP or Broker automatically credited with their entitlement	Monday, 25 July
Qualifying Certificated Shareholders on the Register will have their entitlement credited to their accounts held with the Transfer Secretaries	Monday, 25 July
Circular and Form of Instruction posted to Dematerialised Shareholders, where applicable	Tuesday, 26 July
Payment to be made and Form of Instruction *(pink)* to be lodged at Transfer Secretaries by Certificated Shareholders by 12:00	Monday, 1 August
Last day to trade Letters of Allocation on the JSE in order to settle trades by the Record date for the Letters of Allocation and participate in the Rights Offer at the close of business	Monday, 1 August
Determination of the cash value in relation to fractional entitlements	Tuesday, 2 August
Listing and trading Rights Offer Shares commences on the JSE at 09:00	Tuesday, 2 August
Announcement on SENS regarding the cash value in relation to fractional entitlements	Thursday, 4 August
Rights Offer closes at 12:00	Friday, 5 August
Record date for Letters of Allocation (Final Record Date)	Friday, 5 August
Qualifying Dematerialised Shareholders' accounts updated and debited by CSDP or broker (in respect of payments for Rights Offer Shares)	Monday, 8 August
Certificates distributed to Qualifying Certificated Shareholders (in respect of the Rights Offer Shares)	Monday, 8 August
Results of Rights Offer announced on SENS	Monday, 8 August
Results of Rights Offer published in the press	Wednesday, 10 August
Refunds (if any) to Qualifying Certificated Shareholders in respect of unsuccessful excess applications made	Thursday, 11 August
Qualifying Dematerialised Shareholders' accounts updated and debited by their CSDP or Broker (in respect of successful excess applications)	Thursday, 11 August
Certificates distributed to Qualifying Certificated Shareholders (in respect of successful excess applications)	Thursday, 11 August

Notes:

1. All dates and times may be changed by Ascendis and/or may be subject to the obtaining of certain regulatory approvals. Any change will be published on SENS.
2. Shareholders should note that as transactions in Ascendis Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade.
3. All times given in this Circular are local times in South Africa.
4. Share certificates may not be Dematerialised or rematerialised between Wednesday, 20 July 2016 and Friday, 22 July 2016.

ASCENDIS HEALTH LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 2008/005856/06)
Share code on the JSE: ASC ISIN: ZAE000185005

CIRCULAR TO QUALIFYING SHAREHOLDERS RELATING TO THE RIGHTS OFFER

Directors of Ascendis

Executive Directors

Dr K Wellner
CB Sampson
K Futter

Non-Executive Directors

JA Bester*
OP Cunningham*
CD Dillon
B Harie*
GJ Shayne

* *Independent Non-Executive*

Full details relating to the Directors are included in **Annexure 14** to this Circular.

1. INTRODUCTION

As announced on SENS on Tuesday, 24 May 2016 and published in the press on Wednesday, 25 May 2016, Ascendis has entered into the Aquisition Agreements, in terms of which, *inter alia*, Ascendis will acquire, directly or indirectly, 100% of the issued share capital of Remedica in terms of the Remedica Transaction and 100% of the issued share capital of Scitec in terms of the Scitec Transaction. The Acquisitions are not inter-conditional and each will independently qualify as a Category 1 transaction in terms of the Listings Requirements.

The Acquisitions will be funded by way of the Debt Facilities, Vendor Consideration Placement and the Rights Offer.

In respect of the Rights Offer, Ascendis announced on Thursday, 30 June 2016 that it intends to raise R1.2 billion equity capital by way of a Rights Offer to Qualifying Shareholders.

Pursuant to the terms of the Rights Offer, 54,545,454 Rights Offer Shares will be offered for subscription to Qualifying Shareholders recorded in the Register at the close of trade on the Initial Record Date. Qualifying Shareholders will receive Rights in the form of Letters of Allocation to subscribe for Rights Offer Shares on the basis of 18.25033 Rights Offer Shares for every 100 Ascendis Shares held, at a subscription price of R22.00 per Rights Offer Share.

Qualifying Shareholders are invited to apply for excess applications and should these be available, they will be allocated to applicants in an equitable manner by the Directors in accordance with the provisions of paragraph 5.33 of the Listings Requirements.

The JSE has agreed to the listing of the Rights Offer Shares and the Letters of Allocation. The purpose of this Rights Offer Circular (and where relevant and applicable, the Circular) is to furnish Qualifying Shareholders with the relevant information relating to the Rights Offer, the terms and conditions of the Rights Offer, and to provide Qualifying Shareholders with instructions on what actions to take in order to participate in the Rights Offer, in each case (where relevant) in accordance with the Listings Requirements and the Companies Act.

2. **USE OF PROCEEDS**

It is Ascendis' intention to use the proceeds of the Rights Offer to partially fund the Scitec Transaction, Remedica Transaction, associated transaction costs and funding costs. To the extent there are any excess proceeds available, the proceeds will be utilised to fund future acquisitions and cash requirements of Ascendis.

3. **TERMS OF THE RIGHTS OFFER**

Ascendis hereby offers a total of 54,545,454 Rights Offer Shares for subscription to Qualifying Shareholders, upon the terms and conditions set out in this Rights Offer Circular (where relevant and appropriate, the Circular) and, insofar as Qualifying Certificated Shareholders are concerned, also as set out in the Form of Instruction (*pink*).

In terms of the Rights Offer:

- Qualifying Shareholders are hereby offered renounceable Rights to subscribe for 18.25033 Rights Offer Shares for every 100 Shares held by them on the Initial Record Date at the Rights Offer Issue Price. These Rights will take the form of Letters of Allocation which will be issued to Qualifying Shareholders recorded in the Register at the close of trade on the Initial Record Date;
- Qualifying Shareholders who hold Letters of Allocation can elect, in whole or in part, to:
  - sell their Letters of Allocation;
  - renounce their Letters of Allocation;
  - allow their Letters of Allocation to lapse; or
  - take up their *pro rata* share of the Rights Offer Shares at the Rights Offer Issue Price based on their holding of Letters of Allocation on the Final Record Date, being Friday, 5 August 2016;
- The Rights Offer is underwritten, subject to certain (and customary) conditions, as detailed in paragraph 5 (*Underwriting);*
- Qualifying Shareholders may apply for excess Rights Offer Shares not taken up by other Shareholders on the basis described in paragraph 7 (*Excess Applications*);
- The Rights Offer Shares will, upon allotment and issue, rank *pari passu* with all other existing Ascendis Shares and shall be fully paid up and freely transferable.

4. **RIGHTS OFFER PERIOD**

The Rights Offer will open at 09:00 (SAST) on Monday, 25 July 2016 and will close at 12:00 (SAST) on Friday, 5 August 2016. The Letters of Allocation will be listed on the JSE from 09:00 (SAST) on Wednesday, 20 July 2016 until close of business (SAST) on Monday, 1 August 2016 under Alpha Code ASCN and ISIN ZAE000221891.

5. **UNDERWRITING**

The Rights Offer is fully underwritten by the Underwriters.

Ascendis has entered into the Underwriting Agreement with the Underwriters, pursuant to which the Underwriters have severally agreed to underwrite the Rump Shares. The obligations of the Underwriters are subject to certain (and customary) conditions and termination events. Pursuant to the terms of the Underwriting Agreement, an underwriting fee equal to 2.25% of the full amount raised pursuant to the Rights Offer is payable by the Company to the Underwriters. The underwriting fee is, in the opinion of the Board, not greater than the current market rate charged by independent underwriters. The underwriting fee is payable upon the Underwriters fulfilling their commitments in terms of the Underwriting Agreement.

The Board has made due and careful enquiry to confirm that the Underwriters can meet their underwriting commitments in terms of the Underwriting Agreement. Details of the Underwriters, as required in terms of the Listings Requirements, are set out in **Annexure 3** to this Circular.

6. **ENTITLEMENT**

Qualifying Shareholders will receive the Right to subscribe for Rights Offer Shares on the basis of 18.25033 Rights Offer Shares for every 100 Shares held on the Initial Record Date (being Friday, 22 July 2016) at the Rights Offer Issue Price.

Qualifying Shareholders who hold less than 100 Shares or who do not hold a multiple of 100 Shares, will be entitled, in respect of such holdings, to participate in the Rights Offer in accordance with the entitlement set out in **Annexure 2**. In accordance with the JSE Listings Requirements, in respect of fractional entitlements that arise, all allocations of securities will be rounded down to the nearest whole number resulting in allocations of whole securities and a cash payment for the fraction. The cash value is determined using the weighted average traded price on 2 August 2016 less 10%.

Qualifying Certificated Shareholders will have their Rights credited to their accounts held with the Transfer Secretaries on their behalf. The enclosed Form of Instruction (*pink*) reflects the number of Rights Offer Shares for which the Qualifying Certificated Shareholder is entitled to subscribe. The procedure to be followed by Qualifying Certificated Shareholders for the acceptance, sale or renunciation of their Rights is reflected on the Form of Instruction (*pink*).

Qualifying Dematerialised Shareholders will not receive a printed Form of Instruction (*pink*) but will have their Rights to subscribe for Rights Offer Shares credited in electronic form to their account held by their appointed CSDP or Broker. The CSDP or Broker will advise Qualifying Dematerialised Shareholders of the procedure to be followed and the timing for the acceptance, sale, renunciation or lapsing of such Rights.

The Letters of Allocation to which the Form of Instruction (*pink*) relates are negotiable and can be traded on the JSE.

7. EXCESS APPLICATIONS

Qualifying Shareholders will have the Right to apply for any excess Rights Offer Shares not taken up by other Shareholders subject to such Rights being transferable upon renunciation of the Letters of Allocation and any such excess Shares will be allocated equitably, taking into account the number of Shares and Rights held by the Qualifying Shareholder just prior to such allocation, including those taken up as a result of the Rights Offer, and the number of excess Rights applied for by such Qualifying Shareholder.

Qualifying Certificated Shareholders wishing to apply for excess Rights Offer Shares should complete the enclosed Form of Instruction *(pink)* in accordance with the instructions contained therein and return it to the Transfer Secretaries at the addresses set out under "Required Action by Qualifying Shareholders relating to the Rights Offer – Required Action by Qualifying Certificated Shareholders", so as to be received by the Transfer Secretaries by no later than 12:00 on Monday, 1 August 2016.

Qualifying Dematerialised Shareholders who wish to apply for excess Rights Offer Shares should advise their CSDP or Broker in terms of the agreement entered into between them and their CSDP or Broker, as to the number of additional Rights Offer Shares for which they wish to apply and ensure that they have sufficient funds in their account.

An announcement will be published on SENS on Monday, 8 August 2016 stating the results of the Rights Offer and the basis of allocation of any excess applications.

Money received in respect of an application which is rejected or otherwise treated as void by Ascendis, or which is otherwise not validly received in accordance with the terms stipulated in this paragraph, will be refunded (without interest) by way of an EFT in Rand to the applicant concerned on or about Thursday, 11 August 2016. If Ascendis is not able to effect the refund by EFT for any reason whatsoever, then the relevant refund will be held by Ascendis until collected by the applicant. No interest in respect of such refund will be paid by Ascendis.

8. PROCEDURE FOR ACCEPTANCE, RENUNCIATION AND SALE OF RIGHTS

8.1 Certificated Shares

8.1.1 Acceptance

Qualifying Certificated Shareholder

Full details of the procedure for acceptance of the Rights Offer by Qualifying Certificated Shareholders are contained in the Form of Instruction (*pink*) enclosed with this Circular. It should be noted that:

- acceptances are irrevocable and may not be withdrawn;
- acceptances may be made only by means of the enclosed Form of Instruction (*pink*);
- any instruction to sell or renounce all or part of the Rights may only be made by means of the Form of Instruction (*pink*);
- the properly completed Form of Instruction (*pink*) together with proof of EFT payment or banker's draft (in the case of foreign Shareholders) in Rand in payment of the aggregate Rights Offer Issue Price payable for the relevant Rights Offer Shares must be received by the Transfer Secretaries at the addresses set out under "Required Action by Qualifying Shareholders relating to the Rights Offer– Required Action by Qualifying Certificated Shareholders", by no later than 12:00 on Monday, 1 August 2016. All acceptances of the Rights Offer sent by post by the beneficial holders will be accepted provided the envelope is received by no later than 12:00 on Monday, 1 August 2016;
- the Form of Instruction (*pink*) to take up the Rights in question will be regarded as complete only when proof of EFT payment or a cheque or banker's draft (in the case of Non-Resident Shareholders) has been cleared for payment;
- such payment will constitute an irrevocable acceptance of the Rights Offer upon the terms and conditions set out in this Circular and in the Form of Instruction (*pink*);

- the Transfer Secretaries should be contacted on +27 11 370 5000 during business hours from 08:00 to 16:30 in order to obtain the necessary banking details; and
- if any Form of Instruction (*pink*) is not received as set out above, the Rights Offer will be deemed to have been declined and the Right to subscribe for the Rights Offer Shares in terms of the Form of Instruction (*pink*) will lapse regardless of who holds it.

Qualifying Dematerialised Shareholder

Qualifying Dematerialised Shareholder, you will not receive a printed Form of Instruction (*pink*). You should receive notification from your CSDP or Broker regarding your Rights.

If you wish to follow your Rights, you are required to notify your duly appointed CSDP or Broker of your acceptance of the Rights Offer in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or Broker.

Neither Ascendis nor the Joint Global Coordinators take any responsibility and will not be held liable for any failure on the part of any CSDP or Broker to notify you of the Rights Offer and/or to obtain instructions from you to subscribe for the Rights Offer Shares and/or to dispose of your Rights.

8.1.2 **Renunciation or sale of Rights**

Ascendis has issued all Letters of Allocation in Dematerialised form and the electronic record for Certificated Shares is being maintained by the Transfer Secretaries. This has made it possible for Certificated Shareholders to enjoy the same Rights and opportunities as Dematerialised Shareholders.

Qualifying Certificated Shareholders not wishing to subscribe for all or some of the Rights Offer Shares allocated to them as reflected in the Form of Instruction (*pink*), may sell or renounce all or some of their Rights or allow them to lapse.

Qualifying Certificated Shareholders who wish to sell all or some of the Rights Offer Shares allocated to them as reflected in the Form of Instruction (*pink*), must complete the relevant section of the Form of Instruction (*pink*) and return it to the Transfer Secretaries in accordance with the instructions contained therein, to be received by no later than 12:00 on Monday, 1 August 2016.

The Transfer Secretaries will endeavour to procure the sale of the Rights on the JSE on behalf of such Qualifying Certificated Shareholders and will remit the proceeds in accordance with the payment instructions reflected in the Form of Instruction (*pink*), net of brokerage charges and associated expenses. Neither the Transfer Secretaries nor Ascendis nor any broker appointed by it nor any of the Joint Global Coordinators will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such sales, the price obtained or any failure to sell such Rights. References in this paragraph to a Qualifying Certificated Shareholder include references to the person or persons executing the Form of Instruction (*pink*) and any person or persons on whose behalf such person or persons executing the Form of Instruction (*pink*) is/are acting. In the event of more than one person executing the Form of Instruction (*pink*), the provisions of this paragraph shall apply to them, jointly and severally.

Qualifying Certificated Shareholders who do not wish to sell all or some of the Rights to the Rights Offer Shares allocated to them as reflected in the Form of Instruction (*pink*), and who do not wish to subscribe for Rights Offer Shares offered in terms of the Form of Instruction (*pink*), but who wish to renounce their Rights, must complete the relevant section of the Form of Instruction (*pink*) and return it to the Transfer Secretaries in accordance with the instructions contained therein to be received by no later than 12:00 on Monday, 1 August 2016.

Qualifying Certificated Shareholders who wish to subscribe for only a portion of the Rights Offer Shares allocated to them must indicate the number of Rights Offer Shares for which they wish to subscribe on the Form of Instruction (*pink*).

If by 12:00 on Monday, 1 August 2016, Qualifying Certificated Shareholders do nothing in response to this Rights Offer, their Rights will lapse.

8.1.3 **Lapse of Rights**

Qualifying Shareholders

The Rights of Qualifying Certificated Shareholders who fail to instruct the Transfer Secretaries as to what action they intend to take or fail to comply with the procedures set out in this section, within the timelines stipulated, will lapse and such Qualifying Shareholders will not be entitled to any payment under the terms of the Rights Offer.

Qualifying Dematerialised Shareholders who do not subscribe for, sell or renounce their Rights risk their Rights lapsing if they fail to act in terms of the instructions received from their CSDP or Broker. Should such Rights lapse, they will not be entitled to any payment under the terms of the Rights Offer.

None of Ascendis, the Joint Global Coordinators, the Transfer Secretaries or any Broker appointed by them will be responsible for any loss or damage whatsoever suffered by such Qualifying Shareholders in relation to the lapsing of their Rights.

Restricted Shareholders

If a premium can be obtained over the expenses of the sale, the Rights of Restricted Shareholders with registered addresses or who are resident or located in the United States or in any other Excluded Jurisdiction on the Record Date, the Transfer Secretaries will endeavour to sell on the JSE for the benefit of such Restricted Shareholders, in accordance with this section. Any premium over the expenses of the sale of a Restricted Shareholder's Rights (including applicable taxes, brokerage fees and commissions) shall be remitted to such Restricted Shareholder.

None of Ascendis, the Joint Global Coordinators, the Transfer Secretaries or any Broker appointed by them or Ascendis will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such sales or the remittance of the net proceeds of such sales.

8.1.4 **Payment**

The amount due on acceptance of the Rights Offer is payable in Rand.

8.1.5 **Payment terms**

A duly completed Form of Instruction (*pink*), together with proof of EFT payment or a cheque (with the words "or bearer" crossed out) or bank overdraft, must be lodged by Certificated Shareholders and/or their renouncees by no later than 12:00 on Monday, 1 August 2016 in accordance with the instructions contained in the Form of Instruction (*pink*) and clearly marked "Ascendis – Rights Offer" at the addresses set out under "Action required by Qualifying Shareholders relating to the Rights Offer".

Forms of Instruction which are not posted must be faxed to +27 11 688 5238 or emailed to corporate.events@computershare.co.za. The Transfer Secretaries will not be responsible for any loss and/or damage whatsoever in relation to or arising from the late or nonreceipt of faxed or emailed election forms or owing to Forms of Instruction being forwarded to any other facsimile or email address other than those provided above. Forms of Instruction shall be deemed to be received on the date reflected in the Transfer Secretaries' electronic or facsimile systems. Notwithstanding anything to the contrary, it is the Shareholder's responsibility to ensure that their Form of Instruction (*pink*) is received by the Transfer Secretaries.

The Transfer Secretaries should be contacted on +27 11 370 5000 during business hours from 08:00 to 16:30 in order to obtain the necessary banking details for the purposes of making EFT payments.

The above is in respect of the subscription for Rights Offer Shares only.

All bankers' drafts received (in the case of foreign Shareholders) by the Transfer Secretaries will be deposited immediately for payment. In the event that any banker's draft (in the case of foreign Shareholders) is dishonoured, Ascendis, in its sole discretion, may treat the relevant acceptance as void or may tender delivery of the relevant Rights Offer Shares to which it relates against payment in cash of the aggregate Rights Offer Issue Price for such Rights Offer Shares. Money received in respect of an application which is rejected or otherwise treated as void by Ascendis, or which is otherwise not validly received in accordance with the terms stipulated in this paragraph, will be refunded (without interest) by way of an EFT in Rand to the applicant concerned on or about Thursday, 11 August 2016. If Ascendis is not able to effect the refund by EFT for any reason whatsoever, then the relevant refund will be held by Ascendis until collected by the applicant. No interest in respect of such refund will be paid by Ascendis.

8.1.6 **Share certificates**

Certificates in respect of Rights Offer Shares will be distributed by registered post by the Transfer Secretaries, at the risk of the Certificated Shareholders concerned, on or about Monday, 8 August 2016. As Ascendis uses the certified transfer deeds and other temporary Documents of Title procedure approved by the JSE, only "block" certificates will be issued in respect of Rights Offer Shares.

8.1.7 **Transaction costs**

Qualifying Certificated Shareholders wishing to sell all or some of their Rights will be liable to pay a cost of R154.48 (all inclusive of VAT) for trades of less than or equal to R40 000 and R154.48 (all inclusive of VAT) plus 0.35% of the value of trades for amounts equal to or greater than R40 000.

8.2 **Dematerialised shares**

8.2.1 **Acceptance, renunciation or sale of Rights**

The CSDP or Broker appointed by Qualifying Dematerialised Shareholders is obliged to contact such Shareholders to ascertain:

- whether such Qualifying Dematerialised Shareholders wish to follow their Rights in terms of the Rights Offer or renounce their Rights and in respect of how many Rights Offer Shares; or
- whether such Qualifying Dematerialised Shareholders wish to apply for excess Rights Offer Shares and if so, how many excess Rights Offer Shares they wish to apply for;
- if such Qualifying Dematerialised Shareholders do not wish to follow all or any of their Rights, whether they wish to sell their Rights and how many of their Rights they wish to sell.

If you are not contacted by your CSDP or Broker, you should contact your CSDP or Broker and furnish them with your instruction. Should a CSDP or Broker not obtain instructions from a Qualifying Dematerialised Shareholder, they are obliged to act in terms of the mandate granted to them by such Qualifying Dematerialised Shareholder, or if the mandate is silent in this regard, they are obliged not to accept the Rights on behalf of such Shareholder.

8.2.2 **Payment**

Your CSDP or broker will effect payment directly on your behalf, in Rand, on Monday, 8 August 2016 on a delivery-versus-payment basis.

8.2.3 **Rights Offer Shares**

Qualifying Dematerialised Shareholders will have their accounts credited with the Rights Offer Shares subscribed for in terms of the Rights Offer, on Monday, 8 August 2016.

9. REPRESENTATIONS AND WARRANTIES

Qualifying Certificated Shareholders

Any person accepting and/or renouncing their Rights by completing the Form of Instruction (*pink*) represents and warrants to the Company and the Joint Global Coordinators that, except where proof has been provided to the Company's satisfaction that such person's use of the Form of Instruction (*pink*), the Letters of Allocation or the Rights Offer Shares, as the case may be, will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting their Rights from within the United States or any other Excluded Jurisdiction; (ii) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to subscribe for Rights Offer Shares or transfer the Letters of Allocation; (iii) such person is not accepting for the account of a person located within the United States unless (a) the instruction to accept was received from a person outside the United States and (b) the instructing person has advised such person that it has the authority to give such instruction and that it has investment discretion or authority over such account or such person is not acquiring Rights Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Rights Offer Shares into the United States or any other Excluded Jurisdiction. The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Offer Shares comprised in the Form of Instruction (*pink*) if it: (i) appears to the Company to have been executed in or dispatched from the United States or any other Excluded Jurisdiction or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it believes the same may violate any applicable legal or regulatory requirement; (ii) provides an address in the United States or any other Excluded Jurisdiction for delivery of definitive share certificates for Rights Offer Shares (or any jurisdiction outside South Africa in which it would be unlawful to deliver such certificates); or (iii) purports to exclude the warranty required by this paragraph.

Qualifying Dematerialised Shareholders

Any person who makes a valid acceptance in accordance with the procedures set out in paragraph 8 represents and warrants to the Company and the Joint Global Coordinators that, except where proof has been provided to the Company's satisfaction that such person's use of the Letters of Allocation or the Rights Offer Shares, as the case may be, will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting their Rights from within the United States or any other Excluded Jurisdiction; (ii) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to subscribe for Rights Offer Shares; (iii) such person is not accepting for the account of a person located within the United States unless (a) the instruction to accept was received from a person outside the United States and (b) the instructing person has advised such person that it has the authority to give such instruction and that it has investment discretion or authority over such account or such person is not acquiring Rights Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Rights Offer Shares into the United States or any other Excluded Jurisdiction.

10. EXCHANGE CONTROL REGULATIONS

The following summary is intended only as a guide and is, therefore, not comprehensive. If Shareholders are in any doubt as to the appropriate course of action they are advised to consult their professional advisor.

Non-Residents

- In terms of the Exchange Control Regulations, Non-Resident Qualifying Shareholders, excluding former residents (emigrants), of the Common Monetary Area will be allowed to:
- exercise Rights allocated to them in terms of the Rights Offer;
- purchase Letters of Allocation on the JSE; and
- subscribe for the Rights Offer Shares arising in respect of the Letter of Allocation purchased on the JSE provided that payment is received through normal banking channels in foreign currency or Rand from a Non-Resident account.

All applications by Non-Residents for the above purposes must be made through an Authorised Dealer. Electronic statements issued in terms of Strate and any Share certificates issued pursuant to such applications will be endorsed "Non-Resident".

Emigrants

Where a Right becomes due to a former resident (emigrant) of the Common Monetary Area, which the Right is based on Shares blocked in terms of the Exchange Control Regulations, then only emigrant blocked funds may be used to:

- take up the Rights allocated to them in terms of the Rights Offer;
- purchase Letters of Allocation on the JSE; and
- subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the JSE.

All applications by emigrants using blocked funds for the above purposes must be made through the Authorised Dealer controlling their blocked assets.

New share certificates issued to an emigrant will be endorsed "Non-Resident" and placed under the control of the Authorised Dealer through whom the payment was made. The proceeds due to emigrants from the sale of the Letters of Allocation, if applicable, will be returned to the Authorised Dealer for credit of such emigrants' blocked accounts.

Where the emigrant's Shares are in Dematerialised form with a CSDP, any Shares issued pursuant to the use of emigrant blocked funds will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios. The electronic statement issued in terms of Strate will be dispatched by the CSDP or Broker to the address of the emigrant in the records of the CSDP or Broker.

Any Qualifying Shareholder resident outside the Common Monetary Area who receives this Circular and/or Form of Instruction (*pink*) should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable a subscription to be made in terms of such Form of Instruction (*pink*).

11. NON-RESIDENTS

The Rights Offer does not constitute an offer in the Excluded Jurisdictions and this Circular and Form of Instruction (*pink*) should not be forwarded or transmitted by you to any person in any territory other than where it is lawful to make such an offer.

Although Letters of Allocation may be credited to the CSDP or Broker securities accounts of Dematerialised Shareholders registered as such on the Record Date of the Rights Offer: (i) with a registered address, or resident, in one of the Excluded Jurisdictions, including in the United States, or who hold on behalf of persons located in the United States, or who hold on behalf of any person on a non-discretionary basis who is in the United States, or any state of the United States, such crediting of Letters of Allocation do not constitute an offer to such Restricted Shareholders and such Restricted Shareholders will not be entitled to take up or transfer Letters of Allocation in the Rights Offer or acquire Rights Offer Shares unless such action would not result in the contravention of any registration or other legal requirement.

Restricted Shareholders should consult their professional advisors to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the Rights Offer, or trade the Rights to which they are entitled.

Shareholders holding Shares on behalf of persons who are Restricted Shareholders are responsible for ensuring that taking up the Rights Offer, or trading in their entitlements under that offer, does not breach regulations in the relevant overseas jurisdictions.

To the extent that Restricted Shareholders are not entitled to participate in the Rights Offer or trade the Rights to which they are entitled as a result of the aforementioned restrictions, the Transfer Secretaries shall endeavour to sell the entitlement to such Rights on the JSE for the benefit of such Restricted Shareholders, in accordance with this section ("Sale") The net proceeds of such Sale, after deducting any expenses incurred in connection to the Sale, including applicable taxes, brokerage fees and commissions, shall be remitted to such Restricted Shareholders.

None of Ascendis, the Transfer Secretaries or any Broker appointed by them or Ascendis, will have any obligation or be responsible for any loss or damage whatsoever in relation to, or arising out of, the timing of such Sales or the remittance of the net proceeds of such Sales.

Specific restrictions relating to certain jurisdictions are set out below.

11.1 **Canada, Australia and Japan**

This Circular will not be sent and should not be forwarded to Shareholders with registered addresses in Canada, Australia or Japan. Letters of Allocation may not be transferred, sold or delivered in or into any of those jurisdictions.

The Letters of Allocation have not been and will not be registered under the Securities Act of Canada or with any security regulatory authority of any state or other jurisdiction in Canada and, subject to certain exceptions, may not be offered or sold within Canada.

In addition, due to restrictions under the securities laws of Australia and Japan, no offer of the Letters of Allocation are being offered nor is the Rights Offer being made in terms of this Circular to Shareholders with registered addresses in, or to residents of Australia or Japan.

11.2 **United States of America**

This Circular, the Letters of Allocation and the Rights Offer Shares have not been approved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Rights Offer or the accuracy or adequacy of this Circular. Any representation to the contrary is a criminal offence in the United States.

The Letters of Allocation and the Rights Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United States.

Accordingly, the Company is not offering the Letters of Allocation or the Rights Offer Shares into the United States and, subject to certain exceptions, this Circular does not constitute nor will it constitute an offer or an invitation to apply for, or an offer or an invitation to acquire, any Letters of Allocation or Rights Offer Shares in the United States. Subject to certain exceptions, this Circular will not be sent to any Shareholder in, or with a registered address in, the United States. Any person who acquires Letters of Allocation or Rights Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this Circular, exercising their Rights or selling their Letters of Allocation or accepting delivery of the Letters of Allocation or the Rights Offer Shares that it is not, and that at the time of acquiring the Letters of Allocation or the Rights Offer Shares it will not be, in the United States or acting on behalf of, or for the account or benefit of, a person on a non-discretionary basis in the United States or any state of the United States.

In addition, until 40 days after the commencement of the Rights Offer, an offer, sale or transfer of the Rights Offer Shares or the Letters of Allocation within the United States by a dealer (whether or not participating in the Rights Offer) may violate the registration requirements of the US Securities Act.

12. SOUTH AFRICAN LAW

No Shareholder should construe the contents of this Circular and the documentation accompanying it as legal or other advice. Each Shareholder should make its own enquiries and consult its own professional advisors as to the content of this Circular and the documentation accompanying it regarding the acceptance of their Rights in terms of the Rights Offer.

All transactions arising from the provisions of this Circular and the documentation accompanying it will be governed by and be subject to the laws of South Africa. Shareholders agree that any legal action or proceeding arising out of or in connection with this Circular or otherwise shall be brought in the High Court of South Africa, Gauteng Local Division and irrevocably consent and submit to the non-exclusive jurisdiction of such court.

13. TAX CONSEQUENCES OF THE RIGHTS OFFER

The following is a summary of certain tax consequences relating to the receipt and disposal of the Letters of Allocation and the purchase, ownership and disposition of the Rights Offer Shares. It is not meant to be a complete description of all the possible tax consequences of such receipt, purchase, ownership or disposition. This summary is based on the laws as in force and as applied in practice on the date of this Circular and is subject to changes to those laws and practices subsequent to the date of this circular. In the case of persons who are non-residents of South Africa for income tax purposes, it should be read in conjunction with the provisions of any applicable double tax agreement between South Africa and their country of tax residence. Investors should consult their own advisors as to the tax consequences of the receipt and disposal of the Letters of Allocation and the purchase, ownership and disposal of Rights Offer Shares in light of their particular circumstances, including, in particular, the effect of any state, regional, local or other tax laws.

13.1 South Africa

This summary of certain material South African tax consequences only deals with shareholders that will hold the Rights Offer Shares as capital assets. As used herein the term "SA Holder" means a "shareholder" who is: (i) a natural person ordinarily resident in South Africa; (ii) a natural person not ordinarily resident in South Africa but whose physical presence in South Africa exceeds certain thresholds; or (iii) a person, other than a natural person, which is incorporated, established or formed in South Africa or which has its place of effective management in South Africa. The term does not include a non-natural person incorporated, established or formed in South Africa, if that person is deemed to be exclusively the resident of another country for purposes of the application of any agreement entered into between South Africa and that other country for the avoidance of double taxation. In general, a "Shareholder" means the registered shareholder in respect of an Ascendis Share or, where some person other than the registered shareholder is entitled to all or part of the benefit of the rights of participation in the profits, income or capital attaching to that share, that other person to the extent of that entitlement. Shareholders with questions regarding their status as either South African residents or shareholders should consult their tax advisors.

The summary of South African tax consequences set out below is for general information only. All shareholders should consult their tax advisors as to the particular tax consequences applicable to them of receiving and disposing of Letters of Allocation and owning and disposing of the Rights Offer Shares, including the applicability and effect of other tax laws and possible changes in tax law.

13.1.1 Dividends

Currently, any amount transferred or applied by a company for the benefit of any shareholder in relation to that company by virtue of any share held by that shareholder in that company constitutes a dividend for tax purposes. However, dividends specifically exclude any amount so transferred or applied by the Company to the extent that the amount so transferred or applied, *inter alia*: (i) results in a reduction of Contributed Tax Capital ("CTC") (see "-Distributions of CTC" below); (ii) constitutes a capitalisation award; or (iii) constitutes an open market purchase by a listed company of its own shares on the exchange operated by the JSE.

CTC is a new definition that was introduced with effect from 1 January 2011, and essentially comprises a company's share capital and premium immediately before such date (excluding any portion thereof representing capitalised reserves), plus the consideration received by the Company for the issue of shares on or after that date. The amount subscribed for by shareholders in accepting Rights Offer Shares will constitute CTC.

In general, dividends paid by Ascendis to SA Holders and Non-SA Holders will be exempt from South African income tax in their hands.

13.1.2 **Dividends tax**

Under current law, Ascendis Shareholders will be subject to a tax known as Dividends Tax ("DT").

DT is imposed in respect of any dividend paid by a company, and is levied at a rate of 15 per cent. This rate may be reduced under the provisions of certain Double Tax Agreements. In addition, the DT legislation includes a number of exemptions, including exemptions for intercompany dividends paid to South African corporates and dividends paid to certain exempt entities such as pension funds.

13.1.3 ***Distribution of CTC***

A distribution by a company of CTC does not/will not constitute a dividend for DT purposes. It will, instead, constitute a return of capital.

The tax treatment of distributions of CTC has undergone various amendments for South African tax purposes and its tax consequences depend on the dates upon which the transaction(s) take place and on whether the shares in respect of which the distributions are received or accrued were acquired before or after 1 October 2001 (the date on which CGT was introduced in South Africa). In its current form, the legislation provides that a return of capital taking place on or after 1 April 2012 in respect of shares acquired on or after 1 October 2001, and before the disposal of shares will firstly serve to reduce the base cost of the shares in respect of which the distribution is made, and only when the base cost of the shares has been exhausted will any excess amount distributed result in a capital gain for the SA Holder. The company which makes the distribution is obliged to notify the person to whom the distribution is made, in writing and by the time the distribution is made, of the extent to which the distribution constitutes a return of capital.

The CTC provisions are, however, complex and the exact dates of application need to be properly considered.

13.1.4 **Taxation of capital gains and losses**

- **South African resident shareholders – individuals**

A disposal or deemed part disposal of Rights Offer Shares by an individual shareholder who is resident in South Africa for tax purposes may give rise to a gain (or loss) for the purposes of capital gains tax ("CGT"). In certain circumstances, shares disposed of after being held for at least three years are deemed to be subject to CGT. The capital gain (or loss) on disposal of the Rights Offer Shares is equal to the difference between the disposal proceeds and the base cost. A shareholder's base cost in the Rights Offer Shares will generally be the consideration paid for those Rights Offer Shares. The base cost in the Rights Offer Shares may be increased by one third of any interest incurred to finance the cost of acquiring the Rights Offer Shares, and other direct costs incurred in, *inter alia*, acquiring the Rights Offer Shares, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income. A gain on a disposal of the Rights Offer Shares, together with other capital gains, less allowable capital losses in a year of assessment, is subject to tax at the individual's marginal tax rate (maximum 41%) to the extent that it exceeds the annual exclusion (R40,000 for the years of assessment ending 28 February 2017). 40% of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 16.4%. On the death of a taxpayer, there is a deemed disposal of the Rights Offer Shares at market value, unless the Rights Offer Shares are bequeathed to or in favour of a surviving spouse. Deemed disposals to a surviving spouse who is a South African resident are treated, in practical effect, as taking place at no gain or loss. The annual exclusion where death occurs during the year of assessment ending 28 February 2017 is R300,000. Where a taxpayer emigrates (i.e., gives up South African tax residence), there will also be a deemed disposal of the Rights Offer Shares at market value and this may trigger CGT.

- *South African resident shareholders – corporates*

A disposal or deemed part disposal of the Rights Offer Shares where such Rights Offer Shares are held on capital account by a South African resident corporate shareholder may give rise to a capital gain (or loss) for the purposes of CGT. In certain circumstances, shares disposed of after being held for at least three years are deemed to be subject to CGT. The capital gain (or loss) on disposal of the Rights Offer Shares is equal to the difference between the disposal proceeds and the base cost. A shareholder's base cost in the Rights Offer Shares will generally be the consideration paid for the Rights Offer Shares. The base cost in the Rights Offer Shares may be increased by one third of any interest incurred to finance the cost of acquiring the Rights Offer Shares, and other direct costs incurred in, *inter alia*, acquiring the Rights Offer Shares, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income.

A capital gain on a disposal of the Rights Offer Shares by a corporate shareholder, together with other capital gains, less allowable losses in a year of assessment, is subject to tax at the normal tax rate for companies (currently 28%). 80% of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 22.4%.

- *Non-South African resident shareholders – individuals and corporates*

A disposal of Letters of Allocation or the Rights Offer Shares by a non-South African resident will not give rise to a gain (or loss) for the purposes of CGT unless the shares are attributable to a permanent establishment of the non-South African resident shareholder in South Africa.

13.1.5 **Estate duty**

Where a person who is ordinarily resident in South Africa holds the Rights Offer Shares at the date of his or her death, the market value of such Rights Offer Shares will be included in the estate. Estate duty is levied at a flat rate of 20% on the dutiable amount of the deceased estate to the extent that it exceeds R3.5 million per estate. In determining the dutiable amount of an estate, deductions are, *inter alia*, allowed for the value of bequests and property left to a surviving spouse, and estate liabilities, including CGT paid on the deemed disposal of the rights offer shares on date of death.

13.1.6 **Securities transfer tax**

Securities transfer tax ("STT") of 0.25% of the applicable taxable amount is payable in respect of every "transfer" of securities issued by a company incorporated in South Africa. "Transfer" as a general rule includes any cancellation or redemption of a security, but does not include the issue of a security or any event that does not result in a change in beneficial ownership of a security. STT will not be levied on the Rights Offer Shares issued in terms of the Rights Offer.

A transfer of the Rights Offer Shares from or through the agency of a JSE registered broker is subject to STT of 0.25% of the purchase consideration. The STT is payable by the broker which may recover it from the transferee. Where the Rights Offer Shares are not purchased from or through the agency of a broker, but the change in beneficial ownership is effected by a participant, STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of the rights offer shares on the date of the transaction is payable by the participant which may recover it from the transferee.

In any other case of a change in beneficial ownership of the Rights Offer Shares, as a general rule, STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of the Rights Offer Shares is payable by the transferee through the broker or participant, which holds the Rights Offer Shares in custody. STT is not payable in respect of the transfer of Letters of Allocation.

13.1.7 **Letters of Allocation**

The issue of Letters of Allocation to shareholders is not a dividend subject to DT. The subscription for Rights Offer Shares by the holder of a Letter of Allocation does not have tax consequences in itself. The subscription price paid for the Rights Offer Shares will be the shareholder's base cost for the purposes of CGT.

Where a shareholder sells Letters of Allocation in the market, there will be a gain equal to the consideration received for the sale of the Letters of Allocation, and this gain may be treated as being a receipt of an income as opposed to a capital nature.

Where a person who is not a shareholder buys Letters of Allocation, the cost of those Letters of Allocation will be added to any subscription price paid for the Rights Offer Shares, to make up that shareholder's base cost for CGT purposes.

There will be no South African tax consequences to non-South African residents (provided they do not have a permanent establishment in South Africa) as a result of the receipt, sale, exercise or lapse of Letters of Allocation.

14. DOCUMENTS OF TITLE

New share certificates to be issued to Qualifying Certificated Shareholders in respect of those Rights Offer Shares to which they were entitled and for which they have subscribed will be posted to persons entitled thereto, by registered post, at the risk of the shareholders concerned, on or about Thursday, 11 August 2016. Such Certificated Shares are not good for delivery in respect of trades concluded on the JSE until they have been dematerialised.

Qualifying Dematerialised Shareholders will have their accounts at their CSDP or Broker updated with the Rights Offer Shares to which they were entitled and for which they have subscribed on Thursday, 11 August 2016.

15. STATEMENT AS TO LISTING ON STOCK EXCHANGE

The JSE has granted listings for the Letters of Allocation and the Rights Offer Shares as follows:

- Letters of Allocation in respect of 54,545,454 Rights Offer Shares will be listed from the commencement of business on Wednesday, 20 July 2016 to the close of business on Monday, 1 August 2016, both days inclusive, under the JSE code: ASCN and ISIN: ZAE000221891; and
- 54,545,454 Rights Offer Shares will be listed with effect from the commencement of business on Tuesday, 2 August 2016.

16. JURISDICTION

The distribution of this Circular and/or accompanying documents and/or the transfer of the Rights Offer Shares and/or the Rights to subscribe for Rights Offer Shares in jurisdictions other than South Africa may be restricted by law and failure to comply with any of those restrictions may constitute a violation of the laws of any such jurisdiction in which it is illegal to make such a Rights Offer. In such circumstances, this Circular and the Form of Instruction (*pink*) are sent for information purposes only.

17. RISK FACTORS

The following risks should be considered carefully by Qualifying Shareholders before making any investment decision.

This section addresses the existing and future material risks to the business of the Ascendis Group. The risks below are not the only ones that the Ascendis Group will face. Some risks are not yet known and some that are not currently deemed material could later prove to be material. All of these risks could materially adversely affect the Ascendis Group, its reputation, business, results of operations and overall financial condition. In such cases, the market price of Ascendis Shares or the Letters of Allocation may decline and Qualifying Shareholders could lose all or part of their investment. Qualifying Shareholders should read this section in conjunction with "Circular to Qualifying Shareholders", "Operating and Financial Review" and "Business Description".

17.1 Risks relating to the Acquisitions

17.1.1 The integration of the Acquisitions may be time-consuming and more costly than expected.

The Acquisitions are expected to contribute significantly to the growth of the Ascendis Group's Pharma-Med and Consumer Brands divisions, particularly in Europe. The combination is expected to create a global health and care business with scale and enhanced sourcing capability. The Board expects that the Enlarged Ascendis Group will benefit from operational synergies and efficiencies over time. Ascendis is currently undergoing a rationalisation exercise whereby it will streamline its overall manufacturing capabilities and maximise its overall capacity. As such the initial integration plans are focused on maximising the manufacturing capacity of Remedica by way of Remedica taking over certain manufacturing requirements which are currently outsourced by Farmalider S.A., the Spanish pharmaceutical acquisition announced on SENS on 3 August 2015. Ascendis furthermore plans to deliver on key initiatives to distribute Ascendis' existing and acquired sports nutrition products along an enhanced supply chain with shared procurement. Although the Acquisitions are strong stand-alone businesses and do not rely on any immediate integration for the continued success of the respective businesses, the Board expects that the Enlarged Ascendis Group may incur costs and management time to implement certain value enhancing initiatives going forward.

17.1.2 **The Enlarged Ascendis Group will face financial risk due to its increased level of indebtedness.**

Ascendis will finance part of the consideration for the Acquisitions through approximately €180 million of debt financing. In addition, Ascendis will refinance its existing South African based debt such that the overall Leverage Ratio (post the implementation of the Acquisitions) is approximately 3.59x EBITDA on a net cash basis. Based on management's current expectations, the Leverage Ratio is expected to decrease to approximately 3.0x EBITDA on a net cash basis 18 months post implementation of the Acquisitions.

An inability to repay or refinance all or a substantial amount of the Ascendis Group's debt obligations when they become due would have a material adverse effect on its business, results of operations and financial condition. The Enlarged Ascendis Group may be negatively impacted by higher interest rates, which would adversely affect the Enlarged Ascendis Group's profitability. Furthermore, the Enlarged Ascendis Group will be required to comply with any restrictive terms of its debt, including covenants which may limit its ability to incur additional indebtedness, pay dividends or make other distributions, limiting its flexibility in planning for, or reacting to, changes in its business and the markets in which it operates. Such actions could impair the Enlarged Ascendis Group's ability to obtain additional financing in the future and place it at a competitive disadvantage compared to those competitors that have less debt.

17.2 **Risks relating to the Ascendis Group's industry and business**

17.2.1 **Non-compliance with existing laws and regulations or changes in any such laws and regulations could affect the Enlarged Ascendis Group's business, financial condition and results of operations.**

The Enlarged Ascendis Group is subject to, and incurs costs to comply with, numerous laws and regulations, including the draft form of the complementary and alternative medicines ("CAMs") regulations and the Medicines and Related Substances Act, 101 of 1965 and the regulations thereto. Untimely compliance or non-compliance with these laws and regulations could result in the imposition of civil and criminal penalties that could adversely affect the continued operation of the Enlarged Ascendis Group's business, such as: (i) loss of required government certifications; (ii) loss of licenses; or (iii) significant fines or monetary penalties. The regulations to which the Enlarged Ascendis Group is subject include, but are not limited to, national, provincial and local regulations relating to the sale of controlled substances (i.e. registered medicines); regulations relating to the distribution, pricing, marketing and advertising of medicines; regulations relating to the protection of the environment and health and safety matters, including those governing exposure to and the management and disposal of hazardous substances; regulations governing the sale, advertisement and promotion of products; and consumer protection laws. Changes in these laws and regulations and the introduction of new laws and regulations may require extensive system and operating changes that may be difficult to implement.

17.2.2 **The Enlarged Ascendis Group could be adversely affected by product liability, product recall or personal injury issues.**

The Enlarged Ascendis Group could be adversely impacted by the supply of defective products, including the infiltration of counterfeit products into the supply chain, errors in labelling of products, product tampering, product recall and contamination or product mishandling issues. Errors in the packaging of pharmaceuticals could lead to serious injury or death. Product liability or personal injury claims may be instituted against the Enlarged Ascendis Group with respect to any of the products or pharmaceuticals it manufactures. Should a product or other liability issue arise, the coverage limits under the Enlarged Ascendis Group's insurance policies and the indemnification amounts available to the Enlarged Ascendis Group may not be adequate to protect it against claims. The Enlarged Ascendis Group may also not be able to maintain this insurance on acceptable terms in the future. Damage to the Enlarged Ascendis Group's reputation in the event of a product liability or personal injury issue or judgment against it or a product recall could have a material adverse effect on the Enlarged Ascendis Group's business operations, financial condition and results of operations.

17.2.3 **The Ascendis Group may fail to expand its operations in Europe for a number of reasons, including the political, social or economic risks of operating in such countries.**

The Ascendis Group currently has a physical presence in Europe through Farmalider S.A. as well as via the distribution of numerous products in its Consumer Brands division. As part of its growth strategy, the Ascendis Group intends to continue to build its business throughout Europe, selectively establishing its presence in markets where it expects long-term business opportunities to develop and where it is expected to have a market leading presence through established brands. There can be no assurances that the Ascendis Group will be successful in every European market in which it establishes a presence and, from time to time, the Ascendis Group may choose to withdraw from a market.

Prior to entering a new market, the Ascendis Group undertakes viability studies to assess the social, political, regulatory and economic risks of operating in a particular country. Such risks include, among other things: political instability, civil disturbance and violence; government interventions, including expropriation or nationalisation of assets, increased protectionism and the introduction of tariffs or subsidies; arbitrary or inconsistent government action; and cancellation, nullification or unenforceability of contractual rights. The Ascendis Group may also be subject to policy changes or increased government regulations with respect to a variety of matters, including: export, import and throughput controls; income and other taxes; environmental legislation; health and safety rules; foreign ownership restrictions; competition law; employment policies; and water use. The Ascendis Group may be required to incur additional costs in order to comply with these changes or the implementation of new regulations. There can be no assurances that the Ascendis Group will be able to identify, anticipate or prepare for any or all of the risks inherent in operating in these countries and the occurrence of some risks are not within the ability of the Ascendis Group to control. In certain instances, for example in the case of political instability, civil disturbance and violence, the Ascendis Group may choose to withdraw from a market.

17.2.4 **Any negative impact on the Ascendis Group's reputation or brand perception could adversely affect its business.**

The Ascendis Group relies on (and following the Acquisitions, the Enlarged Ascendis Group will rely on) the strength of its reputation to attract and retain customers, suppliers and employees, secure lines of credit and gain access to capital. Unfavourable publicity as a result of or following the Acquisitions, or a loss of trust or confidence by suppliers or customers in the Acquisitions could have a material adverse effect on the Enlarged Ascendis Group's business, results of operations or financial condition. The Enlarged Ascendis Group must actively manage its reputation with a number of different stakeholders, including customers, suppliers, employees, investors, the media, business partners and the government and regulatory agencies. Failure to protect its brands or loss of trust and confidence in the brands and products the Enlarged Ascendis Group sells could affect operations in a number of ways. These could include a decline in the Enlarged Ascendis Group's customer base, deterioration in relationships with suppliers, an inability to expand into new markets or difficulty in recruiting and retaining sufficiently qualified employees, any of which could have a material adverse impact on the Enlarged Ascendis Group's business, results of operations and financial condition.

17.2.5 **The Ascendis Group depends on certain suppliers.**

Over c.95% of the medical devices industry in South Africa imports devices for sale within South Africa. As such the medical division of Ascendis is also susceptible to agency agreements in place with certain international principals whereby the Ascendis Group supplies the devices, which are manufactured and developed in *inter alia* the United States, Europe and China to South African hospital groups. The termination of any material agency could have a material adverse impact on the Ascendis Group's business, results of operations and financial condition.

17.2.6 **The Ascendis Group depends on its key executives and skilled employees.**

The Ascendis Group's strategic development and growth depends, in part, on the expertise of its key executives and skilled employees. The loss of the services of certain of these senior executive officers and key employees could negatively impact the Ascendis Group's operations and its ability to develop and grow its business. In addition, following the Acquisitions, the Enlarged Ascendis Group will need to examine the composition and balance of its management structure to ensure that it has the optimal structure in place not only for the successful integration of the Acquisitions, but also for the continued execution of its strategies and the growth of its operations. As such, Ascendis intends to employ an integration specialist for its European operations who will be responsible for the successful integration and operation of the European platform businesses. In addition, a significant amount of management time is expected to be devoted to the integration of the Acquisitions and the management of substantial operations in both South Africa and Europe, which could cause management to temporarily divert its attention away from existing operations and strategic initiatives.

The Ascendis Board is actively engaged in a search for a new position being Managing Director of Europe. This individual will be responsible for the management of all of Ascendis's European assets in the same way as Cliff Sampson is responsible for the South African operations. This position is expected to be filled before the end of 2016.

17.2.7 **The Ascendis Group's business is subject to a number of risks as a result of operating in South Africa.**

The South African economy has experienced a slowdown in growth in recent years as a result of weaker global demand, and has also experienced domestic issues such as rising fuel prices, food inflation and a decline in job creation and government spending. This may negatively impact interest rates and, therefore, consumer confidence. As a result, the Ascendis Group may experience lower customer spending from its target customers within its Consumer Brands and Phyto-Vet divisions, although expects that to some extent, its Pharma-Med division will hedge fluctuations in consumer demand within its Consumer Brands and Phyto-Vet divisions.

The development of appropriate infrastructure is integral to the execution of the Ascendis Group's strategy. There can be no assurances that South Africa's retail and hospital infrastructure will develop in a manner that can sustain growth. In addition, in order to successfully deliver products to customers, the Ascendis Group will need to continue to expand its distribution capabilities, which is in part dependent on investment and development by the South African government in physical infrastructure. There can be no assurances that the necessary infrastructure will develop as expected, which could have a material adverse effect on the Ascendis Group's business, results of operations and financial condition. For example, electricity supply in South Africa remains constrained and future power disruptions are possible. Although the Department of Energy is developing a power conservation programme in an attempt to improve the power situation in South Africa, there can be no assurances that this programme will provide sufficient supply for the needs of the country or for the Ascendis Group to run its operations in South Africa at full capacity or at all. If there were to be significant or continued power outages, fluctuations or usage constraints, the Ascendis Group's business may be materially adversely affected. The Ascendis Group may also be required to incur increased costs in order to ensure a constant electrical power supply, to find alternative power sources for its operations or to meet energy reduction targets.

The Ascendis Group is also subject to South Africa's Exchange Control Regulations, which restrict the export of capital from Lesotho, Namibia, South Africa and Swaziland (the "Common Monetary Area"). The Ascendis Group's operations in South Africa are restricted in their ability to raise and deploy capital outside the Common Monetary Area. In general, South African companies are not permitted to export capital from South Africa or to hold foreign currency without the approval of the South African Reserve Bank, and are required to repatriate to South Africa profits of their foreign operations. As a result, the Ascendis Group's operations in South Africa may have limited financial flexibility, which could have a material adverse effect on its business, results of operations and financial condition.

17.2.8 **The Ascendis Group's business is subject to a number of risks as a result of operating in certain central and eastern European countries.**

Specific risks of operating in Central and Eastern Europe ("CEE")

The risk of arbitrary legislation, notably sector-specific taxes, is a concern for taxation systems in CEE. This risk has strengthened due to recent governmental changes in some of the CEE countries. Some arbitrary legal requirements that implement restrictions exceeding EU regulations have been or are about to be implemented in the banking sector. These selected recent developments make the region less regulatorily friendly for some sectors, however the general regulatory environment is still perceived as stable. The need for significant regulatory reform is evident in CEE, notably in the area of regulated professions. There is a wide move in professional deregulations in the region. The extent to which governments will make progress on regulatory reform and streamlining bureaucracy and taxation systems will be a key determinant of business expansion in the coming years.

European Union funding has been a significant driver of past economic growth in the CEE, however absorption rates of European Union funds are uneven across the region. Czech Republic, Slovakia and Poland are the leaders in leveraging on European Union funds.

Specific risks of operating in Cyprus

Despite Remedica exhibiting strong growth and favourable, efficient processes within Cyprus as regards the registration of dossiers, the Cypriot economy has experienced turbulence as evidenced by its decline in GDP in 2009 of 1,9% following an era of strong economic growth of around 35 years. The recovery in 2010 and 2011 was followed by severe GDP contractions in 2012, 2013 and 2014 mainly as a result of a drop in private and public consumption and a decrease in fixed investment. However, it is noted that as per International Monetary Fund forecasts, real GDP for 2015 has been revised up to 1,4% (from 0,5%) and it is projected to peak in 2018 to 2,2%. In addition, consumer confidence, which reached its bottom in Q1 2013 after the Memorandum of Understanding ("MoU") was signed, recovered substantially to reach a three-year high towards the end of 2015. In conclusion, Cyprus is back in economic recovery mode, albeit at a sluggish and fragile manner.

Despite the projected macro-economic recovery that Cyprus is experiencing, geo-political uncertainties in the regional (e.g. Syria, Egypt, ISIS) and global outlook have the potential to adversely affect the Cypriot economy through their impact on tourism, business services and investor confidence.

Government reform implementation has been pursued, also as part of the MoU. However, Cyprus still exhibits an increased level of red tape, compared to other European peers.

Although the manufacturing facilities are based in Cyprus, Remedica's sales in Cyprus were c.7% in the 2015 financial year.

17.2.9 **A change to Ascendis's BBBEE ownership rating may adversely affect its reputation.**

Ascendis has invested significant effort to meet the objectives of the South African Broad-Based Black Economic Empowerment Act No. 53 of 2003, as amended, (the "BBBEE Act") and implement the principles embodied in the South African Codes of Good Practice on Broad-Based Black Economic Empowerment (the "Codes") published under the BBBEE Act. Ascendis's BBBEE strategy is centred around the principles of empowerment, broad-based beneficiation, commercial relevance, partnerships and proper governance, and touches on all aspects of the organisation.

Ascendis currently has a level 6 BBBEE certificate in place, although it has since increased its ownership level to approximately 20% since the receipt of this BBBEE certificate. Certain key subsidiaries within the Ascendis Pharma-Med division continue to enjoy a c.level 3 BEE certificate with significant focus placed on skills development within these operations. Ascendis actively engages its business partners to remove the barriers to entry in its supply chain for small-, medium-, black- and black women-owned enterprises in South Africa. However, there can be no assurances that it will be able to maintain this rating, particularly since amendments to the Codes have taken effect. These legislative changes will impact the initiatives previously implemented by Ascendis with regards to BBBEE. Ascendis may incur additional costs in maintaining the rating under the Codes or may change or discontinue existing initiatives, which may negatively impact its reputation.

17.2.10 **The Ascendis Group's operations may be adversely affected by allegations of fraud, bribery and corruption.**

The Ascendis Group's operations may be subject to the risks associated with fraud, bribery and corruption, instances of which may occur in some of the jurisdictions in which it operates. While the Ascendis Group maintains training programmes, codes of conduct, internal controls and other safeguards to prevent the occurrence of fraud, bribery and corruption, it may not be possible to detect or prevent every such instance of this type of activity in every jurisdiction. In addition, internal controls, no matter how well conceived and operated, can only provide reasonable assurance that the objectives of the control system are met. The Ascendis Group may therefore be subject to civil and criminal penalties in any jurisdiction where its employees or agents engage in any impermissible or illegal activity, which may have a material adverse effect on the Ascendis Group's reputation.

17.2.11 **The Ascendis Group is exposed to fluctuations in foreign exchange rates.**

The Ascendis Group's results (and following the Acquisitions, the results of the Enlarged Ascendis Group) can be affected by fluctuations in currency exchange rates. The Ascendis Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Many of the Ascendis Group's products are manufactured in countries other than South Africa, which will now include Central and Eastern Europe, and imported for sale. Consequently, the Ascendis Group has (and following the Acquisitions, the Enlarged Ascendis Group will have) transactional currency exposures arising from the acquisition of goods and services in currencies other than the functional currencies of its entities, namely the Rand. In recent years, the Rand has depreciated significantly against other international currencies. Were this depreciation to continue or increase, this could lead to increased sourcing costs and reduced margins for the Enlarged Ascendis Group. As a result of the Acquisitions and the expected increase in sales of products denominated in both US Dollars and Euros, the Ascendis Group expects to be hedged against this currency exposure to some extent.

It is the Ascendis Group's policy that the transactional currency risk associated with sourcing products is hedged via foreign exchange contracts in accordance with Ascendis Group hedging policy. Such hedging measures may have the effect of increasing costs for the Ascendis Group to the extent it has received a less advantageous currency exchange rate than the prevailing rate available from time to time. Should the Ascendis Group fail to adequately hedge its transactional risk or suffer increased costs or decreased competitiveness as a result of its hedging efforts, this could have a material adverse effect on the Enlarged Ascendis Group's business, results of operations or financial position.

The Ascendis Group also has investments in foreign subsidiaries whose net assets are exposed to foreign currency translation risk. The Ascendis Group does not hedge its translation risk. Movements in material translation foreign currencies may have a material adverse impact on the Ascendis Group's results of operations.

17.3 **Risks related to the Rights Offer and the Rights Offer Shares**

17.3.1 **If the Rights Offer is unsuccessful, or is only partially successful, Ascendis may need to raise additional capital.**

In the event that the Rights Offer is unsuccessful, or is only partially successful, as a result of, for example the termination of the Underwriting Agreement in extreme circumstances, Ascendis may need to raise additional capital. There can be no assurances that Ascendis will be able to do so on favourable economic terms, or at all, and Ascendis' ability to raise additional capital may be influenced by factors beyond its control, including the macroeconomic environment. If the Rights Offer is unsuccessful and if Ascendis is unable to raise additional capital, it could breach a covenant and trigger an event of default under the debt facilities which could have a material adverse impact on Ascendis liquidity, business, results of operations and financial position.

17.3.2 **Even though the Rights Offer is underwritten, the underwriting is subject to customary provisions allowing the Joint Global Coordinators to terminate the Underwriting Agreement in certain limited circumstances.**

The Joint Global Coordinators have agreed to procure subscribers for, or failing which to subscribe and pay for, the Rights Offer Shares that have not been subscribed for by Qualifying Shareholders pursuant to the Rights Offer. However, the Underwriting Agreement grants the Joint Global Coordinators customary rights to terminate the Underwriting Agreement in certain limited circumstances. If the Joint Global Coordinators are entitled to terminate, and do terminate, the Underwriting Agreement, the amount of proceeds the Company raises from the Rights Offer could be substantially reduced. Because the exercise of the Rights will be irrevocable upon exercise and may not be cancelled or modified after such time, Qualifying Shareholders who have exercised their Rights will be required to complete their purchase of Rights Offer Shares even if the Underwriting Agreement is terminated.

Termination

Each of the Joint Global Coordinators may, *inter alia*, terminate the Underwriting Agreement, by notice to the Company, at any time at or prior to the relevant closing date:

a) if there has been since the date of the Underwriting Agreement, any change, or any development reasonably likely to involve a prospective change, in the earnings, business, operations, condition (financial or otherwise) or properties of the existing Ascendis Group, whether or not arising in the ordinary course of business, which is material and adverse to the existing Ascendis Group;

b) if the Company has notified the Underwriters of the need to prepare and issue an amendment or supplement to the Circular;

c) if the Company consummates an acquisition or divestment (including intra-group re-organisation) of material assets, or announces its intention to acquire or divest material assets, other than the Acquisitions;

d) if there has occurred: (i) any general suspension of, or limitation on prices for, trading in securities of the Company or securities generally on the New York Stock Exchange, the NASDAQ National Market, the London Stock Exchange or the JSE; (ii) any outbreak or escalation of hostilities, armed conflict or act of terrorism in South Africa, the United Kingdom, the EEA or the United States and/or any adverse change in national or international financial markets or political or economic conditions or any other calamity or crisis (including the worsening of a pre-existing situation); (iii) any change in currency exchange rates or exchange controls, or a disruption of settlement systems or commercial banking, in each case in any of South Africa, the United Kingdom, the EEA or the United States; (iv) the announcement of a banking moratorium or of a suspension of payments in respect of banks generally in United States, the United Kingdom, the EEA or South Africa; (v) any change to the tax regime in South Africa applicable to the Subscription Rights or Rights Offer Shares, the shares of the Company or the placement or issuance of the Subscription Rights or the Rights Offer Shares; or (vi) any withdrawal of admission to listing of the Subscription Rights or shares of the Company or material change in the listing or trading of the Subscription Rights or shares of the Company on the JSE, and, in each case which makes it, in the absolute discretion of the Underwriters, acting in good faith and following consultation with the Company, impracticable or inadvisable to market the Rights Offer Shares or to underwrite a Rights Offer.

17.3.3 **The price of Ascendis Shares may fluctuate.**

The market price of Ascendis Shares is subject to fluctuations due to changes in sentiment in the market in response to various facts and events, any regulatory changes affecting the Ascendis Group's operations, variations in the Ascendis Group's results of operations and the business developments of the Ascendis Group or its competitors or changes in financial estimates by securities analysts. Stock markets have, from time to time, including during the current economic downturn, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Ascendis Group's operating performance or prospects. Furthermore, the Ascendis Group's operating results and prospects may, from time to time, be below the expectations of market analysts and investors. Any of these events could adversely affect the market price of Ascendis Shares, and Ascendis cannot ensure that the public trading market prices of the Ascendis Shares will not decline below the Rights Offer Share Price.

17.3.4 **In the future, Ascendis may not pay dividends at current levels or at all.**

Ascendis pays dividends to its shareholders only if funds are available for that purpose. Whether funds are available depends on a variety of factors, including the amount of cash available and other cash requirements existing at the time. Under South African law, Ascendis is entitled to pay a dividend to its shareholders only if it meets the solvency and liquidity tests set out in the Companies Act. Given these factors and the Board's discretion to declare a cash dividend, in the future Ascendis may not pay dividends at current levels or at all.

17.3.5 **An active trading market in the Letters of Allocation may not develop.**

An active trading market in the Letters of Allocation may not develop on the JSE during the trading period. In addition, because the trading price of the Letters of Allocation depends on the trading price of Ascendis Shares, the Letter of Allocation prices may be volatile and subject to the same risks as noted above in "-The price of Ascendis Shares may fluctuate".

17.3.6 **Ascendis Ordinary Shareholders' ability to sell a substantial number of Ascendis Shares or Rights may be restricted by the limited liquidity of shares traded on the JSE.**

The principal trading market for the Letters of Allocation and the Ascendis Shares is the JSE. Historically, trading volumes and liquidity of shares listed on the JSE have been low in comparison with other major international markets. During Fiscal Year 2015, 88 470 452 Ascendis Shares were traded on the JSE. The relatively lower liquidity of shares traded on the JSE could affect Ascendis Ordinary Shareholders' ability to sell Ascendis Shares.

17.3.7 **Qualifying Shareholders who do not acquire Rights Offer Shares will experience dilution in their ownership of Ascendis.**

If Ascendis Ordinary Shareholders do not take up the offer of Rights Offer Shares, their proportionate ownership and voting interests in Ascendis will be reduced and the percentage that their Ascendis Shares will represent of the total share capital of Ascendis will be reduced accordingly. Even if an

Ascendis Ordinary Shareholder elects to sell his or her unexercised Letter of Allocation, or if such Letter of Allocation is sold on his or her behalf, the consideration he or she receives may not be sufficient to compensate him or her fully for the dilution of his or her percentage ownership of Ascendis's share capital that may be caused as a result of the Rights Offer.

17.3.8 **Any future issues of Ascendis Shares will further dilute the holdings of current Ascendis Shareholders and could adversely affect the market price of Ascendis Shares.**

Ascendis may decide to offer additional shares in the future either to raise capital, to fund further acquisitions or for other purposes. If Ascendis Shareholders do not take up such offer of shares or are not eligible to participate in such offering, their proportionate ownership and voting interests in Ascendis will be reduced and the percentage that their Ascendis Shares would represent of Ascendis's total share capital would be reduced accordingly. An additional offering, or significant sales of shares by major Ascendis Shareholders, could have a material adverse effect on the market price of Ascendis Shares as a whole.

17.3.9 **Shareholders outside South Africa may not be able to receive the Rights Offer Shares and may be diluted.**

Securities laws of certain jurisdictions may restrict Ascendis' ability to allow participation by Ascendis Ordinary Shareholders in the Rights Offer. In particular, Ascendis Ordinary Shareholders who are located in the United States may not be able to exercise their Rights unless a registration statement under the US Securities Act is effective with respect to such rights. The Rights Offer will not be registered under the US Securities Act. Securities laws of certain other jurisdictions may restrict Ascendis's ability to allow participation by Ascendis Ordinary Shareholders in such jurisdictions in any future issue of shares carried out by Ascendis. Qualifying Shareholders who have a registered address in, who are resident in or who are citizens of countries other than South Africa should consult their professional advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to receive the Letter of Allocation and the Rights Offer Shares.

18. INFORMATION ON ASCENDIS

Ascendis is a health and care brands company operating in human, plant and animal health. Ascendis' strategy is to create a synergistic group of health product brands that cover the value chain from imports of raw materials, manufacturing and distribution to consumers via retail and direct selling channels. As one part of its growth strategy Ascendis also has a strong focus on acquisitive growth utilising the expertise of the deal team from Coast2Coast Capital – an experienced investment holding company and the controlling Shareholder of Ascendis. Ascendis has over 1,900 staff and is headed by Dr Karsten Wellner as Chief Executive Officer. The executive team has over 20 years experience in pharmaceutical and consumer products industries.

Ascendis aims to achieve its vision in three ways:

- by focusing on strong organic growth with the right people by partnering great management teams in order to improve strategic, operational and leadership excellence;
- by creating platforms in the sectors of plant and animal and human health and acquiring complementary businesses and brands for synergistic growth; and
- by improving the value chain via vertical integration within these platforms and industry sectors.

Ascendis is well placed to deliver on its stated objectives as it is set to become the second largest pharmaceutical company listed on the JSE by market capitalisation post the implementation of the Transactions. The Ascendis divisional mix will change from its previous target mix of 40:40:20 representing its Consumer Brands, Pharma-Med and Phyto-Vet divisions respectively, to a target mix of 45:45:10 representing the same divisions respectively. The slight shift in product mix is as a result of the growth in the business on the back of sizable pharmaceutical and OTC markets which resonates with its ultimate long-term objective of being a global pharmaceutical player with diversified products along the pharmaceutical value chain.

The Transactions, based in Cyprus and Central and Eastern Europe, will significantly grow Ascendis' European base, which currently consists of Farmalider S.A., the Spanish pharmaceutical acquisition announced on SENS on 3 August 2015. The establishment of a sizable European platform will support further international growth and expansion into new geographies both acquisitively and organically as the newly acquired international sales and distribution platforms are utilised to channel existing Ascendis product. The geographical diversification of the Transactions will furthermore create a natural Rand hedge, with almost half of Ascendis' sales being generated by foreign operations post implementation. The simultaneous conclusion of both Transactions ensures that Ascendis maintains its defensive segmental mix of OTC and pharmaceutical operations while enhancing diversification of its sales portfolio across products, channels, geographies and currencies.

19. SHARE CAPITAL

The Authorised and Issued Shares of Ascendis on the Last Practicable Date are set out below:

	Number of shares	R'm
Authorised		
Ordinary Shares of no par value	2 000 000 000	
Issued		
Ordinary shares of no par value	298 607 471	2 128
Treasury shares	266 314	

The Authorised and Issued Shares of Ascendis post implementation of the Rights Offer are set out below:

	Number of shares	R'm
Authorised		
Ordinary Shares of no par value	2 000 000 000	
Issued		
Ordinary shares of no par value	353 152 925	3 328
Treasury shares	266 314	

20. MAJOR SHAREHOLDERS

As at the Last Practicable Date, insofar as is known to Ascendis, the following Shareholders (other than Directors) had greater than a 5% indirect and/or direct beneficial shareholding in Ascendis:

Shareholder	Direct shareholding	Indirect shareholding	% total shareholding
Coast2Coast Capital Proprietary Limited		122 172 530	40.9
Total		**122 172 530**	**40.9**

Post the implementation of the Rights Offer, the following Shareholders will have greater than a 5% indirect and/or direct beneficial shareholding in Ascendis:

Shareholder	Direct shareholding	Indirect shareholding	% total shareholding
Coast2Coast Capital Proprietary Limited	–	144 489 306	40.9
Total	**–**	**144 489 306**	**40.9**

**Assuming Coast2Coast Capital takes up all of its Rights*

21. SHAREHOLDER IRREVOCABLES

Ascendis has received irrevocable undertakings from various institutions to the sum of c.R2.3 billion in order to participate in the Rights Offer (to the extent the institutions represent current Shareholders) and/or in the Vendor Consideration Placement to the extent they either represent new strategic investors or their investment quantum was not fully satisfied by way of the Rights Offer. The Shareholders who provided irrevocable undertakings will be allocated excess Rights Offer Shares in the same equitable *pro rata* mechanism as all other Shareholders within the Rights Offer.

Therefore, Shareholders holding 50% of the issued Shares have provided irrevocable undertakings to follow their Rights in terms of the Rights Offer. Details of these parties (and their total participation) are set out below:

Party	Participation in Rights Offer and/or Vendor Consideration Placement ("VCP")	Shares subject to undertaking at the signature of irrevocable undertaking	Shares subject to undertaking at Last Practicable Date	% holding at Last Practicable Date
Coast2Coast Capital Proprietary Limited	Rights Offer	122 132 530	122 172 530	40.9
MIC Investment Holdings Proprietary Limited	Rights Offer and VCP	10 931 901	10 931 901	3.7
Praesidium Capital Management Proprietary Limited	Rights Offer and VCP	6 701 681	6 701 681	2.2
Mergence Investment Managers Proprietary Limited	Rights Offer and VCP	5 217 566	5 217 566	1.7
Bateleur Capital Proprietary Limited	Rights Offer and VCP	2 215 416	2 215 416	0.7
Fairtree Capital Proprietary Limited	Rights Offer and VCP	1 363 636	1 363 636	0.5
Melville Douglas Investment Management Proprietary Limited	Rights Offer and VCP	237 900	237 900	0.1
36One Asset Management Proprietary Limited[1]	Rights Offer	–	–	–
		148 800 630	**148 840 630**	**49.8**

Note 1: 36One Asset Management will take up the Rights renounced by Coast2Coast Capital.

Ascendis does not guarantee the full allocation to each of the parties listed above, as the allocation in the Vendor Consideration Placement will only be finalised post the conclusion of the Rights Offer.

The Directors have indicated their intention to follow their Rights in terms of the Rights Offer. The Directors' interest in Shares are disclosed in paragraph 13 of the Acquisition Circular.

It is noted that the Rights Offer is scheduled to be concluded prior to the General Meeting and furthermore that to the extent any portion of the Rights Offer proceeds is not utilised in connection with the Acquisitions, it shall be disbursed to fund further acquisitions.

22. DIRECTORS AND SENIOR MANAGEMENT

There will be no changes to the Board or senior management of Ascendis as a result of the Rights Offer or the Acquisitions.

The Directors' remuneration will not be varied as a consequence of the Rights Offer or the Transactions.

There are no Directors' emoluments paid by any other entity of the Ascendis Group.

23. **DIRECTORS' INTERESTS IN THE ACQUISITIONS**

Save for the disclosure in **Annexure 13** and the disclosure per paragraph 24 below, no Directors have a material beneficial interest, whether direct or indirect, in the Acquisitions, nor do any Directors have a material interest in a transaction which was effected by Ascendis during the current or immediately preceding financial year, nor during an earlier financial year in respect of outstanding or unperformed interest.

24. **DIRECTORS' INTERESTS IN SECURITIES**

A statement showing the direct and indirect beneficial interests of the Directors (and their associates), including Directors who have resigned during the 18 months prior to the Last Practicable Date, holdings in Ascendis Shares as at the Last Practicable Date are as follows:

Director	Direct beneficial shareholding	Indirect beneficial shareholding	Number of shares	% total shareholding
John Bester	11 000	–	11 000	0,00
Cris Dillon[1]	861 647	18 325 880	19 187 527	6,42
Kieron Futter	57 143	171 428	228 571	0,08
Bharti Harie	4 000	80 600	84 600	0,03
Cliff Sampson	140 000	250 000	390 000	0,13
Gary Shayne[1]	214 500	103 846 650	104 061 150	34,82
Dr Karsten Wellner	2 612 054	–	2 612 054	0,87
Total	**3 900 344**	**122 674 558**	**126 574 902**	**42,35**

Note 1: Gary Shayne and Cris Dillon's indirect beneficial interests in Ascendis Shares are held via their shareholding in Coast2Coast Capital, of which Gary Shayne ultimately holds 85% and Cris Dillon holds 15%.

Robbie Taylor, a director who resigned during the prior 18 months, has a direct beneficial shareholding of 1 500 Ascendis shares.

25. **COSTS IN RELATION TO THE RIGHTS OFFER AND THE ACQUISITIONS**

The following expenses and provisions are expected, or have been provided for, by Ascendis in connection with the Transactions. All the fees payable to the parties below are exclusive of value added tax and are translated at R16.93: €1 where applicable. These expenses are once off in nature:

Service	Service Provider	R'000
Scitec		
Finders fee	Gert Kruger & Associates CC	28 785[1]
Advisors fee	Coast2Coast Capital	10 000
Capital raising fee	Unicredit	8 128
Commercial due diligence	Roland Berger Kft	2 540
Financial and tax due diligence	Deloitte Zrt	1 693
Legal Advisor	Faludi Wolf Theiss	1 000
Tax Advisor	Deloitte Zrt	813
Legal Advisor	Webber Wentzel	344
Legal due diligence	Faludi Wolf Theiss	321
Tax Advisor	Grayston Elliot	71
Competition commission Advisor		68
Remedica		
Transaction Advisor	Jefferies International Limited	50 797
Legal Advisor	DLA Piper UK LLP	10 069
Advisors fee	Coast2Coast Capital	10 000
Financial, legal and tax due diligence	PricewaterhouseCoopers Ltd	3 386
Commercial due diligence	Roland Berger Kft	1 752
Legal Advisor	Dr K Chrysostymides & Co LLC	830
Competition commission Advisor	Cliffe Dekker Hofmeyr	800
Tax Advisor	PricewaterhouseCoopers Ltd	761
Tax Advisor	Grayston Elliot	109

Service	Service Provider	R'000
Circular		
Audit fees	Ernst & Young Inc	931
Reporting accountants to Remedica and Scitec	Ernst & Young Inc	880
Reporting accountants to Ascendis	PricewaterhouseCoopers Ltd	500
Audit fees	Mazars	395
Printing and publication fees	Ince	318
JSE documentation fee	JSE	66
Equity Raise and Vendor Consideration Placement		
Underwriters fee	Absa	23 000
	HSBC	23 000
Documentation fee	HSBC	2 625
Legal fees	Freshfields	4 573
	Bowman Gilfillan Inc.	2 500
	Cliffe Dekker Hofmeyr	2 000
Debt		
Debt raising fee	Absa	27 249
	HSBC	27 249
Legal fees	Linklaters LLP	8 445
	Allen & Overy LLP	2 066
	Faludi Wolf Theiss	406
Sponsor fee	Absa	250
Total		**258 720**

Note 1: This is the maximum amount which may be claimed. If any amount claimed is disputed, the actual liability for payment (if any) will only be determined once the dispute is settled.

26. CONSENTS

All parties as detailed on the cover of this Circular have consented in writing to the inclusion of their names and reports in this Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

27. DIRECTORS' RESPONSIBILITY STATEMENT AND RECOMMENDATION

The Directors, whose details are set out in Annexure 14 of this Circular, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make the contents of this Circular false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

28. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the registered office of Ascendis at 22 Sloane Street, Bryanston, from 12 July 2016 up to and including the date of the General Meeting:

28.1 The MOI of Ascendis, Ascendis' subsidiaries, Remedica and Scitec;

28.2 The Scitec Sale Agreement;

28.3 The Remedica Sale Agreement;

28.4 The Debt Facilities Agreements;

28.5 The Underwriting Agreement;

28.6 The IFC Subscription Agreement;

28.7 The Kefolile Subscription Agreement;

28.8 The annual reports of Ascendis for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 and the interim report for the six-month period ended 30 December 2015;

28.9 Copies of service agreements with directors, managers, underwriters, vendors and promoters entered into during the last three years;

28.10 The reporting accountants' reports in **Annexures 7, 9 and 11**;

28.11 The audited historical information for the years ended 31 December 2015 and reviewed historical financial information for the years ended 31 December 2014 and 31 December 2013, and the reviewed historical information for the six-months ended 31 December 2015 of Scitec Holding B.V., Remedica and PCHL and the reporting accountants' reports thereon;

28.12 The written consent of the advisors set out on the cover of this Circular; and

28.13 A signed copy of this Circular.

For and on behalf of

ASCENDIS
Director

Johannesburg
12 July 2016

SALIENT DATES AND TIMES

General Meeting	**2016**
Record date to receive the Circular and Notice of General Meeting	Friday, 1 July
Circular, Notice of General Meeting and Form of Proxy distributed to Shareholders	Tuesday, 12 July
Last day to trade in order to be eligible to vote at the General Meeting	Monday, 1 August
Record date to participate in and vote at the General Meeting	Friday, 5 August
Forms of Proxy for the General Meeting to be lodged with Ascendis or the Transfer Secretaries by no later than 09:00	Monday, 8 August
General Meeting held at Block A Silverwood, Steenberg Office Park, Silverwood Close, Tokai, Cape Town, 7945 at 09:00	Thursday, 11 August
Results of General Meeting to be released on SENS	Thursday, 11 August
Results of General Meeting published in the press	Friday, 12 August

1. All dates and times may be changed by Ascendis and/or may be subject to the obtaining of certain regulatory approvals. Any change will be published on SENS.
2. Shareholders should note that as transactions in Ascendis Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade.
3. All times given in this Circular are local times in South Africa.
4. To be valid, the completed Forms of Proxy relating to the General Meeting must be lodged with the Transfer Secretaries of the Company, Computershare Investor Services Proprietary Limited at 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107), Republic of South Africa on or before 09:00 on Monday, 8 August 2016 at least 48 hours (excluding Saturdays and Sundays and public holidays in the Republic of South Africa) before the time appointed for the holding of the General Meeting, or at any adjournment thereof. Any Forms of Proxy not received by this time must be handed to the chairperson of the General Meeting immediately prior to the General Meeting.
5. If the General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting. Shareholders who did not submit Forms of Proxy for the initial General Meeting may however still submit their Forms of Proxy for an adjourned meeting, in accordance with Note 4 above.

ASCENDIS HEALTH LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2008/005856/06)
Share code on the JSE: ASC ISIN: ZAE000185005

CIRCULAR TO SHAREHOLDERS RELATING TO THE GENERAL MEETING

Directors of Ascendis

Executive Directors
Dr K Wellner
CB Sampson
K Futter

Non-Executive Directors
JA Bester*
OP Cunningham*
CD Dillon
B Harie*
GJ Shayne

* *Independent non-executive*

Full details relating to the Directors are included **Annexure 14** of this Circular.

1. INTRODUCTION

As announced on SENS on Tuesday, 24 May 2016 and published in the press on Wednesday, 25 May 2016, Ascendis has entered into the Aquisition Agreements in terms of which Ascendis will acquire, directly or indirectly, 100% of the issued share capital of Remedica in terms of the Remedica Transaction and 100% of the issued share capital of Scitec in terms of the Scitec Transaction, respectively.

Subject to the fulfilment or waiver, as the case may be, of the Conditions Precedent (a summary of which is set out in paragraphs 4.2 and 5.2 of this Acquisition Circular), and following the implementation of the Acquisitions, Remedica and Scitec will become wholly-owned subsidiaries of Ascendis.

The Transactions will be funded by way of the Debt Facilities, Vendor Consideration Placement and the Rights Offer. The Vendor Consideration Placement and Rights Offer are independent of one another and not in any way inter-conditional.

The Acquisitions are not inter-conditional, but each will independently be deemed a Category 1 transaction in terms of section 9 of the Listings Requirements and is therefore subject to Ascendis Shareholders' approval as detailed in the Notice of General Meeting.

2. PURPOSE OF THIS ACQUISITION CIRCULAR

Consistent with Ascendis Shareholders' approval being required for the Acquisitions, the purpose of this Acquisition Circular is to provide Shareholders with relevant information in respect of the Transactions, to enable Shareholders to make an informed decision as to whether or not they should vote in favour of the resolutions to be proposed at the General Meeting. These resolutions are set out in the Notice of the General Meeting included in this Circular, in relation to:

2.1 The approval of the implementation of the Remedica Transaction as a Category 1 transaction in terms of the Listings Requirements;

2.2 The approval of the implementation of the Scitec Transaction as a Category 1 transaction in terms of the Listings Requirements; and

2.3 The renewal of the general authority of Directors to issue Shares for cash.

The Board unanimously recommends that Shareholders vote in favour of all the resolutions necessary to approve and implement the Transactions as set out in the Notice of General Meeting.

All Directors with an interest in Ascendis intend to vote in favour of all resolutions necessary to approve and implement the Transactions.

3. RATIONALE FOR THE TRANSACTIONS

Ascendis listed in November 2013 with the objective of becoming a global pharmaceutical group driven by its strong presence in emerging markets. Since listing, Ascendis has delivered on its stated organic and acquisitive growth objectives with the view of ultimately expanding its footprint internationally through strategic acquisitions of well-established and high-growth businesses.

To date, Ascendis recognises revenue from over 52* countries, with international sales (ex-South Africa) representing 9%* of its total revenue. Given the recent economic climate Ascendis has identified the need to continue to diversify its income streams and route to market whilst cementing its brand as a leading global pharmaceutical player. It is with this in mind that Ascendis intends to acquire Scitec and Remedica as they represent market leading pharmaceutical and OTC/sports nutrition businesses which enjoy established routes to market throughout developed and emerging markets.

Although the Transactions have been entered into separably and are subject to independent Shareholder approvals, the intention behind acquiring both Remedica and Scitec simultaneously is due to the complementary nature of acquiring a defensible pharmaceutical business together with a dynamic consumer-facing OTC business. Both the scheduled drug sector as well as the OTC/sports nutrition sector are high-growth sectors, representing various entry points into the larger pharmaceutical industry which are subject to varying degrees of regulatory requirements. This will allow Ascendis to build scale whilst ensuring it maintains its flexibility across the value chain.

Successful implementation of the Transactions will transform Ascendis into an international healthcare business of scale and relevance with global reach. Not only will the Transactions contribute towards driving scale in the Ascendis Group but likewise, Ascendis is well-positioned to contribute favourably towards the growth of both Remedica and Scitec independently as synergies take shape in the form of shared services, manufacturing and an established route to the African market.

Post the implementation of the Transactions, Ascendis is set to recognise revenue from over 130 countries, with international sales (ex-South Africa) representing more than 50% of its total revenue. These Transactions will see Ascendis deliver on its strategy for growth and internationalisation by introducing significant scale and diversification to its business.

**Note: Extracted from the Ascendis audited annual report for the year ended 30 June 2015*

3.1 The Scitec Transaction

Scitec is a leading European sports nutrition company, selling products under its trademark brand name "Scitec Nutrition®". It employs over 700 people and is focused on the marketing, production and distribution of a wide variety of sports nutrition products targeted at strength training, functional fitness and wellbeing.

Scitec is a global player and sells its products in nearly 90 countries worldwide. It ranks amongst the leading sports nutrition brands across Europe with a key presence in major markets including Germany, France, Spain, Italy, Hungary and Poland. Its products are also present in regions such as the Middle East, Russia, Australia, Asia and sales were recently launched in the USA. Scitec employs a unique combined distribution strategy of own sales representatives, own retail and distributor partners depending on the country.

Scitec is vertically integrated and owns a modern manufacturing facility in the European Union, where the Company produces a wide range of over 280 products compliant with strict quality guidelines. The facility is Good Manufacturing Practice ("GMP") certified as well as U.S Food and Drug Administration ("FDA") registered and has recently been upgraded to increase capacity for future growth. In addition to this, Scitec has its own in-house research and development department as well as an art and design team.

The acquisition of Scitec complements Ascendis' wellness products strategy, as it provides an international platform in the sports nutrition and nutraceutical industry. This allows Ascendis' sport nutrition brands, Evox and SSN, the opportunity to expand abroad while Ascendis looks to grow Scitec's business in Africa. The acquisition further provides the opportunity to extract synergies in procurement of whey protein, production, and research and development.

Key features of Scitec include:

- Well-recognised brand in a growth sector;
- Economically attractive production profile;
- Further investment into the high-growth wellness industry;
- Well-diversified customer base across many geographies;
- Well-established in key global sport nutrition markets with further potential to grow (recent entry into the USA);
- Strong corporate management team;
- Modern and efficient production facility;
- Available capacity in current manufacturing facilities to support growth; and
- Track record of strong financial performance for the last three years, as evidenced in the historic annual financial statements of Scitec included in **Annexure 6** to this Circular.

3.2 **The Remedica Transaction**

Remedica, a Cyprus-based pharmaceutical company, whose business has been operating for over 40 years, is dedicated to the development, production and sale of high-quality, safe and efficacious generic pharmaceuticals. Remedica supplies more than 300 products from over 200 active pharmaceutical ingredients to c.100 countries worldwide, with c.7% of sales generated within Cyprus.

Remedica manufactures its products in five state-of-the-art manufacturing facilities, which in aggregate span over 40,000m^2, including a recently constructed c.€13 million fully equipped oncology facility. These products cover a wide range of therapeutic categories, including anti-cancer, anti-infectives such as antibiotics and antimalaria, analgesics, cardiovascular, diabetes, central nervous system, gastrointestinal and others. The products are available in a variety of dosage forms including tablets, capsules, creams, ointments, topical aerosols, pessaries, suppositories, liquid syrups and oral powders. Remedica has a strong pipeline of products, particularly oncology and HIV treatment products, which are expected to be launched over the next three years.

Remedica's business model is built on three pillars:

- Supplier of essential medicines, such as malaria treatment and antibiotics, primarily in emerging markets including the Middle East, Asia, Africa and South America, through their network of independent agents and distributors;
- Prequalified status to supply Non-Governmental Organisations ("NGO") and for a number of years has been supplying a range of products to some of the most reputable NGOs in the world such as UNRWA, Red Cross (ICRC) and *Médicins Sans Frontières*; and
- Co-development and production of generics which are outlicensed to major multinational pharmaceutical companies in Europe and elsewhere.

The Remedica Transaction will transform the Ascendis Pharma-Med division into an international pharma player. With its diversified portfolio of products, markets and clients, strong pipeline of new products and synergies with the Ascendis Pharma-Med business in South Africa and Spain (refer to the acquisition of Farmalider S.A. in Spain, refered to in the next paragraph), Remedica is well-positioned to deliver strong earnings growth in the future.

Remedica provides a credible platform for further international expansion and growth in the generic pharmaceutical industry, in both Europe and emerging markets through its existing product portfolio and pipeline, as well as manufacturing capabilities. These offer opportunities for important synergies which will be leveraged off Ascendis' recent acquisitions, Akacia Healthcare Holdings Proprietary Limited in South Africa and Farmalider S.A. in Spain.

Key features of Remedica include:

- Broad range of generic products covering a variety of therapeutic categories, including higher-margin products like oncology;
- Strong pipeline of major specialty disease drugs in both the public and private markets, as well as the NGO sector;
- Quality manufacturing facilities which are accredited by major worldwide health authorities and donor organisations;
- Diversified customer base across c.100 countries;

- Exposure to higher-growth markets, such as the Middle East and Africa;
- Strategic position in Cyprus, a member state of the European Union and a crossroad between the European Union, Middle East and Africa;
- Twelve owned buildings, including five GMP-accredited manufacturing facilities, one being a new world class oncology facility;
- Quick product registration in Cyprus allows for a fast path to market into the rest of Europe;
- Substantial product development capabilities;
- Reputation for quality and efficacy;
- Experienced management team with the Chief Executive Officer to remain in the business for a minimum period of three years; and
- Solid historical financial performance with attractive profit after-tax margin of over 20% as per the audited annual financial statements for the year ended 31 December 2015.

3.3 **Strategic investors**

Ascendis has approached its major shareholders and various international institutions in order to determine support for the Transactions. Further to the disclosure in paragraph 21 of the Rights Offer Circular, Shareholders representing approximately 62% of the total shares of Ascendis in issue have provided written undertakings to support and vote in favour of the Transactions, whilst Shareholders representing 50% have provided irrevocable undertakings to quantify their financial support in the form of commiting to partake in the Rights Offer and (if applicable) the Vendor Consideration Placement, as detailed in paragraph 11 below. Shareholders and new investors have provided written undertakings to participate in the Rights Offer and/or Vendor Placement to the total value of approximately R2.3 billion at the Agreed Price.

Ascendis is pleased to introduce reputable international investors to its shareholder base such as the IFC. Pursuant to the IFC Subscription Agreement, the IFC has provided an irrevocable undertaking to provide US$30 million (translated into Euro prior to the General Meeting and into Rand at the exchange rate on the day prior to the date on which Ascendis applies to the JSE to list the additional Ascendis Shares in terms of the Vendor Consideration Placement and for illustrative purposes, translates into R443.1 million after applying the exchange rate of R14.77 : $1 as at the Last Practicable Date) towards the funding of the Remedica Transaction or the Scitec Transaction at the Agreed Price, which will be implemented by way of the Vendor Consideration Placement. The IFC investment introduces a long-term strategic international shareholder who focuses on investing in companies which display a positive social and environmental developmental footprint. The introduction of the IFC as a strategic long-term shareholder illustrates Ascendis' global development as its international shareholder base grows.

Coast2Coast Capital, which currently directly or indirectly owns approximately 40.9% of the issued share capital of Ascendis, has provided an irrevocable undertaking to follow its Rights under the Rights Offer, and/or successfully allocate any portion of its Rights not taken up under the Rights Offer pursuant to back-to-back undertakings, with the combined value thereof being up to approximately R520 million.

4. THE SCITEC TRANSACTION

4.1 **Purchase Consideration and financing of the Scitec Transaction**

The Scitec Purchase Consideration of €170 million will be settled in cash as follows:

- The Scitec Initial Consideration of €150 million, adjusted for agreed working capital, debt and operating cash, to be paid on completion of the Scitec Transaction; and
- The Scitec Deferred Consideration of €20 million deferred for one year.

The Scitec Initial Consideration will be funded as follows:

- A new Debt Facility of up to €80 million jointly from Absa and HSBC; and
- The balance of up to €75 million utilising the proceeds of the Rights Offer and Vendor Consideration Placement, with any change arising as a result of exchange rate movements.

Ascendis has paid the Scitec Disposing Shareholder an amount of €10 million in the form of a non-refundable deposit, representing 6% of the Scitec Purchase Consideration, if the transaction is not completed within 120 calendar days of signing the Scitec Agreement, the Scitec Disposing Shareholder shall retain this amount.

4.2 **Conditions Precedent to the Scitec Transaction**

The Scitec Transaction is conditional upon the fulfilment or waiver of, *inter alia*, the following Scitec Conditions Precedent, which are still outstanding at the Last Practicable Date:

- The relevant regulatory approvals, including from the JSE;
- Shareholder approval of greater than 50% of the voting rights cast at the General Meeting; and
- The warranties provided by Ascendis in terms of the Scitec Transaction remaining true and correct as at completion of the Scitec Transaction, which warranties include, subject to certain conditions, Ascendis having the necessary cash resources to meet its obligations in terms of the Scitec Transaction.

4.3 **Prospects for Scitec**

The acquisition of Scitec will establish a global sports nutrition platform for Ascendis, offering:

- Leading market positions in key European countries;
- A diverse customer base as the top 20 customers account for only 28% of sales;
- Seventy percent of sales are generated through the direct selling model providing key market insights and coordination of the brand positioning;
- Opportunity to grow through new markets such as the United States and together with Ascendis' existing structures it can expand into the African markets; and
- Modernised and recently upgraded production facility based in the European Union providing a low operating cost advantage with excess capacity to allow for expansion.

4.4 **Litigation**

There are currently no legal or arbitration proceedings, including any such proceedings that are pending or threatened which may have, or have had, a material effect on the Scitec Group financial position during the 12 months preceding this Circular.

4.5 **Material changes**

There have been no material changes in the trading or financial position of Scitec subsequent to the latest financial year, being 31 December 2015.

In 2012 Polish Enterprise Fund VII, L.P., a private equity investment fund, indirectly acquired a majority stake in the operating subsidiaires of Scitec. The Scitec Group was restructured after the acquisition and two new entities, Scitec and the Scitec Disposing Shareholder, were formed. Scitec became the new direct owner of the operating subsidiaries and the Scitec Disposing Shareholder acts as the holding company.

4.6 **Material loans and borrowings of Scitec**

Other than disclosed in this paragraph, Scitec does not have any material loans or borrowings as at the Last Practicable Date.

Scitec has the following material loan as at the Last Practicable Date:

Credit facility agreement	
Debt providers	Eximbank and Magyar Export-Import Bank Zrt. and UniCredit Bank Zrt.
Reason	Working capital requirements
Amount	€12 million
Security	First ranked mortgage on real estate and inventories. Carrying value of pledged PPE was €9 114 080 at 2015 year-end. Pledged inventory was the existing registered stock of €11 170 695 at 2015 year-end; corporate guarantee by Scitec Holding BV and Scitec International SARL; authorisation in the Banks favour for submitting collection orders concerning the Group's bank accounts.
Terms and conditions of repayment	Repayment in quarterly instalments with maturity date of 9 December 2019 and 13 October 2020.
Interest rate	The higher of 1.2% per annum and EUR CIRR (Commercial Interest Reference Rate applied to official financing support for export credit)
Conversion/redemption rights	None
Funding of repayments within 12 months	The facility will be settled on the Scitec Closing Date by utilising existing cash resources in the business.

4.7 **Material contracts and acquisitions entered into by Scitec**

Save for the agreements relating to the Scitec Transaction as described in this Circular, neither Scitec nor any of its subsidiaries have entered into any material contract, other than in the ordinary course of business within the two years prior to the Last Practicable Date or at any time and containing an obligation or settlement that is material to the Scitec Group at the Last Practicable Date.

4.8 **Historic annual financial statements of Scitec**

The annual financial statements of Scitec for the years ended 31 December 2013, 31 December 2014 and 31 December 2015 are included in **Annexure 6** to this Circular. The independent reporting accountants' report on the historic annual financial statements is included in **Annexure 7** to this Circular.

5. THE REMEDICA TRANSACTION

5.1 **Purchase Consideration and financing of the Remedica Transaction**

The share capital of Remedica is held as follows:

- 41.476% by Margrit Pattchis
- 2.962% by Goldbond
- 55.562% by PCHL

Charalambos Pattihis is the registered holder of 100% of the share capital of Goldbond and PCHL.

In terms of the Remedica Transaction, Ascendis, through Dealworth or its nominee, will acquire the Remedica Target Shares and the Goldbond Remedica Target Shares from Margrit Pattichis and Goldbond, respectively, and 100% of the ordinary shares of PCHL from Charalambos Pattihis, for the Remedica Purchase Consideration, and the Control Premium Payment thereby acquiring 100% of the share capital of Remedica.

The Remedica Purchase Consideration of between €260 million and €335 million will be settled as follows:

- The Remedica Initial Consideration of €170 million to be paid on the completion of the Remedica Transaction, which assumes a target working capital of €50 million and at least €5 million of surplus cash earmarked for future acquisitions. The Remedica Initial Consideration will be adjusted for cash, debt and working capital whereby an amount up to €5 million may potentially become payable following a true-up/adjustment (as determined by completion accounts);
- The Remedica Deferred Consideration of €90 million deferred for three years post the Remedica Closing Date (present value of €80 million based on a pre-tax discount rate of 4%); and
- The Remedica Earn Out Consideration, being an amount to be determined based on the average EBITDA achieved for the three financial years post completion of the Remedica Transaction subject to certain targets being achieved with the total payment limited to €75 million.

The Remedica Initial Consideration will be funded as follows:

- A new Debt Facility of up to €100 million jointly from Absa and HSBC;
- Issue of Ascendis Shares for €10 million to the Remedica Disposing Shareholders at the lower of the Rights Offer Issue Price and a Share price of R22.00 per Share, converted at an exchange rate of R17.00 : €1; and
- The balance of up to €75 million utilising the proceeds from the Rights Offer and the Vendor Consideration Placement, with any change arising as a result of exchange rate movements.

In addition to the Remedica Purchase Consideration, Ascendis will issue the Consideration Shares to Charalambos Pattihis (a Remedica Disposing Shareholder) at R23.80 per Share as the Control Premium Payment at the date the Remedica Initial Consideration is paid.

Charalambos Pattihis is currently employed as the Chief Executive Officer of the Remedica Group and will remain in his position post implementation of the Remedica Transaction. If Ascendis terminates the employment of Charalambos Pattihis during the Earn Out Period other than for reason of poor business performance, fraud, gross negligence or wilful misconduct or material breach of his employment agreement no deferred or earn out payment will be made and instead an accelerated earn-out payment of €120 million will be made.

5.2 **Conditions Precedent to the Remedica Transaction**

The Remedica Transaction is conditional upon the fulfilment or waiver of, *inter alia*, the following Remedica Conditions Precedent, which are still outstanding at the Last Practicable Date:

- Regulatory approvals from the JSE;
- Shareholder approval of greater than 50% of the voting rights cast at the General Meeting; and
- The arrangements in connection with the Vendor Consideration Placement and the joint Absa and HSBC Debt Facility becoming unconditional in all respects and not having terminated in accordance with their respective terms. The conditions in relation to the Vendor Consideration Placement include the approval of the JSE to list the shares and the Transactions becoming unconditional.

5.3 **Prospects for Remedica**

The Remedica Transaction provides positive growth opportunities for Ascendis as a result of:

- Strong management team retained, strong infrastructure, world-class manufacturing facilities (including a new oncology oral formulation facility);
- Diversified business model in terms of channel, product, customer and currency;
- Long track record of operating in high-growth emerging markets with less competition;
- Expansion opportunities into Far-East Asia, Latin America and China and profit enhancing bolt-on acquisition opportunities;
- Strong pipeline, including speciality disease drugs in HIV and oncology; and
- A European quality label with attractive tax rate and tax structuring opportunities.

5.4 **Litigation**

There are currently no legal or arbitration proceedings, including any such proceedings that are pending or threatened which may have, or have had, a material effect on the Remedica Group financial position during the 12 months preceeding this Circular.

5.5 **Material changes**

There have been no material changes in the trading or financial position of the Remedica Group subsequent to the latest financial year, being 31 December 2015.

Remedica was previously named "Remedica Holdings Public Company Limited" and on 5 December 2013, Remedica was renamed "Remedica Holdings Limited".

In November 2011, Charalambos Pattihis transferred 23 802 913 Remedica shares to PCHL, representing 55.562% of the Remedica shares in issue, and Margrit Pattichis transferred 17 768 490 Remedica shares to various companies and family members, representing 41.476% of the Remedica shares in issue. Margrit Pattichis has since reacquired her shares in Remedica and holds 41.476% of the Remedica shares in issue.

5.6 **Material loans and borrowings of Remedica**

Remedica does not have any material loans or borrowings as at the Last Practicable Date.

5.7 **Material contracts and acquisitions entered into by Remedica**

Save for the agreements relating to the Remedica Transaction as described in this Circular, neither Remedica nor any of its subsidiaries have entered into any material contract, other than in the ordinary course of business within the two years prior to the Last Practicable Date or at any time and containing an obligation or settlement that is material to the Remedica Group at the Last Practicable Date.

5.8 **Historic annual financial statements of Remedica and PCHL**

The annual financial statements of Remedica and PCHL for the years ended 31 December 2013, 31 December 2014 and 31 December 2015 are included in **Annexure 8** to this Circular. The independent reporting accountants' report on the historic annual financial statements is included in **Annexure 9** to this Circular.

6. EXCHANGE CONTROL APPROVAL FOR SCITEC DISPOSING SHAREHOLDER AND REMEDICA DISPOSING SHAREHOLDERS

The following is a summary of the relevant Exchange Control Regulations as certain of the Scitec Disposing Shareholder and Remedica Disposing Shareholders are not resident in South Africa, or have registered addresses outside South Africa.

6.1 Emigrants from the Common Monetary Area

The Ascendis Shares received by the Remedica Disposing Shareholders and Scitec Disposing Shareholder who are emigrants from the Common Monetary Area and whose registered address is outside the Common Monetary Area will be credited directly to their blocked security accounts at the CSDP controlling their blocked portfolios.

6.2 Non-residents of the Common Monetary Area

The Ascendis Shares received by the Remedica Disposing Shareholders and Scitec Disposing Shareholder who are *non-residents* of the Common Monetary Area and who have never resided in the Common Monetary Area and whose registered address is outside the Common Monetary Area, will be credited to their security accounts at the CSDP controlling their portfolios.

7. *PRO FORMA* FINANCIAL EFFECTS OF THE SCITEC TRANSACTION AND THE REMEDICA TRANSACTION

Remedica reported a profit after tax of €14.5 million and net assets of €85.0 million in its audited annual financial statements for the year ended 31 December 2015.

Scitec reported a profit after tax of €10.6 million and net assets of €73.6 million for the 12 months ended 31 December 2015 in its audited annual financial statements.

The table below sets out the *pro forma* financial effects of the Scitec Transaction and the Remedica Transaction on the published unaudited interim results of Ascendis for the six month period ended 31 December 2015. The *pro forma* financial effects have been prepared for illustrative purposes only and because of their *pro forma* nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Scitec Transaction and the Remedica Transaction going forward.

The *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published unaudited interim results of Ascendis for the six month period ended 31 December 2015. The *pro forma* financial effects are presented in accordance with the Listings Requirements and the guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420 (Assurance Engagements to Report on the Compilation of *Pro forma* Financial Information Included in a Prospectus).

The Directors of the Company are responsible for the compilation, contents and preparation of the *pro forma* financial effects. Their responsibility includes determining that the *pro forma* financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of Ascendis and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements.

The *pro forma* financial effects should be read in conjunction with the *pro forma* condensed group statement of financial position, the *pro forma* condensed group income statement contained in **Annexure 4** and the independent reporting accountant's report thereon contained in **Annexure 5**.

ZAR	Before[a]	***Pro forma* post the Scitec Transaction[b]**	Change	***Pro forma* post the Remedica Transaction[c]**	Change	***Pro forma* post the Scitec Transaction and the Remedica Transactions[d]**	Change
	(cents) (A)	(cents) (B)	(%) (B)/(A)	(cents) (C)	(%) (C)/(A)	(cents) (D)	(%) (D)/(A)
Earnings per share	48.75	37.36	(23.4%)	41.61	(14.6%)	33.08	(32.1%)
Diluted earnings per share	48.75	37.36	(23.4%)	41.61	(14.6%)	33.08	(32.1%)
Headline earnings per share	48.52	37.17	(23.4%)	41.42	(14.6%)	32.92	(32.1%)
Diluted headline earnings per share	48.52	37.17	(23.4%)	41.42	(14.6%)	32.92	(32.1%)
Normalised headline earnings per share[e]	56.04	63.99	14.2%	80.136	43.4%	83.15	48.4%
Diluted normalised headline earnings per share[e]	56.04	63.99	14.2%	80.36	43.4%	83.15	48.4%
Net asset value per share	687	914	33.1%	941	37.0%	1 096	59.6%
Net tangible asset value per share	(236)	(718)	204.9%	(672)	185.3%	(1 015)	331.0%
Weighted average number of shares in issue (thousands)	270 259	324 804	20.2%	333 649	23.5%	388 195	43.6%
Number of shares in issue (thousands)	271 729	326 274	20.1%	335 119	23.3%	389 665	43.4%

Notes

a. The Ascendis information reflected in the "Before" column has been extracted from the published interim results for the six month period ended 31 December 2015.

b. The "*Pro forma* post the Scitec Transaction" column has been calculated on the basis that only the Scitec Transaction has been implemented. The Scitec information has been extracted from the reviewed interim financial statements for the six month period ended 31 December 2015.

c. The "*Pro forma* post the Remedica Transaction" column has been calculated on the basis that only the Remedica Transaction has been implemented. The Remedica information has been extracted from the reviewed interim financial statements for the six month period ended 31 December 2015.

d. The effects on earnings, diluted earnings, headline earnings, diluted headline earnings, normalised headline earnings and diluted normalised headline earnings are calculated on the basis that the Scitec Transaction and the Remedica Transaction were effective 1 July 2015, while the effects on net asset value and net tangible asset value per share are calculated on the basis that the Scitec Transaction and the Remedica Transaction were effective 31 December 2015.

e. As per the Ascendis annual report for the period ended 30 June 2015, normalised headline earnings per share is disclosed and is calculated by dividing the normalised headline earnings by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by a subsidiary of Ascendis and held as treasury shares. Normalised headline earnings is calculated by excluding amortisation and one-off costs from earnings. Since Ascendis Health is a pharmaceutical company and not an investment entity, the income statement effect of the amortisation of intangible assets arising from the IFRS3: Business Combinations fair value exercise is excluded.

8. INFORMATION ON ASCENDIS

Shareholders are referred to paragraph 18 of the Rights Offer Circular setting out certain information relating to Ascendis as at the Last Practicable Date.

9. SHARE CAPITAL

The authorised and Issued Shares of Ascendis on the Last Practicable Date are set out below:

	Number of shares	R'm
Authorised		
Ordinary Shares of no par value	2 000 000 000	
Issued		
Ordinary shares of no par value	298 207 471	2 128
Treasury shares	266 314	

**Treasury shares are held by Elixr Brands Proprietary Limited, which is a 100% held subsidiary of Ascendis. The Rights attributable to the treasury shares will be sold or allowed to lapse.*

The authorised and Issued Shares of Ascendis post implementation of the Scitec Transaction (incorporating the Rights Offer and the Vendor Consideration Placement) are set out below:

	Number of shares	R'm
Authorised		
Ordinary Shares of no par value	2 000 000 000	
Issued		
Ordinary shares of no par value	353 152 925	3 328
Treasury shares	266 314	

The authorised and Issued Shares of Ascendis post implementation of the Remedica Transaction (incorporating the Rights Offer and the Vendor Consideration Placement) are set out below:

	Number of shares	R'm
Authorised		
Ordinary Shares of no par value	2 000 000 000	
Issued		
Ordinary shares of no par value	361 997 658	3 525
Treasury shares	266 314	

The authorised and Issued Shares of Ascendis post implementation of the Transactions (incorporating the Rights Offer and the Vendor Consideration Placement) are set out below:

	Number of shares	R'm
Authorised		
Ordinary Shares of no par value	2 000 000 000	
Issued		
Ordinary shares of no par value	416 543 111	4 725
Treasury shares	266 314	

10. MAJOR SHAREHOLDERS

Shareholders are referred to paragraph 20 of the Rights Offer Circular, setting out details, insofar as is known to Ascendis, of the Shareholders (other than Directors) which had greater than a 5% indirect and/or direct beneficial shareholding in Ascendis prior to the Transactions, Rights Offer and Vendor Placement.

Post the implementation of the Transactions, the Rights Offer and the Vendor Consideration Placement, the following Shareholders will have greater than a 5% indirect and/or direct beneficial shareholding in Ascendis:

Shareholder	Direct shareholding	Indirect shareholding	% total shareholding
Coast2Coast Capital Proprietary Limited*	–	144 489 306	34.7
Kefolile Health Investments Proprietary Limited	22 727 272	–	5.5
IFC#	20 140 909	–	4.8
Total	**42 868 181**	**144 489 306**	**45.0**

** Assuming Coast2Coast Capital follows all of its Rights*

 # Shares to the value of $30 million issued at R22.00 per Share and translated at the exchange rate at the Last Practicable Date, being R14.77: $1.

11. SHAREHOLDER IRREVOCABLES

Ascendis has received irrevocable undertakings from Shareholders holding 62% of the issued Shares to vote the Shares held by them at the General Meeting in favour of the resolutions to be proposed at the General Meeting:

Party	Shares subject to undertaking at the signature of irrevocable undertaking	Shares subject to undertaking at Last Practicable Date	% holding at Last Practicable Date	% effective voting Rights at the Last Practicable Date
Coast2Coast Capital Proprietary Limited	122 132 530	122 172 530	40.9%	40.9%
Sentio Capital Management Proprietary Limited*	12 489 499	19 318 857	4.2%	6.5%
MIC Investment Holdings Proprietary Limited	10 931 901	10 931 901	3.7%	3.7%
Preasidium Capital Management Proprietary Limited	6 701 681	6 701 681	2.2%	2.2%
Mergence Investment Managers Proprietary Limited	5 217 566	5 217 566	1.7%	1.7%
Fairtree Capital Proprietary Limited	3 436 954	3 436 954	1.2%	1.2%
Bateleur Capital Proprietary Limited	2 215 416	2 215 416	0.7%	0.7%
Melville Douglas Investment Management Proprietary Limited	237 900	237 900	0.1%	0.1%
Various staff of Coast2Coast Capital and management of Ascendis	15 344 922	15 344 922	5.1%	5.1%
	178 708 369	**185 537 727**	**59.8%**	**62.1%**

**Sentio Capital Management has not been disclosed as a major shareholder in paragraph 10 due to the fact that shareholdings are held in separate funds.*

12. DIRECTORS' INTERESTS IN TRANSACTIONS

Other than the interests in Shares disclosed in **Annexure 14**, none of the Directors have any direct or indirect interests in either of the Transactions, nor in any transaction effected by Ascendis during the current or immediately preceding financial year, or transactions effected by Ascendis during an earlier financial year which remain outstanding.

13. DIRECTORS' INTERESTS IN SECURITIES

Directors' interests in securities

Shareholders are referred to paragraph 24 of the Rights Offer Circular, setting out the direct and indirect beneficial interests of the Directors (and their associates), including Directors who have resigned during the 18 months prior to the Last Practicable Date, in Ascendis Shares as at the Last Practicable Date.

13.1 **Directors' emoluments**

A statement showing the Directors' emoluments, including Directors who have resigned during the 18 months prior to the Last Practicable Date, for the period ended 30 June 2015, received from the Ascendis Group, are as follows:

Executive Directors	Basic salary	Travel allowances	Bonus and incentives	Retirement/ medical benefits	Other benefits and costs	Directors' fees	Total
Dr K Wellner	3 160 500	25 760	2 700 025	64 401	61 534		6 012 220
RJ Taylor*	2 597 833		835 573	27 500	1 525 251		4 986 157
Total Executive Directors	**5 758 333**	**25 760**	**3 535 598**	**91 901**	**1 586 785**		**10 998 377**

Non-Executive Directors	Emoluments	Other benefits	Pension paid or receivable	Compensation for loss of office	Gains on exercise of options	Directors' fees	Total
JA Bester						342 375	342 375
B Harie						292 708	292 708
OP Cunningham						259 375	259 375
GJ Shayne							
CD Dillon							
Total Non-Executive Directors						**894 458**	**894 458**
Total Directors' emoluments	**5 758 333**		**25 760**	**3 535 598**	**91 901**	**1 586 785**	**894 458**	**11 892 835**

**RJ Taylor resigned effective 11 May 2015*

Note: None of the Directors hold any Share options

There will be no change in Directors' remuneration as a consequence of the Transactions.

There are no Directors' emoluments paid by any other entity of the Ascendis Group.

13.2 **Directors' service contracts**

Each of the Executive Directors, Karsten Wellner, Clifford Sampson and Kieron Futter, have concluded service contracts with terms and conditions that are standard for such appointments, which service contracts are available for inspection as set out in **paragraph 28** of the Rights Offer Circular.

The Non-Executive Directors do not have service contracts with Ascendis. The independent Non-Executive directors, John Bester, Bharti Harie and Phil Cunningham have open-ended letters of appointment stipulating that the Directors serve for one year and continuance is subject to re-election at the annual general meeting of Ascendis.

14. COSTS IN RELATION TO THE TRANSACTIONS

Shareholders are referred to paragraph 25 of the Rights Offer Circular, setting out the expenses and provisions which are expected, or have been provided for, by Ascendis in connection with the Transactions and the Rights Offer.

15. LITIGATION

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which Ascendis is aware, that may have or have had in the 12 months prior to the Last Practicable Date, a material effect on the Enlarged Ascendis Group's financial position.

16. MATERIAL CHANGES

Save as detailed below, there has been no material change in the financial or trading position of Ascendis and its subsidiaries that has occurred since the six month period ended 31 December 2015.

16.1 **Material changes – change in controlling shareholder**

As at the date of listing of Ascendis, Coast2Coast Capital Proprietary Limited held 52.45% of the Shares issued by Ascendis and currently holds 40.9%.

16.2 **Material changes – change in trading object of Ascendis**

Prior to September 2011 the trading object of Ascendis referred to "investments and related activities", which was amended to "trading in medical products" post-September 2011. A segmental report of the trading activities of the Ascendis Group is disclosed in the Ascendis annual report for the year ended 30 June 2015 as described in **paragraph 25** below.

16.3 **Material changes – change in name of Ascendis**

Ascendis has had the following name changes during the previous five years:

- In September 2011, the name was changed from Nutrivest Health Proprietary Limited to Ascendis Health Proprietary Limited; and
- In November 2013, the name was changed from Ascendis Health Proprietary Limited to Ascendis Health Limited.

17. MATERIAL LOANS AND BORROWINGS OF ASCENDIS

Ascendis has existing loans and borrowings outstanding totalling c.R1.3 billion as at the last practicable date, which are in the process of being refinanced prior to closing of the Transactions. The refinancing of existing facilities has been underwritten by the new debt providers, Absa and HSBC. There are no loans or borrowings that are individually material, however, tabled below are the significant borrowings which, when aggregated, would be material as at the Last Practicable Date:

Debt providers	Standard Bank, Nedbank, FNB, Sanlam and Futuregrowth
Amount	Total limit of R1,435 million comprising R910 million term facilities and R525 million notes from the Ascendis bond programme
Security	The following security is held in a special purpose vehicle for the purpose of providing security to the existing funders: • Medical dossiers; • Intercompany loan receivables; • Bank accounts; • Insurance receivables; • Trade receivables; • Intellectual property rights; and • Moveable property.
Terms and conditions of repayment and interest rates of term facilities	• R200 million term loan A: Amortising five-year facility with interest and capital payable quarterly. Interest charged at JIBAR + 3.9%; • R250 million three-year revolving credit facility, settled in full on final maturity date with interest payable quarterly. Interest charged at JIBAR + 3.5%; • Facility B, R200 million: five-year amortising facility with interest and capital payable quarterly. Interest charged at JIBAR + 4%; • Facility C1, R100 million and Facility C2, R60 million: five-year amortising facility with interest and capital payable quarterly. Interest charged at JIBAR + 3.9%; and • Facility D, R100 million: five-year amortising facility with interest and capital payable quarterly. Interest is charged at JIBAR + 4%
Terms and conditions of repayment and interest rates of notes	• R400 million notes: five-year bullet with quarterly interest payments. Interest charged at JIBAR + 4.95%; and • R125 million notes : five-year bullet with quarterly interest payments. Interest charged at JIBAR + 4.25%
Conversion/ redemption rights	No conversion rights. Redemption is in terms of the repayment above.
Funding of repayments within 12 months	The intention is for Ascendis to refinance the existing facilities prior to the closing of the Transactions. The refinance of existing facilities has been fully underwritten by the new debt providers, Absa and HSBC. However, to the extent that the existing facilities are not refinanced by the new debt, they will be financed with internally generated cash.

Ascendis has entered into the debt facilities, totalling €204 million of offshore debt and R1,960 million local debt, to (i) partially fund the Transactions, (ii) refinance the existing facilities (as detailed above) and (iii) provide working capital for the Enlarged Ascendis Group. The terms of the debt facilities are outlined in a term sheet that has been concluded by the respective parties thereto, along with, *inter alia*, a signed and binding mandate letter. It is intended that the debt facilities agreement will be concluded prior to the Transactions and the provision of the debt facilities will be subject to conditions precedents. The details of the debt facilities are as follows:

<table>
<tr><th></th><th>Facility A</th><th>Facility B1</th><th>Facility B2</th><th>Facility C1</th><th>Facility C2</th></tr>
<tr><td>Underwriters and mandated lead arrangers of the Debt Facilities</td><td colspan="5">Absa and HSBC</td></tr>
<tr><td>Lenders</td><td colspan="5">A syndicate of South African and international banks and financial institutions</td></tr>
<tr><td>Amount</td><td>€180 million</td><td>R810 million</td><td>R950 million</td><td>R200 million</td><td>€24 million</td></tr>
<tr><td>Type</td><td>Senior secured five-year amortising term loan facility</td><td>Senior secured five-year amortising term loan facility</td><td>Senior secured five-year bullet term loan facility</td><td>Revolving five-year credit facility (ZAR tranche)</td><td>Revolving five-year credit facility (EUR tranche)</td></tr>
<tr><td>Purpose</td><td>Finance the Transactions</td><td>Finance the Transactions and refinance the existing facilities</td><td>Finance the Transactions and refinance the existing facilities</td><td>General corporate and working capital purposes of the Enlarged Ascendis Group</td><td>General corporate and working capital purposes of the Enlarged Ascendis Group</td></tr>
<tr><td>Security</td><td colspan="5">An agreed list of material companies within the Ascendis group ("Obligors") shall provide certain securities for this debt on agreed terms. The security shall be provided on a first ranking basis.
The security provided by the Obligors shall be as follows:
a) With respect to Obligors within the Republic of South Africa:
• Shares in each Obligor;
• Shares in non-wholly-owned subsidiaries incorporated in the Republic of South Africa other than members of the Unrestricted Group;
• Medical dossiers;
• Intercompany loan receivables;
• Bank accounts;
• Insurance receivables;
• Trade receivables;
• Intellectual property rights; and
• Moveable property.
b) With respect to Obligors outside the Republic of South Africa:
• Shares in each Obligor;
• Inter-company loan receivables;
• Bank accounts; and
Material assets to be agreed by the mandated lead arrangers and Ascendis.</td></tr>
<tr><td>Terms and conditions of repayment</td><td>Semi-annual instalments commencing June 2017</td><td>Nine semi-annual capital payments commencing June 2017</td><td>Bullet payment</td><td>Revolving credit facility</td><td>Revolving credit facility</td></tr>
<tr><td>Interest rates</td><td>Euribor up to +4%</td><td>JIBAR up to +3.75%</td><td>JIBAR up to +4.2%</td><td>JIBAR up to +4.1%</td><td>Euribor up to +4.1%</td></tr>
<tr><td>Conversion / redemption rights</td><td colspan="5">No conversion rights.
Redemption is in terms of the repayment above.</td></tr>
<tr><td>Funding of repayments within 12 months</td><td colspan="3">Any repayments within 12 months will be financed with internally generated cash</td><td>Internally generated cash or replacement facilities</td><td>Internally generated cash or replacement facilities</td></tr>
</table>

18. MATERIAL CONTRACTS AND ACQUISITIONS ENTERED INTO BY ASCENDIS

Neither Ascendis nor any of its subsidiaries have entered into any material contract, other than in the ordinary course of business, within the two years prior to the Last Practicable Date or at any time and containing an obligation or settlement that is material to the Ascendis Group at the Last Practicable Date, save for the following agreements as described in this Circular:

- The Remedica Sale Agreement;
- The Scitec Sale Agreement;
- The Debt Facilities;
- The Underwriting Agreement;
- The IFC Subscription Agreement, in terms of which the IFC has committed US$30 million (translated into Euro prior to the General Meeting and into Rand at the exchange rate on the day prior to the date on which Ascendis applies to the JSE to list the additional Ascendis Shares in terms of the Vendor Consideration Placement and for illustrative purposes, translates into R443.1 million after applying the exchange rate of R14.77 : $1 as at the Last Practicable Date) towards the funding of the Transactions at the Agreed Price, which subscription will be implemented, as per the election of Ascendis, by way of the Vendor Consideration Placement; and
- The Kefolile Subscription Agreement, in terms of which Kefolile has committed R500 million towards the funding of the Transactions at the Agreed Price, which subscription will be implemented by way of the Rights Offer and Vendor Consideration Placement.

19. CONSENTS

All parties as detailed on the cover of this Circular have consented in writing to the inclusion of their names and reports in this Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

The Reporting Accountants have given and not withdrawn their written consent to the issue of this Circular, which contains the Reporting Accountants' reports in the form and context in which they appear.

20. DIRECTORS' RESPONSIBILITY STATEMENT AND RECOMMENDATION

The Directors, whose details are set out in **Annexure 14** of this Circular, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make the contents of this Circular false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

Having regard to the background information, the Board is of the opinion that the Scitec Transaction and the Remedica Transaction would be of future benefit to Ascendis Shareholders and, accordingly, recommend that Shareholders vote in favour of the ordinary resolutions necessary to implement the Transactions.

Those Directors who hold Ascendis Shares and are permitted to vote, intend to vote in favour of the ordinary resolutions, as set out in the Notice of General Meeting.

21. WORKING CAPITAL STATEMENT

The Board is of the opinion that the working capital available to the Ascendis Group, as enlarged by the Remedica Transaction and the Scitec Transaction, is sufficient for the enlarged Ascendis Group's present requirements, that is for at least the next 12 months from the date of the issue of this Circular.

22. VOTING RIGHTS

All the issued Ascendis Shares rank *pari passu* with each other.

At the General Meeting, every Shareholder present or represented by proxy at the General Meeting shall have one vote on a show of hands, and on a poll shall have that number of votes determined in accordance with the voting rights associated with the Ascendis ordinary Shares held by that Shareholder as at the Record Date (Friday, 5 August 2016).

23. GENERAL MEETING

A General Meeting of Shareholders will be held at Block A Silverwood, Steenberg Office Park, Silverwood Close, Tokai, Cape Town, 7945 on Thursday, 11 August 2016 at 09:00 in order to consider, and, if deemed fit, pass, with or without modification, the resolutions as set out in the Notice of General Meeting attached and forming part of this Circular.

Shareholders are referred to the Notice of General Meeting attached to this Circular for detail on the resolutions to be proposed at the General Meeting and to the "Action required by Shareholders" section of this Circular for information on the procedure to be followed by Shareholders in order to exercise their votes at the General Meeting.

24. ELECTRONIC PARTICIPATION IN THE GENERAL MEETING

The Annual General Meeting will be available live on webcasting, by following the link provided on the website: www.ascendis.co.za.

Please note that Shareholders or their proxies will not be able to vote via the webcasting.

25. INFORMATION INCORPORATED BY REFERENCE

The information included by reference in this Circular, as detailed below, is available for inspection by shareholders and prospective investors at the registered office of the Company, at no charge, during business hours from Tuesday, 12 July 2016, up to and including Thursday, 11 August 2016:

Information incorporated by reference	Circular reference	Source document	Document reference	Website reference to source document
Segmental report	Paragraph 16.2	Ascendis annual report for the year ended 30 June 2015	Pages 49 – 51	http://www.ascendis.co.za/wp-content/uploads/2015/09/JOB07631AscendisAR2015v2.pdf

26. DOCUMENTS AVAILABLE FOR INSPECTION

Shareholders are referred to **paragraph 28** of the Rights Offer Circular, which sets out the documents which will be available for inspection during normal business hours at the registered office of Ascendis at 22 Sloane Street, Bryanston, from Tuesday, 12 July 2016 up to and including the date of the General Meeting.

TRADING HISTORY OF ASCENDIS SHARES

The high, low and closing process of Ascendis Shares on the JSE, and the volumes traded since July 2015, were as follows:

Daily (30 days)

Date	Volume	Value	Close	High	Low
Thursday, 30 June 2016	600 628	14 415 072	24.00	24.20	23.34
Wednesday, 29 June 2016	306 975	7 167 866	23.35	23.60	23.03
Tuesday, 28 June 2016	863 363	19 865 983	23.01	23.35	22.91
Monday, 27 June 2016	528 772	12 161 756	23.00	23.20	22.20
Friday, 24 June 2016	170 334	3 951 749	23.20	23.20	22.00
Thursday, 23 June 2016	364 553	8 457 630	23.20	23.50	22.77
Wednesday, 22 June 2016	112 591	2 633 503	23.39	23.50	23.17
Tuesday, 21 June 2016	177 216	4 161 032	23.48	23.50	23.30
Monday, 20 June 2016	214 090	5 009 706	23.40	23.99	23.00
Friday, 17 June 2016	386 070	9 072 645	23.50	23.99	23.13
Wednesday, 15 June 2016	944 812	21 853 502	23.13	23.70	22.50
Tuesday, 14 June 2016	137 519	3 189 066	23.19	23.75	23.11
Monday, 13 June 2016	95 439	2 242 817	23.50	23.90	23.23
Friday, 10 June 2016	143 660	3 419 108	23.80	24.15	23.75
Thursday, 9 June 2016	670 346	16 088 304	24.00	24.15	23.80
Wednesday, 8 June 2016	63 709	1 526 468	23.96	23.98	23.75
Tuesday, 7 June 2016	265 617	6 369 496	23.98	24.25	23.76
Monday, 6 June 2016	193 292	4 687 331	24.25	24.75	24.00
Friday, 3 June 2016	355 299	8 722 590	24.55	24.90	24.01
Thursday, 2 June 2016	540 996	13 254 402	24.50	24.85	24.50
Wednesday, 1 June 2016	46 216	1 141 535	24.70	24.75	24.07
Tuesday, 31 May 2016	109 873	2 713 863	24.70	24.95	24.12
Monday, 30 May 2016	121 865	3 045 406	24.99	24.99	24.14
Friday, 27 May 2016	220 235	5 439 805	24.70	24.75	24.00
Thursday, 26 May 2016	341 516	8 367 142	24.50	25.00	24.01
Wednesday, 25 May 2016	980 311	24 497 972	24.99	25.50	24.20
Tuesday, 24 May 2016	723 806	17 950 389	24.80	24.80	22.44
Monday, 23 May 2016	22 438	501 265	22.34	22.50	22.20
Friday, 20 May 2016	255 324	5 617 128	22.00	23.00	21.56
Thursday, 19 May 2016	65 150	1 428 088	21.92	22.40	21.83

Monthly (12 months)

Date	Volume	Value	Close	High	Low
June 2016	7 181 497	172 355 928	24.00	24.90	22.00
May 2016	5 175 706	127 839 938	24.70	25.50	21.56
April 2016	6 464 189	148 353 138	22.95	24.70	21.20
March 2016	5 957 186	132 845 248	22.30	22.80	18.25
February 2016	9 664 566	182 273 715	18.86	19.10	17.50
January 2016	8 233 946	149 446 120	18.15	20.28	17.01
December 2015	11 711 431	238 210 507	20.34	20.45	16.50
November 2015	7 461 627	138 040 100	18.50	19.30	18.14
October 2015	8 831 446	165 148 040	18.70	19.30	15.46
September 2015	10 213 768	165 463 042	16.20	16.75	14.00
August 2015	2 950 677	41 781 586	14.16	16.00	13.11
July 2015	4 624 413	73 296 946	15.85	16.00	14.00

TABLE OF ENTITLEMENT

In respect of fractional entitlements that arise, all allocations of securities will be rounded down to the nearest whole number resulting in allocations of whole securities and a cash payment for the fraction. The cash value is determined using the weighted average traded price on 2 August 2016 less 10%. The table of entitlement of Shareholders to receive Rights Offer Shares is set out below:

Number of existing Shares	Number of Rights Offer Shares to which a Shareholder is entitled	Rounded number of Rights Offer Shares to which a Shareholder is entitled	Number of existing Shares	Number of Rights Offer Shares to which a Shareholder is entitled	Rounded number of Rights Offer Shares to which a Shareholder is entitled
1	0.18250	–	53	10	9
2	0.36501	–	54	10	9
3	0.54751	–	55	10	10
4	0.73001	–	56	10	10
5	0.91252	–	57	10	10
6	1.09502	1	58	11	10
7	1.27752	1	59	11	10
8	1.46003	1	60	11	10
9	1.64253	1	61	11	11
10	1.82503	1	62	11	11
11	2.00754	2	63	11	11
12	2.19004	2	64	12	11
13	2.37254	2	65	12	11
14	2.55505	2	66	12	12
15	2.73755	2	67	12	12
16	2.92005	2	68	12	12
17	3.10256	3	69	13	12
18	3.28506	3	70	13	12
19	3.46756	3	71	13	12
20	3.65007	3	72	13	13
21	3.83257	3	73	13	13
22	4.01507	4	74	14	13
23	4.19758	4	75	14	13
24	4.38008	4	76	14	13
25	4.56258	4	77	14	14
26	4.74509	4	78	14	14
27	4.92759	4	79	14	14
28	5.11009	5	80	15	14
29	5.29260	5	81	15	14
30	5.47510	5	82	15	14
31	5.65760	5	83	15	15
32	5.84011	5	84	15	15
33	6.02261	6	85	16	15
34	6.20511	6	86	16	15
35	6.38762	6	87	16	15
36	6.57012	6	88	16	16
37	6.75262	6	89	16	16
38	6.93513	6	90	16	16
39	7.11763	7	91	17	16

Number of existing Shares	Number of Rights Offer Shares to which a Shareholder is entitled	Rounded number of Rights Offer Shares to which a Shareholder is entitled	Number of existing Shares	Number of Rights Offer Shares to which a Shareholder is entitled	Rounded number of Rights Offer Shares to which a Shareholder is entitled
40	7.30013	7	92	17	16
41	7.48264	7	93	17	16
42	7.66514	7	94	17	17
43	7.84764	7	95	17	17
44	8.03015	8	96	18	17
45	8.21265	8	97	18	17
46	8.39515	8	98	18	17
47	8.57766	8	99	18	18
48	8.76016	8	100	18	18
49	8.94266	8	1 000	183	182
50	9.12517	9	10 000	1 825	1 825
51	9.30767	9	100 000	18 250	18 250
52	9.49017	9	1 000 000	182 503	182 503

DETAILS OF THE UNDERWRITERS

The Rights Offer is underwritten by Absa and HSBC. Details pertaining to the Underwriters are set out below:

Full legal entity name	HSBC Bank plc
Directors	James Coyle, Antonio Pedro Dos Santos Simoes, Dame Denise Mary Holt, Simon William de Mussenden Leathes, David William Lister, Dame Mary Elizabeth Marsh, Thierry Bernard Moulonguet, Jonathan Richard Symonds and John Francis Trueman
Company secretary	Nicola Suzanne Black
Date and place of incorporation	1st July 1880, England
Registration number	14259
Registered address	8 Canada Square London, E14 5HQ United Kingdom
Auditors	PriceWaterhouseCoopers LLP
Authorised share capital	N/A
Issued share capital	The issued capital of the Company is 769,969,111 shares of £1 each and 35 000 000 of US$0.01 each

Full legal entity name	Absa Bank Limited
Directors	Wendy Lucas-Bull, David Hodnett, Maria Ramos, Tasneem Abdool-Samad, Colin Beggs, Yolanda Cuba, Thembisa Dingaan, Mohamed Husain, Thoko Mokgosi-Mwantembe, Trevor Munday, Paul O'Flaherty
Company secretary	Nadine Drutman
Date and place of incorporation	6 November 1986 in South Africa
Registration number	1986/004794/06
Registered address	7th floor, Barclays Towers West, 15 Troye Street, Johannesburg, 2001 (PO Box 7735, Johannesburg, 2000)
Auditors	PricewaterhouseCoopers Inc. and Ernst & Young Inc.
Commercial bankers	Absa Bank
Authorised share capital	320 000 000 ordinary shares of R1.00 each; 250 000 000 "A" ordinary shares of R0.01 each; and 30 000 000 non-cumulative, non-redeemable listed preference shares of R0.01 each.
Issued share capital	302 609 359 ordinary shares of R1.00 each; 110 188 222 "A" ordinary shares of R0.01 each; and 4 944 839 non-cumulative, non-redeemable listed preference shares of R0.01 each.

PRO FORMA FINANCIAL INFORMATION

The tables below set out the *pro forma* financial information of Ascendis based on the published interim results of Ascendis for the six months ended 31 December 2015. The *pro forma* financial information has been prepared for illustrative purposes only and because of its *pro forma* nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Scitec Transaction and the Remedica Transaction going forward.

The purpose of the *pro forma* financial information is to illustrate the impact of the Scitec Transaction and the Remedica Transaction had they been effective 31 December 2015 for purposes of the *pro forma* condensed group statement of financial position and 1 July 2015 for purposes of the *pro forma* condensed group statement of comprehensive income and on the assumptions set out below. The *pro forma* financial information presented below does not purport to be indicative of the financial results of the Scitec Transaction and the Remedica Transaction if they had been implemented on a different date.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published unaudited interim results of Ascendis for the six months ended 31 December 2015. The *pro forma* financial information is presented in accordance with the Listings Requirements and the guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420 (Assurance Engagements to Report on the Compilation of *Pro forma* Financial Information Included in a Prospectus).

The Directors are responsible for the compilation, contents and preparation of the *pro forma* financial information. Their responsibility includes determining that the *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of Ascendis and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements.

The *pro forma* condensed group statement of financial position as at 31 December 2015 and the *pro forma* condensed group income statement for the six months then ended, should be read in conjunction with the independent reporting accountant's report thereon contained in **Annexure 5**.

The *pro forma* condensed group statement of comprehensive income below presents the effects of the Scitec Transaction and the Remedica Transaction on the published interim results of Ascendis for the six months ended 31 December 2015 on the assumption that the Scitec Transaction and the Remedica Transaction were effective 1 July 2015.

The *pro forma* condensed group statement of financial position below presents the effects of the Transactions on the published interim results of Ascendis for the six months ended 31 December 2015 on the assumption that the Scitec Transaction and the Remedica Transaction were effective 31 December 2015.

PRO FORMA CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

R'000	Ascendis six months ended 31 December 2015[1]	Scitec six months ended 31 December 2015[2]	Reversal of holding company [3.1]	Purchase consideration[3.2]	Transaction costs[3.3]	Consolidation adjustments[3.4]	*Pro forma* adjustments	*Pro forma* post the Scitec Transaction and the Rights Offer only
Revenue	1 870 500	699 893						2 570 393
Cost of sales	(1 056 621)	(402 144)						(1 458 765)
Gross profit	**813 879**	**297 750**						**1 111 629**
Other income	8 600							8 600
Selling & distribution cost	(203 158)							(203 158)
Administrative expenses	(304 029)	(11 550)	878		(55 040)	(4 322)	(58 484)	(374 063)
Other operating expenses	(70 077)	(208 458)				11 149	11 149	(267 387)
Operating profit/loss	**245 215**	**77 741**	**878**	**–**	**(55 040)**	**6 827**	**(47 336)**	**275 621**
Net finance cost	(47 741)	(1 509)	1 085	(31 745)			(30 661)	(79 911)
Profit before tax	**197 474**	**76 232**	**1 962**	**(31 745)**	**(55 040)**	**6 827**	**(77 996)**	**195 710**
Taxation	(50 103)	(13 805)	(392)	5 720	–	(1 365)	3 962	(59 945)
Profit for the period	**147 371**	**62 427**	**1 570**	**(26 025)**	**(55 040)**	**5 461**	**(74 034)**	**135 764**
Other comprehensive income								
Items that may be reclassified to profit/loss								
Foreign currency translation reserve	29 897	1 202						31 099
Effects of cash flow hedges	204							204
Other reserves	(1 700)							(1 700)
Other comprehensive income for the year net of taxation	**28 401**	**1 202**	**–**	**–**	**–**	**–**	**–**	**29 603**
Total comprehensive income for the year	**175 772**	**63 630**	**1 570**	**(26 025)**	**(55 040)**	**5 461**	**(74 034)**	**165 368**
Total comprehensive income attributable to:								
Owners of the parent	157 046	63 630	1 570	(26 025)	(55 040)	5 461	(74 034)	146 642
Non-controlling interest	18 726							18 726
Profits attributable to:								
Owners of the parent	131 760	63 630	1 570	(26 025)	(55 040)	5 461	(74 034)	121 356
Non-controlling interest	15 611							15 611
Other comprehensive income attributable to:								
Owners of the parent	25 286	1 202	–	–	–	–	–	26 488
Non-controlling interest	3 115							3 115

R'000	Ascendis six months ended 31 December 2015[1]	Scitec six months ended 31 December 2015[2]	Reversal of holding company [3.1]	Purchase consideration[3.2]	Transaction costs[3.3]	Consolidation adjustments[3.4]	*Pro forma* adjustments	*Pro forma* post the Scitec Transaction and the Rights Offer only
Earnings per share								
Profit from continuing operations	131 760	63 630	1 570	(26 025)	(55 040)	5 461	(74 034)	121 356
Adjusted for:								
– Loss/(Profit) on sale of PPE (net of tax)	(395)							(395)
– Loss/(profit) on investment disposal (net of tax)	(234)							(234)
Headline earnings	131 131	63 630	1 570	(26 025)	(55 040)	5 461	(74 034)	120 727
Adjusted for:								
One-off costs	3 200			3 145	55 040	5 640	63 825	67 025
Tax effect thereof				(629)		(1 128)	(1 757)	
Finance cost on derivative	1 485							1 485
Tax effect thereof	(1 104)							(1 104)
Amortisation	22 884					3 718	3 718	26 602
Tax effect thereof	(6 155)					(744)	(744)	(6 899)
Normalised headline earnings	151 441	63 630	1 570	(23 509)	–	12 949	(8 991)	207 837
Weighted average number of shares in issue (thousands)	270 259			54 545			54 545	324 804
Earnings per share (cents)	**48.75**							**37.36**
Diluted earnings per share (cents)	**48.75**							**37.36**
Headline earnings per share (cents)	**48.52**							**37.17**
Diluted headline earnings per share (cents)	**48.52**							**37.17**
Normalised headline earnings per share (cents)[1.1]	**56.04**							**63.99**
Diluted normalised headline earnings per share (cents) [1.1]	**56.04**							**63.99**

R'000	Ascendis six months ended 31 December 2015[1]	Remedica six months ended 31 December 2015[4]	Consolidation of holding companies[5.1]	Purchase consideration[5.2]	Transaction costs[5.3]	Consolidation adjustments[5.4]	*Pro forma* adjustments	*Pro forma* post the Remedica Transaction and the Vendor Consideration Placement only	*Pro forma* post the Transactions, the Vendor Consideration Placement and the Rights Offer
Revenue	1 870 500	584 694	16 068			(16 068)	–	2 455 194	3 155 087
Cost of sales	(1 056 621)	(376 663)	–			25 891	25 891	(1 407 393)	(1 809 537)
Gross profit	**813 879**	**208 031**	**16 068**	**–**	**–**	**9 823**	**25 891**	**1 047 801**	**1 345 550**
Other income	8 600	944	–				–	9 544	9 544
Selling & distribution cost	(203 158)	(38 075)	–				–	(241 233)	(241 233)
Administrative expenses	(304 029)	(35 518)	(19)		(80 319)	(13 215)	(93 553)	(433 100)	(503 134)
Other operating expenses	(70 077)		–			(20 771)	(20 771)	(90 848)	(288 158)
Operating profit/loss	**245 215**	**135 382**	**16 049**	**–**	**(80 319)**	**(24 163)**	**(88 433)**	**292 164**	**322 570**
Net finance cost	(47 741)	5 699	1 365	(52 380)			(51 015)	(93 057)	(125 227)
Profit before tax	**197 474**	**141 080**	**17 414**	**(52 380)**	**(80 319)**	**(24 163)**	**(139 448)**	**199 107**	**197 342**
Taxation	(50 103)	(15 840)	(171)	7 996	–	13 456	21 282	(44 661)	(54 503)
Profit for the period	**147 371**	**125 240**	**17 243**	**(44 384)**	**(80 319)**	**(10 707)**	**(118 166)**	**154 446**	**142 839**
Other comprehensive income									
Items that may be reclassified to profit/loss									
Foreign currency translation reserve	29 897		–				–	29 897	31 099
Effects of cash flow hedges	204		–				–	204	204
Other reserves	(1 700)		–				–	(1 700)	(1 700)
Other comprehensive income for the year net of taxation	**28 401**	**–**	**–**	**–**	**–**	**–**	**–**	**28 401**	**29 603**
Total comprehensive income for the year	**175 772**	**125 240**	**17 243**	**(44 384)**	**(80 319)**	**(10 707)**	**(118 166)**	**182 847**	**172 442**
Total comprehensive income attributable to:									
Owners of the parent	157 046	125 240	17 243	(44 384)	(80 319)	(10 707)	(118 166)	164 121	153 716
Non-controlling interest	18 726							18 726	18 726
Profits attributable to:									
Owners of the parent	131 760	125 240	17 243	(44 384)	(80 319)	(10 707)	(118 166)	138 835	128 430
Non-controlling interest	15 611							15 611	15 611

R'000	Ascendis six months ended 31 December 2015[1]	Remedica six months ended 31 December 2015[4]	Consolidation of holding companies[5.1]	Purchase consideration[5.2]	Transaction costs[5.3]	Consolidation adjustments[5.4]	*Pro forma* adjustments	*Pro forma* post the Remedica Transaction and the Vendor Consideration Placement only	*Pro forma* post the Transactions, the Vendor Consideration Placement and the Rights Offer
Other comprehensive income attributable to:									
Owners of the parent	25 286	–	–	–	–	–	–	25 286	26 488
Non-controlling interest	3 115							3 115	3 115
Earnings per share									
Profit from continuing operations	131 760	125 240	17 243	(44 384)	(80 319)	(10 707)	(118 166)	138 835	128 430
Adjusted for:								–	–
– Loss/(Profit) on sale of PPE (net of tax)	(395)							(395)	(395)
– Loss/(profit) on investment disposal (net of tax)	(234)							(234)	(234)
Headline earnings	131 131	125 240	17 243	(44 384)	(80 319)	(10 707)	(118 166)	138 206	127 801
Adjusted for:								–	–
One-off costs	3 200			3 396	81 226	3 012	87 635	90 835	154 661
Tax effect thereof				(425)		(377)	(801)	(801)	(2 558)
Finance cost on derivative	1 485							1 485	1 485
Tax effect thereof	(1 104)							(1 104)	(1 104)
Amortisation	22 884					26 030	26 030	48 914	52 633
Tax effect thereof	(6 155)					(3 254)	(3 254)	(9 409)	(10 152)
Normalised headline earnings	151 441	125 240	17 243	(41 413)	908	14 706	(8 555)	268 126	322 765
Weighted average number of shares in issue (thousands)	270 259			63 390			63 390	333 649	388 195
Earnings per share (cents)	48,75							41.61	33.08
Diluted earnings per share (cents)	48,75							41.61	33.08
Headline earnings per share (cents)	48,52							41.42	32.92
Diluted headline earnings per share (cents)	48,52							41.42	32.92
Normalised headline earnings per share (cents)	56,04							80.36	83.15
Diluted normalised headline earnings per share (cents)	56,04							80.36	83.15

PRO FORMA CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

Notes and assumptions

1. Extracted from the published interim results of Ascendis for the six month period ended 31 December 2015.

   1.1 As per the Ascendis annual report for the period ended 30 June 2015, normalised headline earnings per share is disclosed and is calculated by dividing the normalised headline earnings by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by a subsidiary of Ascendis and held as treasury shares. Normalised headline earnings is calculated by excluding amortisation and one-off costs from earnings. Since Ascendis Health is a pharmaceutical company and not an investment entity, the income statement effect of amortisation of intangible assets arising from the IFRS3: Business Combinations fair value allocation exercise is excluded.

2. Extracted from the reviewed historical financial information of Scitec for the six months ended 31 December 2015, translated at the average exchange rate of R15.00 : €1 for the period 1 July 2015 to 31 December 2015. The reviewed historical results are available for inspection as per paragraph 28.11 of the Rights Offer Circular.

Scitec Transaction

3. *Pro forma* adjustments have been prepared using accounting policies in terms of IFRS and Ascendis' management's provisional assessment at this stage. Unless otherwise specified, the average exchange rate of R15.00 : €1 has been applied:

   3.1 Reversal of costs included in reviewed historical financial information of Scitec Holding B.V., which are not attributable to the entity acquired by Ascendis. The reviewed historical results are available for inspection as per paragraph 28.11 of the Rights Offer Circular. These costs are therefore carved out and the related tax reversed at the effective tax rate of 20%. In addition, interest after tax earned on the cash and interest accrued on the debt of Scitec, which is excluded from the Scitec Transaction, is reversed at the average interest rate of 0.01% (being the interest rate earned on cash per the audited annual financial statements of Scitec for the year ended 31 December 2015) earned on the cash held and 1.2% (being the interest rate charged on debt per the audited annual financial statements of Scitec for the year ended 31 December 2015) accrued on the debt per annum, apportioned for six months.

   3.2 The Scitec Initial Consideration is to be funded through a combination of debt and cash to be raised through the Rights Offer. The Scitec Deferred Payment is raised as a liability at the effective date.

   The adjustment to interest expense is a recurring charge, calculated as follows:

	(R'000)
Interest on additional debt raised of €77 million at 4% accrued for six months	(22 830)
Deemed interest on the Scitec Deferred Payment of €19 million, accrued at 4% for six months	(5 770)
Amortisation of capitalised debt transaction costs over the term of the loan of five years, apportioned for six months	(3 145)
	(31 745)

   The related tax effect is calculated using the Scitec effective tax rate of 20%.

   In line with Ascendis' policy to add back amortisation for the purposes of calculating normalised headline earnings per share, amortisation of capitalised debt transaction costs and related tax are added back.

   It is assumed that €73 million will be raised through the issue of 54 545 454 shares in terms of the Rights Offer at an assumed price of R22.00 per share, converted at the Last Practicable Date of R16.40 : €1.

   3.3 Transaction costs are expensed to administration expenses and are one-off in nature. The adjustment is calculated as follows:

	(R'000)
Total transaction costs per paragraph 25 of the Circular	(115 464)
Transaction costs capitalised to equity	28 974
Transaction costs capitalised to debt	31 450
Transaction costs expensed	**(55 040)**

The transaction costs expensed are added back for the purposes of calculating normalised headline earnings because these are one-off costs relating only to the Scitec Transaction and do not reflect the sustainable income of Ascendis to be earned post implementation of the Scitec Transaction.

3.4 The *pro forma* consolidation adjustment relates to the amortisation of intangibles and depreciation of assets identified through a provisional fair value allocation exercise as follows:

Identified intangible asset	**Balance (R'000)**	**Useful life**	**Amortisation (R'000)**
Marketing related intangibles	844 571	Indefinite	–
Trade secrets and core recipes	1 330 623	Indefinite	–
Non-core recipes	167 885	20	(3 718)
Amortisation recognized based on the fair value in terms of the provisional fair value allocation exercise and the reassessment of useful lives on acquisition in the operating expense line			(3 718)
Reversal of existing amortisation due to the existing intangible assets being recognised at fair value in terms of the provisional fair value allocation exercise in the operating expense line			3 691
Net impact on other operating expenses for intangible assets			**(27)**
Reversal of existing depreciation included in other operating expenses due to the existing assets being recognised at fair value and reassessment of the useful lives in terms of the provisional fair value allocation exercise on acquisition			8 608
Reversal of existing depreciation to align Scitec depreciation policy for land and buildings to the depreciation policy of Ascendis. Ascendis recognises land and buildings on a fair value basis and no depreciation is recognised. Scitec uses the cost model and depreciates land and buildings over their relevant useful life			2 568
Net impact on other operating expenses for tangible assets			**11 176**
Net impact on other operating expenses due to amortisation and depreciation adjustments			**11 149**

Identified asset	**Balance (R'000)**	**Useful life**	**Amortisation (R'000)**
Land and buildings	115 596	–	–
Machinery	69 461	20	(1 539)
Other equipment	28 874	6	(2 783)
Construction in progress	18 673	–	–
Depreciation recognized based on the fair value in terms of the provisional fair value allocation exercise and the reassessment of useful lives on acquisition in the administration expenses			(4 322)
Net impact on other administration expenses			**(4 322)**

The related deferred tax is calculated using the Scitec effective tax rate of 20%.

One-off costs added back for normalised headline earnings include:

- Severance payments paid to Scitec management in line with the Ascendis accounting policy for severance payments;
- Discontinued operations included in Scitec's interim results, which would not be included in the results of Ascendis as these operations are not to be acquired by Ascendis;
- Impairments of assets arising in the six-month period which are one-off in nature; and
- Impairment of inventory which would not be included in the results of Ascendis as this item is one-off in nature.

Amortisation of intangibles (net of deferred tax) arising from the provisional fair value allocation exercise is added back in the determination of normalised headline earnings as this is an acquisition-related charge and is not indicative of the business operations of the Group.

Remedica Transaction

4. Extracted from the reviewed historical financial information of Remedica for the six months ended 31 December 2015, translated at the average exchange rate of R15.00 to the Euro for the period 1 July 2015 to 31 December 2015. The reviewed historical results are available for inspection as per paragraph 28.11 of the Circular.

5. *Pro forma* adjustments have been prepared using accounting policies in terms of IFRS and Ascendis management's provisional assessment at this stage. Unless otherwise specified, the average exchange rate of R15.00 : €1 has been applied:

5.1 The *pro forma* adjustment relates to the consolidation of PCHL. Ascendis acquired 100% of the share capital of PCHL in terms of the Remedica Sale Agreement. The PCHL results have been extracted from the reviewed historical financial information of PCHL for the six months ended 31 December 2015. The PCHL results are translated at the average exchange rate of R15.00 to the Euro for the period 1 July 2015 to 31 December 2015. In addition, interest after tax earned on the cash of Remedica, which is excluded from the Remedica Transaction and interest accrued on the borrowings of Remedica, which is settled using existing cash, is reversed.

5.2 The Remedica Initial Consideration is to be funded through a combination of the issue of Ascendis shares to Remedica Disposing Shareholders, debt and cash to be raised through the Vendor Consideration Placement. The Remedica Deferred Consideration is raised as a liability at the effective date.

	(R'000)
Interest on additional debt raised of €84 million at 4% for six months	(24 979)
Deemed interest on the present value of the Remedica Deferred Consideration of €80 million, accrued at 4% for six months	(24 005)
Amortisation of capitalised debt transaction costs over the term of loan	(3 396)
	(52 380)

The related tax effect of the interest on the additional debt is calculated at the Scitec effective tax rate of 20% as the debt will be raised at the new Scitec holding company level post implementation of both the Scitec Transaction and the Remedica Transaction. The remaining tax effect is calculated using the Cyprus corporate tax rate of 12.5% on the Deferred Consideration.

In line with Ascendis' policy to add back amortisation for the purposes of calculating normalised headline earnings per share, amortisation of capitalised debt transaction costs and related tax are added back.

It is assumed that €73 million will be raised through the issue of 54 545 454 shares in terms of the Vendor Consideration Placement at an assumed price of R22.00 per share, converted at the exchange rate as at the Last Practicable Date of R16.40: €1.

- The shares to be issued to the Remedica Disposing Shareholders to the value of €10 million as part of the Remedica Initial Consideration are assumed to be issued at R22.00 per share, translated at R17.00 : €1, resulting in an additional issue of 7 727 272 shares; and
- An additional 1.12 million shares are to be issued in terms of the Control Premium Payment, issued at R24.00 per Consideration Share, being the Ascendis Share price as at the Last Practicable Date. In terms of IFRS3: Business Combinations, the fair value of the shares issued will be determined on the effective date of the issue of such shares.

5.3 Transaction costs are expensed to administration expenses and are one-off in nature. The adjustment is calculated as follows:

	(R'000)
Total transaction costs per paragraph 25 of the Rights Offer Circular	(143 258)
Transaction costs capitalised to equity	28 974
Transaction costs capitalised to debt	33 965
Transaction costs expensed	**(80 319)**

The transaction costs expensed are added back for the purposes of calculating normalised headline earnings because these are one-off costs relating only to the Remedica Transaction and do not reflect the sustainable income of Ascendis to be earned post implementation of the Remedica Transaction. Additional one-off professional fees of R0.9 million and other expenses unrelated to the business to be acquired by Ascendis of R2.64 million (net of tax) incurred by Remedica are also added back.

5.4 The *pro forma* consolidation adjustment relates to the reversal of intercompany dividends received by PCHL from Remedica and the amortisation of intangibles identified through a provisional fair value allocation exercise as follows:

	(R'000)
• Elimination of intercompany dividend received by PCHL from Remedica	16 068

• Recurring amortisation of intangible assets calculated as follows based on the provisional fair value allocation exercise and recognised in operating expenses:

Identified intangible asset	**Balance (R'000)**	**Useful life**	**Amortisation (R'000)**
Marketing-related intangibles	580 459	40	(6 428)
Contract-based intangible assets	1 327 540	30	(19 602)
Amortisation recognised based on the fair value in terms of the provisional fair value allocation exercise and the reassessment of useful lives on acquisition in the other operating expense line			**(26 030)**
Reversal of existing amortisation due to the existing intangible assets being recognised at fair value in terms of the provisional fair value allocation exercise recognised in other operating expenses			5 259
Net impact on other operating expenses			**(20 771)**

Identified asset	**Balance (R'000)**	**Useful life**	**Depreciation (R'000)**
Buildings	435 296	–	–
Construction in progress	19 566	–	–
Plant and machinery	394 242	20	(8 732)
Motor vehicles	10 378	5	(561)
Furniture and fittings	122 967	10	(2 464)
Lab machinery and instruments	65 821	20	(1 458)
Depreciation recognised in administration expenses according to the Ascendis depreciation policy and as per the provisional fair value allocation exercise and reassessment of useful life on acquisition			(13 215)
Net impact on administration expenses			**(13 215)**
Reversal of existing costs due to the existing assets being recognised at fair value in terms of the provisional fair value allocation exercise: Depreciation (included in cost of sales as per Remedica's depreciation policy)			18 235
Reversal of existing depreciation to align Remedica depreciation policy for land and buildings to the depreciation policy of Ascendis. Ascendis recognises land and buildings on a fair value basis and no depreciation is recognised. Remedica uses the cost model and depreciates land and buildings over their relevant useful life			7 656
Net impact on cost of sales			**25 891**

The related deferred tax is calculated using the Cyprus corporate tax rate of 12.5%.

The tax charge is reduced by 80% of the interest deductibility of qualifying equity at a rate of 6.685% in terms of Cyprus tax law, apportioned for six months and by 80% of the tax on royalty income as this qualifies for an exemption in terms of Cyprus tax law.

Normalised headline earnings is adjusted for the following:

- Current Remedica Directors' remuneration (net of tax) which would not have been paid by Ascendis due to Directors resignation in terms of the Remedica Sale Agreement.
- Expenditure unrelated to the business to be acquired by Ascendis (net of tax) which would not have been incurred by Ascendis.
- Amortisation of intangibles (net of deferred tax) arising on the provisional fair value allocation exercise is added back as this is an acquisition-related charge and is not indicative of the business operations of the Group.

6. **TRANSLATION OF FOREIGN SUBSIDIARY:**

The functional currency of the reviewed historical information for Remedica and Scitec is Euro. At each reporting period end, the Company will be required to translate the Euro denominated balance sheets at the prevailing closing exchange rate of Rand/Euro to report the financial position in the Rand functional currency accounts of Ascendis. No adjustments have been recognised for the revaluation of the Euro denominated balance sheets over the *pro forma* period. Any difference will be charged to other comprehensive income for the period and recognised in the foreign currency translation reserve.

PRO FORMA CONDENSED GROUP STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

R'000	Ascendis six months ended 31 December 2015[1]	Scitec six months ended 31 December 2015[2]	Reversal of holding company and cash excluded from transaction[3.1]	Purchase consideration[3.2]	Rights Offer[3.3]	Transaction costs[3.4]	Consolidation adjustments[3.5]	*Pro forma* adjustments	*Pro forma* post the Scitec Transaction and the Rights Offer only
ASSETS									
Non-current assets									
Property, plant and equipment	257 015	173 074							430 089
Intangible assets and goodwill	2 506 053	814 759					2 004 700	2 004 700	5 325 512
Investment in subsidiary				1 576 129	1 200 000		(2 776 129)	–	–
Loan to related party	26 098								26 098
Deferred income tax asset	19 930								19 930
Derivative financial instruments	2 662								2 662
	2 811 758	**987 833**	**–**	**1 576 129**	**1 200 000**	**–**	**(771 429)**	**2 004 700**	**5 804 291**
Current assets									
Inventories	762 218	189 147							951 365
Loans to related parties	65 417								65 417
Trade and other receivables	787 617	115 700							903 317
Other financial assets	28 497	37 057							65 554
Derivative financial instruments	15 417								15 417
Cash and cash equivalents	140 404	250 153	(188 616)			(115 464)		(304 080)	86 477
Current tax receivable		9 962							9 962
	1 799 570	**602 020**	**(188 616)**	**–**	**–**	**(115 464)**	**–**	**(304 080)**	**2 097 510**
Non-current assets held for sale and assets of disposal groups	425								425
Total assets	**4 611 753**	**1 589 852**	**(188 616)**	**1 576 129**	**1 200 000**	**(115 464)**	**(771 429)**	**1 700 620**	**7 902 226**
EQUITY									
Equity attributable to holders of parent									
Stated capital	1 591 512	844 675			1 200 000	(28 974)	(844 675)	326 352	2 762 538
Retained earnings	348 757	407 041	(5 746)			(55 040)	(401 295)	(462 081)	293 717
Other reserves	(74 363)	(5 925)					5 925	5 925	(74 363)
	1 865 906	**1 245 791**	**(5 746)**	**–**	**1 200 000**	**(84 014)**	**(1 240 045)**	**(129 804)**	**2 981 892**
Non-controlling interest	**140 075**								140 075
	2 005 981	**1 245 791**	**(5 746)**	**–**	**1 200 000**	**(84 014)**	**(1 240 045)**	**(129 804)**	**3 121 967**

R'000	Ascendis six months ended 31 December 2015[1]	Scitec six months ended 31 December 2015[2]	Reversal of holding company and cash excluded from transaction[3.1]	Purchase consideration[3.2]	Rights Offer[3.3]	Transaction costs[3.4]	Consolidation adjustments[3.5]	*Pro forma* adjustments	*Pro forma* post the Scitec Transaction and the Rights Offer only
LIABILITIES									
Non-current liabilities									
Derivative financial instruments	2 933								2 933
Borrowings and other financial liabilities	856 834	147 312	(147 312)	1 260 660		(31 450)		1 081 898	2 086 043
Other financial liabilities	122 420	4 845							127 265
Deferred vendor liabilities	15 761			315 469				315 469	331 230
Deferred income tax liabilities	214 594	41 789					468 616	468 616	724 999
	1 212 542	**193 945**	**(147 312)**	**1 576 129**	**–**	**(31 450)**	**468 616**	**1 865 983**	**3 272 470**
Current liabilities									
Trade and other payables	638 079	63 293						–	701 372
Derivative financial instruments	7 169							–	7 169
Borrowings and other financial liabilities	345 498	35 558	(35 558)					(35 558)	345 498
Current tax payable	22 868	1 745						–	24 613
Deferred vendor liabilities	289 508							–	289 508
Loans from related parties	26 453							–	26 453
Other current liabilities		49 521						–	49 521
Bank overdraft	63 656							–	63 656
	1 393 231	**150 117**	**(35 558)**	**–**	**–**	**–**	**–**	**(35 558)**	**1 507 790**
Total liabilities	**2 605 773**	**344 062**	**(182 870)**	**1 576 129**	**–**	**(31 450)**	**468 616**	**1 830 425**	**4 780 259**
Total equity and liabilities	**4 611 754**	**1 589 852**	**(188 616)**	**1 576 129**	**1 200 000**	**(115 464)**	**(771 429)**	**1 700 620**	**7 902 227**
Number of shares in issue ('000)	271 729				54 545			54 545	326 274
Net asset value per share (cents)	687								914
Net tangible asset value per share (cents)	(236)								(718)

R'000	Ascendis six months ended 31 December 2015[1]	Remedica six months ended 31 December 2015[4]	Consolidation of holding companies and cash excluded from transaction[5.1]	Purchase consideration[5.2]	Vendor Consideration Placement[5.3]	Transaction costs[5.4]	Consolidation adjustments[5.5]	*Pro forma* adjustments	*Pro forma* post the Remedica Transaction and the Vendor Consideration Placement only	*Pro forma* post the Transactions, the Vendor Consideration Placement and the Rights Offer
ASSETS										
Non-current assets										
Property, plant and equipment	257 015	564 689	–						821 704	994 777
Intangible assets and goodwill	2 506 053	57 100	–				2 842 859	2 842 859	5 406 013	8 225 472
Investment in subsidiary			169	2 843 176	1 200 000		(4 043 345)	–	–	–
Loan to related party	26 098	–	–					–	26 098	26 098
Deferred income tax asset	19 930	–	–					–	19 930	19 930
Derivative financial instruments	2 662	40	–					–	2 702	2 702
	2 811 758	**621 829**	**169**	**2 843 176**	**1 200 000**	**–**	**(1 200 486)**	**2 842 859**	**6 276 446**	**9 268 979**
Current assets										
Inventories	762 218	347 711	–						1 109 929	1 299 075
Loans to related parties	65 417	–	18 049				(18 049)	–	65 417	65 417
Trade and other receivables	787 617	385 811	–					–	1 173 428	1 289 128
Other financial assets	28 497	–	–					–	28 497	65 554
Derivative financial instruments	15 417	–	–					–	15 417	15 417
Cash and cash equivalents	140 404	375 151	(105 536)			(143 258)		(248 793)	266 762	212 835
Current tax receivable		24 441	–					–	24 441	34 403
	1 799 570	**1 133 114**	**(87 487)**	**–**	**–**	**(143 258)**	**(18 049)**	**(248 793)**	**2 683 891**	**2 981 830**
Non-current assets held for sale and assets of disposal groups	425								425	425
Total assets	**4 611 753**	**1 754 943**	**(87 318)**	**2 843 176**	**1 200 000**	**(143 258)**	**(1 218 535)**	**2 594 066**	**8 960 762**	**12 251 235**
EQUITY										
Equity attributable to holders of parent										
Stated capital	1 591 512	246 633	169	196 819	1 200 000	(28 974)	(246 802)	1 121 212	2 959 357	4 130 384
Retained earnings	348 757	1 188 722	17 960			(80 319)	(1 206 721)	(1 269 080)	268 399	213 359
Other reserves	(74 363)	3 511	–				(3 511)	(3 511)	(74 363)	(74 363)
	1 865 906	**1 438 866**	**18 130**	**196 819**	**1 200 000**	**(109 293)**	**(1 457 035)**	**(151 378)**	**3 153 394**	**4 269 380**
Non-controlling interest	**140 075**								140 075	140 075
	2 005 981	**1 438 866**	**18 130**	**196 819**	**1 200 000**	**(109 293)**	**(1 457 035)**	**(151 378)**	**3 293 469**	**4 409 455**

R'000	Ascendis six months ended 31 December 2015[1]	Remedica six months ended 31 December 2015[4]	Consolidation of holding companies and cash excluded from transaction[5.1]	Purchase consideration[5.2]	Vendor Consideration Placement[5.3]	Transaction costs[5.4]	Consolidation adjustments[5.5]	*Pro forma* adjustments	*Pro forma* post the Remedica Transaction and the Vendor Consideration Placement only	*Pro forma* post the Transactions, the Vendor Consideration Placement and the Rights Offer
LIABILITIES										
Non-current liabilities										
Derivative financial instruments	2 933	–	–						2 933	2 933
Borrowings and other financial liabilities	856 834	–	–	1 333 846		(33 965)		1 299 881	2 156 715	3 385 925
Other financial liabilities	122 420	–	–					–	122 420	127 265
Deferred vendor liabilities	15 761	–	–	1 312 511				1 312 511	1 328 272	1 643 741
Deferred income tax liabilities	214 594	7 100	–				238 500	238 500	460 194	970 599
	1 212 542	**7 100**	**–**	**2 646 357**	**–**	**(33 965)**	**238 500**	**2 850 892**	**4 070 534**	**6 130 462**
Current liabilities										
Trade and other payables	638 079	203 409	59					59	841 546	904 839
Derivative financial instruments	7 169	–	–					–	7 169	7 169
Borrowings and other financial liabilities	345 498	105 536	(105 536)					(105 536)	345 498	345 498
Current tax payable	22 868	32	–					–	22 900	24 645
Deferred vendor liabilities	289 508		–					–	289 508	289 508
Loans from related parties	26 453	–	30					30	26 483	26 483
Other current liabilities			–					–	–	49 521
Bank overdraft	63 656	–	–					–	63 656	63 656
	1 393 231	**308 976**	**(105 447)**	**–**	**–**	**–**	**–**	**(105 447)**	**1 596 760**	**1 711 319**
Total liabilities	**2 605 773**	**316 077**	**(105 447)**	**2 646 357**	**–**	**(33 965)**	**238 500**	**2 745 445**	**5 667 294**	**7 841 781**
Total equity and liabilities	**4 611 754**	**1 754 943**	**(87 318)**	**2 843 176**	**1 200 000**	**(143 258)**	**(1 218 535)**	**2 594 066**	**8 960 763**	**12 251 236**
Number of shares in issue ('000)	271 729			8 845	54 545			63 390	335 119	389 665
Net asset value per share (cents)	687								941	1 096
Net tangible asset value per share (cents)	(236)								(672)	(1 015)

Notes and assumptions

1. Extracted from the published interim results of Ascendis for the six month period ended 31 December 2015.

2. Extracted from the reviewed historical financial information of Scitec for the six months ended 31 December 2015, translated at the year-end exchange rate of R16.93 : €1 as at 31 December 2015. The reviewed historical results are available for inspection as per paragraph 28.11 of the Circular.

3. *Pro forma* adjustments have been prepared using accounting policies in terms of IFRS and Ascendis' management's provisional assessment at this stage. Unless otherwise specified, the year-end exchange rate of R16.93 : €1 has been applied:

Scitec Transaction

3.1 Ascendis will acquire cash of €3.6 million, with the remaining cash balance being excluded in terms of the Scitec Sale Agreement.

	(R'000)
Scitec cash balance as at 31 December 2015	250 154
Cash acquired by Ascendis in terms of the Scitec Transaction	(61 538)
Cash not acquired in Scitec Sale Agreement	**188 616**

The Scitec debt balance is eliminated as Ascendis will not acquire the debt on Scitec in terms of the Scitec Sale Agreement.

3.2 The Scitec Purchase Consideration consists of the Scitec Initial Consideration and the Scitec Deferred Payment. The Scitec Initial Consideration is funded through the Rights Offer as disclosed in note 3.2 below and borrowings raised as follows:

	(R'000)
Additional debt raised in terms of the Scitec Transaction	1 260 660
Liability recognised to account for the Scitec Deferred Payment payable in three years, discounted at a debt rate of 4% per annum (being the interest rate on additional debt raised)	315 469
Investment in subsidiary (excluding the Rights Offer)	**1 576 129**

3.3

	(R'000)
Shares issued in terms of the Rights Offer recognised in share capital	**1 200 000**

It is assumed that €73 million will be raised through the issue of 54 545 454 shares in terms of the Rights Offer at an assumed price of R22.00 per share, converted at the Last Practicable Date of R16.40 : €1.

3.4 Transaction costs directly attributable to the raising of debt or issue of equity are capitalised as follows:

	(R'000)
Transaction costs attributable to equity	28 974
Transaction costs attributable to borrowings	31 450
Transaction costs expensed in profit and loss	55 040
Cash paid for transaction costs	**115 464**

3.5 The *pro forma* consolidation adjustments relate to the recognition of goodwill and intangible assets recognised through a provisional fair value allocation exercise on consolidation of Scitec. The adjustment represents the value paid in excess of the book net asset value of Scitec, calculated as follows:

	(R'000)
Scitec Purchase Consideration	2 776 129
Net asset value acquired	(425 286)
Equity attributable to Scitec shareholders	1 245 791
Existing intangible assets balance reversed as intangible assets are recognised at fair value in terms of the provisional fair value allocation exercise	(814 759)
Scitec cash not acquired by Ascendis	(188 616)
Scitec debt not acquired by Ascendis	182 870
Excess	2 350 843
Attributable to:	
Goodwill	476 380
Based on the provisional fair value allocation exercise in accordance with IFRS 3: Business Combinations, intangible assets identified and their respective useful lives are estimated as follows:	2 343 079
Marketing-related intangibles	844 571
Trade secrets and core recipes	1 330 623
Non-core recipes	167 885
Deferred tax thereon at the Scitec effective tax rate of 20%	(468 616)

Ascendis' accounting policy for goodwill is as follows:

- Goodwill arises on the acquisition of businesses and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

The investment in subsidiary of R2.8 billion per note 3.2 and 3.3 above is eliminated on consolidation.

Pre-acquisition stated capital, retained earnings and other reserves of Scitec are eliminated on consolidation.

Remedica Transaction

4. Extracted from the reviewed historical financial information of Remedica for the six months ended 31 December 2015, translated at the year-end exchange rate of R16.93 : €1 as at 31 December 2015. The reviewed historical results are available for inspection as per paragraph 28.11 of the Circular.

5. *Pro forma* adjustments have been prepared using accounting policies in terms of IFRS and Ascendis' management's provisional assessment at this stage. Unless otherwise specified, the year-end exchange rate of R16.93 : €1 has been applied:

5.1 These *pro forma* adjustments relate to the following:

- Consolidation of PCHL.

  The statement of financial position of PCHL is consolidated as Ascendis is acquiring 100% of the shares in PCHL. The results of PCHL have been extracted from the reviewed historical financial information of PCHL for the six months ended 31 December 2015, translated at the year-end exchange rate of R16.93 : €1 as at 31 December 2015.

- Cash acquired.

  The existing cash is utilised to settle short-term borrowings and the shortfall of cash to reach the Target Working Capital level of €50 million reduces the Remedica Purchase Consideration in note 5.2 below.

5.2 The Remedica Purchase Consideration consists of the Remedica Initial Consideration, Deferred Consideration and the Earn Out Consideration.

The Initial Consideration is raised through the Vendor Consideration Placement as disclosed in note 5.3 below, and additional shares issued to the Remedica Disposing Shareholders and debt raised as follows:

	No of Shares ('000)	**(R'000)**
Shares issued to the Remedica Disposing Shareholders	7 727	170 000
Shares issued in terms of the Control Premium Payment	1 117	26 819
Borrowings raised in terms of the Remedica Transaction		1 379 275
Liability recognised to account for the Remedica Deferred Consideration payable in three years, discounted at a debt rate of 4%		1 312 511
Cash shortfall to reach the Target Working Capital Level		(45 429)
Investment in subsidiary (excluding the Vendor Consideration Placement)		**2 843 176**

The Remedica Purchase Consideration is translated at the exchange rate as at the Last Practicable Date, being R16.40 : €1, unless otherwise indicated.

Further equity is raised and issued to the Remedica Disposing Shareholders as follows:

- €10 million in Shares to be issued to the Remedica Disposing Shareholders as part of the Remedica Initial Consideration at an assumed R22.00 per share, translated at an exchange rate of 17.00 : €1; and
- An additional 1.12 million shares to be issued in terms of the Control Premium Payment, issued at R24.00 per Consideration Share in terms of the Remedica Sale Agreement. In terms of IFRS3: Business Combinations, the fair value of the shares issued will be determined on the effective date of the issue of such shares.

No Remedica Earn Out Consideration is expected to be paid for the purposes of the *pro forma* financial effects as the average EBITDA over three years is currently expected to be less than €32 million, which results in an earn out payment of nil.

5.3

	No of Shares ('000)	**(R'000)**
Shares issued in terms of the Vendor Consideration Placement recognised in share capital	54 545	1 200 000

It is assumed that €73 million will be raised through the issue of 54 545 455 shares in terms of the Vendor Consideration Placement at an assumed price of R22.00 per share, converted at the current exchange rate of R16.40 : €1.

5.4 The *pro forma* adjustment for transaction costs is as follows:

	(R'000)
Transaction costs attributable to equity	28 974
Transaction costs attributable to borrowings	33 965
Transaction costs expensed in profit and loss	80 319
Cash paid for transaction costs	**143 258**

5.5 The *pro forma* consolidation adjustments relate to:

The recognition of goodwill and intangible assets recognised through a provisional fair value allocation exercise on consolidation of Remedica. The adjustment represents the value paid in excess of the book net asset value of Remedica, calculated as follows:

	(R'000)
Remedica Purchase Consideration	4 043 176
Net asset value acquired	(1 381 718)
Equity attributable to Remedica shareholders and PCHL shareholders	1 438 818
Existing intangible assets balance reversed as intangible assets are recognised at fair value in terms of the provisional fair value allocation exercise	(57 100)
Remedica Cash not acquired by Ascendis	(105 536)
Short-term borrowings settled using excess cash	105 536
Excess	2 661 460
Attributable to:	
Goodwill	991 960
Based on the provisional fair value allocation exercise in accordance with IFRS 3: Business Combinations, intangible assets identified and their respective useful lives are estimated as follows:	1 907 999
Marketing-related intangibles	580 459
Contract-based intangible assets	1 327 540
Deferred tax thereon at the Cyprus corporate tax rate of 12.5%	(238 500)

Ascendis' accounting policy for goodwill is as follows:

- Goodwill arises on the acquisition of businesses and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Elimination of the investment in subsidiary of R4.0 billion per note 5.2 and 5.3 above.

Pre-acquisition stated capital, retained earnings and other reserves of Remedica are eliminated on consolidation.

Intercompany balances on the statement of financial position of PCHL are eliminated on consolidation.

Note on the *pro forma* financial effects

The interim financial information used in the pro forma financial information were reviewed by Ernst & Young Incorporated. The interim review opinions for the 6 month period ended 31 December 2015 for Scitec B.V., Remedica and PCHL were qualified on the basis of:

- The impact of opening balances on 1 July 2015 on the determination of the profit for the 6 month reported in the income statement and the net cash flows from operating activities reported in the cash flow statement.
- Ommission to present comparative statement of comprehensive income for the period 1 July 2014 to 31 December 2014.

The *pro forma* financial effects included in the announcement on SENS on Tuesday, 24 May 2016 are based on the management accounts of Remedica. Any differences between the *pro forma* financial effects in this Circular and those included in the announcement arose as a result of the difference in the management accounts of Remedica and the reviewed financial information of Remedica included herein and any resultant additional adjustments.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

The Board of Directors
Ascendis Health Limited
22 Sloane Street
Bryanston
Johannesburg, South Africa

6 July 2016

Independent reporting accountant's assurance report on the compilation of *pro forma* financial information of Ascendis Health Ltd ("Ascendis" or "the Company")

Introduction

Ascendis Health Ltd ("Ascendis") is issuing a Circular to its shareholders ("the Circular") regarding the acquisition of Scitec International S.à r.l ("Scitec") and Remedica Holdings Ltd ("Remedica") ("the Scitec Transaction" and "the Remedica Transaction" respectively).

At your request and for the purposes of the Circular to be dated on or about 12 July 2016, we present our assurance report on the compilation of the *pro forma* financial information of Ascendis by the Directors. The *pro forma* financial information, presented in paragraph 7 of the Circular to Shareholders Relating to the General Meeting and Annexure 4 to the Circular to the Circular, consists of the *pro forma* statement of financial position as at 31 December 2015, the *pro forma* statement of comprehensive income for the six months ended 31 December 2015 and the *pro forma* financial effects ("the *Pro Forma* Financial Information"). The *Pro Forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *Pro Forma* Financial Information has been compiled by the Directors to illustrate the impact of the Scitec Transaciton and the Remedica Transaction on the Company's reported financial position as at 31 December 2015, and the Company's financial performance for the six month period then ended, as if the Scitec Transaciton and the Remedica Transaction had taken place at 31 December 2015 and 1 July 2015, respectively. As part of this process, information about the Company's financial position and financial performance has been extracted by the Directors from the Company's interim results for the six month period ended 31 December 2015.

Directors' responsibility

The Directors of Ascendis are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 7 of the Circular to Shareholders Relating to the General Meeting and Annexure 4 to the Circular. The Directors of Ascendis are also responsible for the financial information from which it has been prepared.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

For purposes of this engagement, we are not responsible for updating or re-issuing any reports or opinions on any historical financial information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

As the purpose of *Pro Forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 7 of the Circular to Shareholders Relating to the General Meeting and Annexure 4 of the Circular.

PricewaterhouseCoopers Inc.

Director: Louis Rossouw
Registered Auditor

HISTORIC FINANCIAL INFORMATION OF SCITEC

SCITEC HOLDING B.V.

Consolidated Financial Statements in accordance with International Financial Reporting Standards for the years ended 31 December 2015, 31 December 2014 and 31 December 2013

(All amounts in EUR, unless otherwise stated)

Basis of preparation

The historical financial information of Scitec Holding B.V., comprising of the statements of comprehensive income, statements of cash flows and the statements of changes in equity for the years ended 31 December 2015, 2014 and 2013, the statements of financial position as at 31 December 2015, 2014 and 2013 and the notes thereto (collectively "Historical Financial Information of Scitec Holding") has been extracted, from the reviewed annual financial statements of Scitec Holding B.V. for the years ended 31 December 2014 and 2013 and from the audited annual financial statements of Scitec Holding B.V. for the year ended 31 December 2015.

The financial statements for the year ended 31 December 2015 were audited by Ernst & Young Incorporated and reported on without qualification.

The financial information for the years ended 31 December 2014 and 31 December 2013 were reviewed by Ernst & Young Incorporated, and reported on without qualification.

The extracted historical financial information is the responsibility of the directors of Ascendis Health Limited.

The Report of Historical Financial Information of Scitec Holding B.V. has been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, and the accounting policies of Ascendis Health Limited.

Commentary

The historical information presented in this Annexure are presented for Scitec Holding B.V., which is the Scitec Disposing Shareholder. In terms of the Scitec Transaction, Ascendis will acquire Scitec International S.à.r.l., which is a wholly owned subsidiary of Scitec Holding B.V. The consolidated financial statements are prepared at the Scitec Holding B.V. level and had the consolidated financial statements been prepared at the Scitec International S.à.r.l. level, the only differences would be additional expenses incurred by Scitec Holding B.V. which are not considered to be material.

CONTENTS

SCITEC HOLDING B.V.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2015

(All amounts in EUR, unless otherwise stated)

	Notes	**Audited** **1/1/2015 – 31/12/2015**	**Reviewed Restated** **1/1/2014 – 31/12/2014**	**Reviewed Restated** **1/1/2013 – 31/12/2013**
Revenue	6	100 411 189	94 483 735	82 548 638
Raw materials and consumables	6	(57 295 487)	(56 156 984)	(49 816 462)
Services used	7	(15 139 419)	(13 035 045)	(11 382 054)
Staff costs	8	(11 610 037)	(11 723 664)	(9 500 110)
Depreciation and amortisaton expenses	12, 13	(1 994 483)	(1 545 703)	(1 544 295)
Other expenses	9	(970 638)	(756 060)	(823 537)
Operating profit		13 401 234	11 266 279	9 482 180
Net financial expenses	10	(131 580)	(1 758 416)	(993 737)
– Financial income	10	1 170 317	1 654 276	1 082 945
– Financial expenses	10	(1 301 897)	(3 412 692)	(2 076 682)
Profit before tax		13 269 654	9 507 863	8 488 443
Income tax expense	11	(2 681 163)	(2 303 331)	(1 717 925)
Profit for the year		10 588 491	7 204 532	6 770 518
Other comprehensive loss for the year *				
– Foreign currency translation differences		(20 691)	(139 177)	(173 093)
Total comprehensive income for the year		10 567 700	7 065 355	6 597 425

** Will not be reclassified subsequently to profit or loss.*

Other comprehensive (loss)/income will not be reclassified subsequently to profit or loss.

For information about the restatement please refer to note 2.5 and the individual notes.

All the other figures and methodologies remain unchanged.

The accompanying notes form an integrated part of these consolidated financial statements.

SCITEC HOLDING B.V.

Consolidated Statement of Financial Position for the year ended 31 December 2015

(All amounts in EUR, unless otherwise stated)

(Before appropriation of result)

	Notes	**Audited 31/12/2015**	**Reviewed Restated 31/12/2014**	**Reviewed Restated 31/12/2013**
ASSETS				
Non-current assets		58 339 783	57 485 920	55 873 854
Property, plant and equipment	12	10 221 460	9 678 706	7 737 458
Intangible assets	13	33 000 187	32 689 078	32 699 965
Goodwill	13	15 118 136	15 118 136	15 118 136
Deferred tax assets	11	–	–	318 295
Current assets		35 554 309	25 884 383	27 002 117
Inventories	14	11 170 692	10 790 181	12 313 923
Trade receivables	15	6 833 056	5 714 014	5 231 328
Current tax assets	11	588 361	815 331	969 322
Other current assets	16	2 188 543	2 953 807	3 981 277
Cash and cash equivalents	17	14 773 657	5 611 050	4 506 267
Total assets		**93 894 092**	**83 370 303**	**82 875 971**
EQUITY AND LIABILITIES				
Capital and reserves		73 574 361	63 006 546	56 072 525
Share capital	18	42 550 015	42 550 000	42 550 000
Share premium	19	7 335 089	7 335 089	7 335 089
Retained earnings	20	13 450 698	13 450 698	6 377 500
Unappropriated result	20	10 588 491	–	–
Translation reserve		(349 932)	(329 241)	(190 064)
Non-current liabilities		11 454 089	7 037 100	9 171 083
Long-term loans	24	8 700 000	4 800 000	1 783 172
Finance lease liabilities	23	–	–	19 745
Related party liabilities	25	–	–	3 917 722
Other long-term financial liabilities	26	286 121	–	1 305 940
Deferred tax liabilities	11	2 467 968	2 237 100	2 144 504
Current liabilities		8 865 642	13 326 657	17 632 363
Short-term loans	24	2 100 000	1 200 000	550 973
Finance lease liabilities	23	–	16 399	75 771
Trade payables	21	3 737 961	4 040 687	3 849 824
Related party liabilities	25	–	4 125 408	7 421 048
Current tax liabilities	11	103 034	122 569	30 884
Other current liabilities	22	2 924 647	3 821 594	5 703 863
Total equity and liabilities		**93 894 092**	**83 370 303**	**82 875 971**

For information about the restatement please refer to note 2.5 and the individual notes.

All the other figures and methodologies remain unchanged.

The accompanying notes form an integrated part of these consolidated financial statements.

SCITEC HOLDING B.V.

Consolidated Statement of Cash Flows for the year ended 31 December 2015

(All amounts in EUR, unless otherwise stated)

	Notes	**Audited** **1/1/2015 – 31/12/2015**	**Reviewed Restated** **1/1/2014 – 31/12/2014**	**Reviewed Restated** **1/1/2013 – 31/12/2013**
Net cash from operating activities		11 387 821	9 163 386	4 843 970
Profit for the year		10 588 491	7 204 532	6 770 517
Adjustments for:				
– Depreciation and amortisation	12, 13	1 994 384	1 545 703	1 544 295
– Obsolescence and write-down of inventories-	14	1 055 229	1 617 890	141 319
– Impairment loss on trade receivables	15	184 314	361 332	397 396
– Released related party liabilities	22	–	(65 436)	–
– Unrealised foreign currency (gain)/loss		(12 167)	800 375	1 857
– Loss/(gain) on sale of property, plant and equipment		41 863	1 198	(43 837)
– Scrapping on fixed assets		132 358	–	–
– Tax expense	11	2 681 162	2 303 331	1 717 925
Movements in working capital:				
– Inventories	14	(1 435 740)	(94 148)	(3 672 061)
– Trade receivables	15	(1 303 356)	(844 018)	(1 709 736)
– Other current assets	16	765 264	1 027 470	(1 141 411)
– Trade payables	21	(302 726)	190 863	1 135 935
– Other current liabilities	22	(688 972)	(3 238 942)	1 927 630
Income taxes paid	11	(2 312 283)	(1 646 764)	(2 225 859)
Net cash used in investing activities		(2 941 384)	(3 986 935)	(734 769)
Acquisition of property, plant and equipment and intangible assets	12, 13	(2 978 319)	(3 989 160)	(800 901)
Proceeds from sale of property, plant and equipment		36 935	2 225	66 132
Net cash from/used) in financing activities		736 354	(3 940 379)	(2 181 917)
Interest paid		(207 975)	(46 943)	(93 551)
Dividend paid		–	(131 334)	–
Increase in share capital	18	15	–	–
Proceeds from new borrowings	24	6 000 000	6 000 000	–
Repayment of borrowings	24	(1 200 000)	(2 248 421)	(1 832 148)
Proceeds from share premium contribution	19	–	–	791 239
Government grants received	26	286 121	–	–
Repayment of related party liabilities	22	(4 125 408)	(7 434 564)	(791 239)
Payment of finance lease liabilities	23	(16 399)	(79 117)	(256 218)
Net increase in cash and cash equivalents		9 182 791	1 236 072	1 927 284
Cash and cash equivalents at beginning of the year		5 611 050	4 420 543	2 501 462
Effect of exchange rate fluctuation on cash held		(20 184)	(45 565)	(8 203)
Cash and cash equivalents at end of the year		14 773 657	5 611 050	4 420 543
Consist of:				
– Cash on hand	17	18 576	10 227	74 901
– Current bank acounts	17	14 755 081	5 600 823	4 431 366
– Bank overdraft		–	–	(85 724)
		14 773 657	**5 611 050**	**4 420 543**

For information about the restatement please refer to note 2.5 and the individual notes.

All the other figures and methodologies remain unchanged.

The accompanying notes form an integrated part of these consolidated financial statements.

SCITEC HOLDING B.V.

Consolidated Statement of Changes in Equity for the year ended 31 December 2015

(All amounts in EUR, unless otherwise stated)

	Share capital Note 18	**Share premium Note 19**	**Retained earnings and unappropriated results Note 20**	**Translation reserve**	**Total**
Balance at 1 January 2014 – Reviewed	42 550 000	7 335 089	6 701 689	(22 169)	56 564 609
Adjustment on correction of error	–	–	(324 189)	(167 895)	(492 034)
Restated balance at 1 January 2014	42 550 000	7 335 089	6 377 500	(190 064)	56 072 525
Dividend paid	–	–	(131 334)	–	(131 334)
Total comprehensive income	–	–	7 204 532	(139 177)	7 065 355
– Restated profit for the year	–	–	7 204 532	–	7 204 532
– Restated foreign currency translation differences	–	–	–	(139 177)	(139 177)
Restated balance as at 31 December 2014 – Reviewed	42 550 000	7 335 089	13 450 698	(329 241)	63 006 546
Capital increase	15	–	–	–	15
Total comprehensive income	–	–	10 588 491	(20 691)	10 567 800
– Profit for the year	–	–	10 588 491	–	10 588 491
– Foreign currency translation differences	–	–	–	(20 691)	(20 691)
Balance as at 31 December 2015 – Audited	**42 550 015**	**7 335 089**	**24 039 189**	**(349 932)**	**73 574 361**

Other comprehensive class/income will not be reclassified subsequently to profit or loss.

For information about the restatement please refer to note 2.5 and the individual notes.

All the other figures and methodologies remain unchanged.

The accompanying notes form an integrated part of these consolidated financial statements.

1. GENERAL INFORMATION

Establishment of Scitec Holding B.V.

Scitec Holding B.V. was founded by Global SN Holding S.á.r.l. on 12 November 2012 with equity of €25 000. The registered office address of Scitec Holding B.V. is Prins Bernhardplein 200, NL – 1097 JB Amsterdam.

Group activities

Group activities include manufacturing and trading of mono- and multicomponent body building, sports nutrition and well-being products and food supplements. It sells approximately 1 365 SKUs (stock keeping units) when all flavours, servings and packaging layouts are considered. Products come in powder, pressed tablet, capsule, liquid and bar forms.

The Scitec Group is a leading European manufacturer in this business. Scitec Group's international trading activity covers approximately 90 countries.

Scitec USA Inc. was established in 2015. The certificate of incorporation of Scitec USA Inc. was filed on 14 September 2015.

Amefit GmbH was liquidated in October 2015.

2. BASIS OF PREPARATION

2.1 Statement of compliance and basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2.2 Basis of measurement

The consolidated financial statements have been prepared on historical cost basis.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Euro ("EUR"), which is the Scitec Group's presentation currency. All financial information is presented in Euro and has been rounded to the nearest EUR except when otherwise indicated. Please note that in the case of Superwell Kft. and Scitec Kft. the functional currency is Hungarian Forint ("HUF"). The functional currency of Scitec International S.á.r.l., Scitec Holding B.V. and Nutribution SL is EUR, while in the case of Cytogen Sp. z o.o. the functional currency is Polish Zloty ("PLN") and United States Dollar ("USD") for Scitec USA Inc. For the preparation of the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising in acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at exchange rates at the dates of the transactions.

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Scitec Holding B.V. and entities controlled by Scitec Holding B.V. (its subsidiaries).

The following companies were consolidated on 31 December 2015 and 31 December 2014 by Scitec Holding B.V.:

		Proportion of ownership within the Group		
Name of subsidiary	***Residence***	***2015***	***2014***	***Principal activity***
Scitec International S.á.r.l.	2, Avenue Charles de Gaulle, E-1653, Luxemburg	100%	100%	Brand management
Scitec Ip. ès Ker. Kft.	H-2120 Dunakeszi, Csörszárok köz 2	100%	100%	Production and trading
Superwell Kft.	H-1134 Budapest, Váci ùt 49b	100%	100%	Brand management, trading, production
Cytogen Sp. z o.o	P – 31-302 Kraków, Ul. Pod Fortem 15/A	100%	100%	Trading
Amefit GmbH *	A-2500 Baden, HelenenstraBc 76/1/9	100%	100%	Trading
Nutribution SL	Spain, Pozuelo de Alarcon (Madrid), Avenida de Europa nr. 26	100%	100%	Product registering
Scitec USA Inc.	17470 N. Pacesetter Way, Scottsdale, AZ, 82522	100%	N/A	Trading

** Amefit GmbH was liquidated in October 2015. The figures of Amefit was consolidated till the liquidation date.*

The companies above on a consolidated basis are hereinafter referred to as "the Group" or "Scitec Group".

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are entities controlled by the Group.

The Group has assessed whether control exists over the subsidiaries in accordance with the relevant IFRSs in force, and it was found that the Group has power over the relevant activities of the subsidiaries based on its voting rights – embodying substantive rights – and it is exposed to and has the power to affect the variability of returns from its involvement via equity instruments.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Income and expenses and other comprehensive income of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. There is no non-controlling interest in any subsidiaries of the Group.

2.5 Restatement of prior year

Due to a required correction in reporting the translation reserve for 2013 and 2014 when EUR was considered as functional currency of Scitec Kft. instead of HUF, financial statements have been restated for 2013 and 2014. For 2013 the translation reserve increased by €167 895, and for 2014 by €337 355.

Customer list deprecation has been calculated for 2013 (€43 054) and for 2014 (€41 416). Customer list has a nine-year useful life. The deferred tax asset calculated on customer list depreciation is €8 181 for 2013 and €7 714 for 2014.

Deferred tax has been calculated for the fair value amount of land (€162 708) deferred tax liability, and for discounted retention amount (€13 306) deferred tax asset.

A correction of production cost allocation has been booked, the impact is for 2013 (€139 911) and for 2014 (€184 364), in both cases inventories have been decreased and material used expenses have been increased.

2.6 Adoption of new and revised International Financial Reporting Standards

For the purpose of preparing its consolidated financial statements, the Group applied all new and revised International Financial Reporting Standards which are effective for the year ended 31 December 2015.

Amendments to IFRSs and new Standards and Interpretations not yet effective for periods ending 31 December 2015

Standard	Subject	Effective date
AIP IAS 19	Defined Benefits – Discount Rate: Regional Market Issue	1 January 2016
AIP IFRS 5	Non-current Assets Held for Sale and Discounted Operations – Changes in Methods of Disposal	1 January 2016
IAS 1	Disclosure initiative – Amendments of IAS 1	1 January 2016
IAS 16 and IAS 38	Clarification of acceptable methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38	1 January 2016
IAS 27	Equity method in Separate Financials Statements – Amendments to IAS 27	1 January 2016
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28	1 January 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 9	Financial Instruments	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2016
IFRS 16	Leases	1 January 2016

Management does not anticipate that the standards note above will have a material impact on the financial informaiton in the year that it is implemented.

2.7 Changes in accounting policies

The Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements.

R&D processes have been carried out in 2015. In line with IAS 38.57 the Group has capitalised €349 248 of development related staff cost in December 2015. Scitec Kft. has started capitalising R&D in 2015. The developments were reviewed and a process was built from which it is now clear how much is the uncertainty level in the development activity which is the key factor in capitalising development costs. The development costs are being amortised with 33%. Going forward Scitec Kft. will build a system to support further the structured and measurable approach of the development process.

New and amended standards and interpretations

IAS 8.28

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below.

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010 – 2012 Cycle

With the exception of the improvement relating to IFRS 2 – Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014.

The Group has applied these improvements for the first time in these consolidated financial statements. They include:

IFRS 2 – Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods. In addition, the Group had not granted any awards during the second half of 2014 and 2015. Thus, these amendments did not impact the Group's financial statements or accounting policies.

IFRS 3 – Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether, or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and, thus, this amendment did not impact the Group's accounting policy.

IFRS 8 – Operating Segments

The amendments are applied retrospectively and clarify that:

An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g. sales and gross margins) used to assess whether the segments are 'similar'. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision-maker, similar to the required disclosure for segment liabilities. This amendment is not relevant to the Group since the Group is not in the scope of IFRS 8.

IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the Group during the current period.

IAS 24 – Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant to the Group as it does not receive any management services from other entities.

Annual Improvements 2011 – 2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

IFRS 3 – Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

Joint arrangements, not just joint ventures, are outside the scope of IFRS 3. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The Group is not a joint arrangement and thus, this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 – Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

IAS 40 – Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. This, this amendment did not impact the accounting policy of the Group.

2.8 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. The Group controls an entity when it is expected to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Transaction costs that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

2.9 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill is allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* based on the carrying amount of each asset in the unit.

Any impairment loss recognised directly for goodwill is not reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value added tax, returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Most of the sales are being recognised as revenue in the accounts, when the goods are physically transferred to the buyer, or its representative. Parallel to it, the corresponding invoice is being issued to the buyer. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Rendering of services

Revenue from rendering of services is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed with reference to surveys of work performed.

The Group is involved in transportation of finished products via third party logistics providers and our transportation in Hungary. When the services under a single arrangement are rendered in different reporting periods, the consideration is allocated on a relative fair value basis between the services.

Interest income

Interest income is recognised using the effective interest rate method.

Dividend income

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

3.2 Foreign currency transactions

The individual financial statements of each group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. The Group use Hungarian National Bank rates to convert foreign currencies.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

3.3 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is re-attributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned or likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

3.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense includes Hungarian local business tax and innovation contribution as well.

Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expense that are deductible or taxable, respectively, in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities for reporting purposes and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to other comprehensive income or equity, in which case the tax is also recognised directly in other comprehensive income or in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or bargain purchase gain.

3.5 Equity

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Share premium

Share premium comprises the amounts contributed from owners of the Company.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

3.6 **Property, plant and equipment**

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when then Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost if items of property, plant and equipment less their estimated residual values on a straight-line basis over their estimated useful lives.

Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

• Buildings	20 years
• Machinery	5 – 7 years
• Other equipment	3 – 7 years

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Borrowing cost allocation

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense. Borrowing costs include interest and other costs that the Group incurs in connection with the borrowing of funds. The borrowing costs eligible for capitalisation are capitalised applying the weighted average of the borrowing costs applicable to the general borrowings during the period. A qualifying asset is an asset that necessarily takes a substantial period of time, in general over six months, to get ready for its intended use.

3.7 **Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation

Except for goodwill and intangible assets with indefinite useful life, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The following useful lives are used in the calculation of amortisation:

- Goodwill, recipes, trademarks — Indefinite useful life
- Customer relationships — 9 years
- Other intangible assets — 3 – 4 years
- Development cost — 3 years

In the case of intangible assets with indefinite useful life based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

3.8 **Impairment of tangible and intangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The current year impairment test for goodwill and intangible assets is detailed in note 4.3.

Goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss.

An impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss. An impairment loss in respect of goodwill is not reversed.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Raw materials' and purchased goods' cost is calculated using weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution directly related to the sale. There are two types of impairment methods, itemised monitoring and general impairment. Itemised monitoring applies when the stock has relevant value and in this case Procurement ad Quality professionals also involved. The general impairment method applies when the warranty of the product is expired. If the warranty date is close then the impairment depends on the aged categories, like if it falls between 31 and 60 days then 75%, 61 and 90 days 50%, 61 and 90 days then 25% applies.

3.10 Financial instruments

Loans and receivables, call deposits, trade payables and borrowings are recognised initially on the date that they are originated. All other financial instruments are recognised initially at the trade date, i.e. when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the Group's contractual rights to the cash flows from the asset expire, or when it transfers such rights in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred.

Financial liabilities are derecognised when contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities offset in the statement of financial position when and only when the Group has a legal right to offset the amounts, and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group classifies its non-derivative financial assets into the loans and receivables category and its non-derivative financial liabilities into the other financial liabilities category.

Loans and receivables

Loans and receivables are financial assets which result in fixed or determinable payments and are not quoted in an active market.

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest method, less impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities are measured initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset and liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group does not have derivative financial instruments.

Impairment of financial assets

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers or economic conditions that correlate with defaults.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss within "Other expenses". If the accounts receivable is paid after it was impaired, the impairment loss is reversed.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are collectively assessed for impairment by grouping together assets with similar credit risk characteristics.

3.11 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability and as an integral part of the total lease expense, over the term of the lease.

3.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be compiled with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

The Group has elected to present the grant in the statement of financial position as deferred income, which is recognised in profit or loss on a systematic and rational basis over the useful life of the asset.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 3, the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Based on management assessment the uncertainty of estimations is reasonable and acceptable.

The following are the key assumptions concerning the future, and other accounting estimates at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1 Useful lives of property, plant and equipment and intangible assets

As described in notes 3.6 and 3.7 above, the Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. (Please see notes 12 and 13 in connection with the depreciation/amortisation of each asset.)

4.2 **Impairment of doubtful debts**

Trade receivables are assessed for impairment on a collective basis and on individual basis if the balance is individually significant. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables. (Please see note 15 in connection with the impairment of trade receivables.)

Impairment methodology

In general impairment is calculated based on aging groups of the overdues, between 91 and 180 days 25%, 181 and 360 days 75% and over 361 days 100%. In some special cases unique impairment evaluation applies.

4.3 **Impairment of goodwill and intangible assets with indefinite useful life**

Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. Goodwill of €15.1 million arose in the acquisition on Scitec Kft., All Nutrition Kft., Ver-Ház Kft., W-Rental Kft., Superwell Kft., Amefit GmbH, Cytogen Sp.z o.o. and Nutribution SL and is attributable mainly to the management expectation regarding the future revenue growth and future market development through controlled direction and supervision.

The recoverable amount of the cash-generating unit was determined based on its value in use. The management considers the Scitec Group as one cash-generating unit as the legal entities included in the Group are managed as one unit, which is supported by the merger of the majority of the Hungarian entities in 2014.

The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. At the end of the reporting period the estimated recoverable amount of the cash-generating unit containing goodwill is significantly higher than its carrying amount.

Management has identified two key assumptions in the calculation of value in use: the weighted average cost of capital and the growth rate.

A weighted average cost of capital (WACC) of 14.6% (2014: 14.7%) (2013: 15.5%) was applied in determining the net present value of future cash flows. There is no significant change in WACC compared to the last impairment test which was performed as of 31 December 2014. Cash flows were projected based on actual operating results and the Five-year business plan. Cash flows for further indefinite period were extrapolated using a constant growth rate of 3% (2014: 3%) (2013: 3%).

A 12%p (2014: 16%p) (2013: 9%p) increase in the discount rate (all other factors remain unchanged) would result in an impairment indication of goodwill.

A 47%p (2014: 79%p) (2013: 26%p) decrease in the growth rate (all other factors remain unchanged) would result in an impairment indication of goodwill.

The following table presents sensitivity of the net present value calculated by the discounted cash flow model for 2015, 2014 and 2013. Based on the annual impairment test the net present value of the cash-generating unit (the whole Group) is €155 million (2014: €162 million) (2013: €136 million) and the carrying amount (net assets including goodwill) is €74 million (2014: €63 million) (2013: €57 million).

2015		
Data in million EUR	+1%p	(1%p)
Discount factor	143	170
Growth rate	164	147
2014		
Data in million EUR	+1%p	(1%p)
Discount factor	148	178
Growth rate	172	153
2013		
Data in million EUR	+1%p	(1%p)
Discount factor	124	150
Growth rate	144	129

The table shows the change in the net present value of the GCU (cash-generating unit) in case of ±1%p change in the discount factor and the growth rate.

For the purpose of impairment testing the Group determines the recoverable amount of the intangible assets with indefinite useful life. For the estimation of value in use of recipes and trademarks, management used the future cash flows and a suitable discount rate as key assumptions. At the end of the reporting period the estimated recoverable amount of the recipes and trademarks are significantly higher than its carrying amount.

Trademarks

A weighted average cost of capital (WACC) of 15.6% (2014: 15.7%) (2013: 16.5%) was applied in determining the net present value of future cash flows. Cash flows were projected based on actual operating results and the five-year business plan. Cash flows for further 10 years were extrapolated using an average growth rate of 3% (2014: 3%) (2013: 3%).

The following table presents sensitivity of the key assumptions on the fair value calculated by the discounted cash flow model for the period ended 31 December 2015, 2014 and 2013. Based on the annual impairment test the net present value of trademarks is €35 million (2014: €30 million) (2013: €52 million); and the carrying amount is €21 million (2014: €21 million) (2013: €21 million).

2015		
Data in million EUR	+1%p	(1%p)
Discount factor	34	37
Growth rate	36	35
2014		
Data in million EUR	+1%p	(1%p)
Discount factor	29	32
Growth rate	31	30
2013		
Data in million EUR	+1%p	(1%p)
Discount factor	48	55
Growth rate	54	50

The table shows the change in the net present value of trademarks in case of ±1%p change in the discount factor and the growth rate.

A 14%p (2014: 11%p) (2013: 22%p) increase in the discount rate (all other factors remain unchanged) would result in an impairment indication of trademarks.

A 104%p (2014: 56%p) (2013: 190%p) decrease in the growth rate (all other factors remain unchanged) would result in an impairment indication of trademarks.

Recipes

A weighted average cost of capital (WACC) of 16.6% (2014: 16.7%) (2013: 17.5%) was applied in determining the net present value of future cash flows. There is no significant change in WACC compared to the last impairment test which was performed as of 31 December 2014. Cash flows were projected based on actual operating results and the five-year business plan. Cash flows for further 20 years were extrapolated using an average growth rate of 1 percent.

The following table presents sensitivity of the key assumptions on the fair value calculated by the discounted cash flow model. Based on the annual impairment test the net present value of recipes is €39 million (2014: €27 million) (2013: €24 million) and the carrying amount is €11 million (2014: €11 million) (2013: €11 million).

2015		
Data in million EUR	+1%p	(1%p)
Discount factor	32	47
Growth rate	38	40

2014		
Data in million EUR	+1%p	(1%p)
Discount factor	22	32
Growth rate	28	26

2013		
Data in million EUR	+1%p	(1%p)
Discount factor	23	25
Growth rate	25	23

The table shows the change in the net present value of recipes in case of ±1%p change in the discount factor and the growth rate.

A 3%p (2014: 4%p) (2013: 23%p) increase in the discount rate (all other factors remain unchanged) would result in an impairment indication of recipes.

There is no reasonable possible decrease in the growth rate (all other factors remain unchanged) which would result in an impairment indication of recipes.

5. DETERMINATION OF FAIR VALUES

When disclosures require the determination of fair value the Group determines the fair value of the assets and liabilities.

According to IFRS 13 fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values have been determined for measurement and disclosure purposes in accordance with IFRS 13. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

For the extended disclosures on fair value measurement of financial instruments see note 29.

	Audited **1/1/2015 – 31/12/2015**	**Reviewed Restated** **1/1/2014 – 31/12/2014**	**Reviewed Restated** **1/1/2013 – 31/12/2013**
6. GROSS PROFIT			
Revenue	100 411 189	94 483 735	82 548 638
Raw materials and consumables	(57 295 487)	(56 156 984)	(49 816 462)
	43 115 702	**38 326 751**	**32 732 176**

The majority of the Group's turnover originates from products sold under the trademark Scitec Nutrition, with the top selling groups being whey proteins, muscle gainers and amino acids.

7. SERVICES USED

Transportation costs	4 044 516	4 042 131	3 799 637
Marketing and promotion costs	2 661 294	1 960 686	1 264 408
Rental fees and staff hiring costs	2 096 221	1 882 159	1 229 960
Other services purchases	1 351 165	1 186 732	1 150 131
Advisory services (accounting, audit fees, legal fees, etc.)	1 027 718	1 182 086	1 510 408

There was no research related expense recognised in 2015.

	Audited 1/1/2015 – 31/12/2015	**Reviewed Restated** 1/1/2014 – 31/12/2014	**Reviewed Restated** 1/1/2013 – 31/12/2013
8. STAFF COSTS			
Wages and salaries	8 724 626	8 973 715	7 216 136
Social security contribution	2 675 679	2 622 261	195 006
Other personnel costs	209 732	127 688	2 088 968
	11 610 037	**11 723 664**	**9 500 110**

The average number of the employees in the Group in 2015 was 651 (2014: 660) (2013: 560).

9. OTHER EXPENSES

Other taxes	208 007	174 526	155 027
Impairment of trade receivables	184 314	361 332	397 396
Other expenses	578 307	220 202	271 114
	970 628	**756 060**	**823 537**

For further details on impairment of trade receivables see note 15.

(All amounts in EUR, unless otherwise stated)

	Audited	Reviewed Restated	Reviewed Restated
	1/1/2015 – 31/12/2015	**1/1/2014 – 31/12/2014**	**1/1/2013 – 31/12/2013**
10. **NET FINANCIAL INCOME/EXPENSES**			
Financial income			
Realised and unrealised foreign exchange gain	1 170 317	1 654 276	1 082 945
Financial expenses	(1 301 897)	(3 412 692)	(2 076 680)
Intereset payable	(207 975)	(437 642)	(474 314)
Realised and unrealised foreign exchange loss	(1 093 922)	(2 975 050)	(1 602 366)
Net financial expense	**(131 580)**	**(1 758 416)**	**(993 735)**
11. **TAXATION**			
The tax charge for the period:			
Current tax expense	2 450 294	1 892 440	1 394 363
Deferred tax expense	230 869	410 891	323 562
	2 681 163	**2 303 331**	**1 717 925**
The tax balances at the end of the period:			
Current tax assets	**588 361**	**815 331**	**969 322**
Current tax liabilities	**103 034**	**122 569**	**30 884**

The table below shows the tax rates in the relevant countries:

Country	*Tax rate*
Austria	25%
Hungary	10%/19%; 2%; 0.3% *
Luxembourg	22.47%; 6.75% **
Netherlands	20%/25% ***
Poland	19%
Spain	30%
USA	40% ****

* *In Hungary, the corporate tax rate is 19%. A 10% corporate income tax rate applies to taxable income up to HUF500 million (€1.6 million). The excess is taxed at 19%. The maximum rate of the local business tax is 2%, its base is the reporting year sales revenue less a certain portion of material costs, cost of goods sold and other reconciling items. Innovation contribution is 0.3% and is based on the reporting year sales revenue less material costs, cost of goods sold and other reconciling items.*

** *In Luxembourg the corporate tax rate is 22.47% and the municipality business tax is 6.75%.*

*** *In the Netherlands the corporate tax rate is 25%. The first €200 000 of taxable profit is taxed at 20%. The tax rate for the taxable income above €200 000 is 25%.*

**** *The corporate income tax rate is approximately 40%. The marginal federal corporate income tax rate on the highest income bracket of corporations (currently above US$18 333 333) is 35%. State and local governments may also impose income tax rates ranging from 0% to 12%, the top marginal rates averaging approximately 7.5%. A corporation may deduct its state and local income tax expense when computing its federal taxable income, generally resulting in a net effective rate of approximately 40%. The effective rate may vary significantly depending on the locality in which a corporation conducts business. The United States also has parallel alternative minimum tax (AMT) system, which is generally characterised by a lower tax rate (20%) but a broader tax base.*

None of the above enacted tax rates has changed from 2014.

Deferred tax balances

Deferred tax assets/(liabilities) arise from the following:

	Restated net balance at 1 January 2015	Recognised in profit or loss	Deferred tax assets	Deferred tax liabilities	Audited Net balance at 31 December 2015
31 December 2015					
Fair value difference recognised on recipes based on PPA	(1 884 115)	(169 940)	–	(2 054 055)	(2 054 055)
Customer list	(48 543)	(5 006)	–	(53 549)	(53 549)
Trademarks	(232 143)	(122 988)	–	(355 131)	(355 131)
Property, plant and equipment	(144 701)	60 715	–	(83 985)	(83 985)
Retention amount	(40 851)	40 851	–	–	–
Revenue recognition	36 583	(19 632)	16 951	–	16 951
Provision	–	11 375	11 375	–	11 375
Impairment for doubtful debt	76 671	35 473	112 144	–	112 144
Research and development	–	(61 717)	–	–	(61 717)
Total assets/liabilities before set off	(2 237 180)	(230 869)	140 469	(2 608 438)	(2 467 968)
Set off tax	–	–	(140 469)	140 469	–
	(2 237 180)	**(230 869)**	**–**	**(2 467 968)**	**(2 467 968)**

	Net balance at 1 January 2014	Recognised in profit or loss	Deferred tax assets	Deferred tax liabilities	Net balance at 31 December 2014
31 December 2014 – Restated					
Fair value difference recognised on recipes based on PPA	(1 891 041)	6 926	–	(1 884 115)	(1 884 115)
Customer list	22 336	(70 879)	–	(48 543)	(48 543)
Trademarks	(69 121)	(163 022)	–	(232 143)	(232 143)
Property, plant and equipment	50 281	(194 982)	18 007	(162 708)	(144 701)
Retention amount	(113 833)	72 982	–	(0 851)	(40 851)
Tax loss carry forward	112 852	(112 852)	–	–	–
Revenue recognition	39 798	(3 215)	36 583	–	36 583
Impairment for doubtful debt	22 519	54 152	76 671	–	76 671
Total assets/liabilities before set off	(1 826 209)	(410 891)	131 261	(2 368 360)	(2 237 180)
Set off tax	–	–	(131 261)	131 261	–
	(1 826 209)	**(410 891)**	**–**	**(2 237 100)**	**(2 237 100)**
31 December 2013 – Reviewed Restated					
Fair value difference recognised on recipes based on PPA	(1 955 230)	64 189	–	(1 891 041)	(1 891 041)
Customer list	(36 397)	58 733	14155	8 181	22 336
Trademarks	–	(69 121)	–	(69 121)	(69 121)
Property, plant and equipment	212 053	(161 772)	213 054	(162 773)	50 281
Inventory	(276 418)	276 418	–	–	–
Retention amount	(262 473)	148 640	–	(113 833)	(113 833)
Tax loss carry forward	761 459	(648 607)	112 852	–	112 852
Revenue recognition	–	39 798	39 798	–	39 798
Impairment for doubtful debt	54 359	(31 840)	22 519	–	22 519
Total assets/liabilities before set off	(1 502 647)	(323 562)	402 378	(2 228 587)	(1 826 209)
Set off tax	–	–	(84 083)	84 083	–
	(1 502 647)	**(323 562)**	**318 295**	**(2 144 504)**	**(1 826 209)**

No deferred tax assets have been recognised in respect of the tax losses €20 194 (2014: €21 650) (2013: €185 852) and impairment for bad debts €10 667 (2014: €3 566) (2013: €54 673) because it is not probable that future taxable profit will be available against which Superwell Kft. can utilise the benefits therefrom. The expiry date of unrecognised deferred tax assets is three years.

Reconciliation of effective tax rate	%	Audited 31/12/2015
Profit for the year		10 588 491
Tax expense		2 681 163
Profit before tax		**13 269 654**
The tax calculated at weighted average tax rates applicable to profits in respective countries	20.26	2 688 512
Effect of different tax rates	5.62	745 927
Non-deductible expenses	1.06	141 169
Tax exempt revenues	(6.82)	(905 548)
Other	0.08	11 102
Total	**20.21**	**2 681 163**

	%	Reviewed Restated 31/12/2014
Profit for the year restated		7 204 532
Tax expense		2 303 331
Profit before tax restated		**9 507 863**
The tax calculated at weighted average tax rates applicable to profits in respective countries	20.05	1 906 327
Effect of different tax rates	7.70	731 982
Non-deductible expenses	1.47	139 503
Tax exempt revenues	(10.28)	(977 863)
Current year tax losses for which no deferred tax asset was recognised	0.47	44 572
Other deferred tax assets not recognised	(0.11)	(10 724)
Prior year current tax adjustments	2.16	205 095
Other	2.78	264 439
Total	**24.23**	**2 303 331**

	%	Reviewed Restated 31/12/2013 €
Reconciliation of effective tax rate		
Profit for the year		6 945 306
Tax expense		1 726 106
Profit before tax		8 671 412
The tax calculated at weighted average tax rates applicable to profits in respective countries	18	1 560 854
Effect of different tax rates	7.39	641 014
Non-deductible expenses	0.37	31 995
Tax exempt revenues	(7.57)	(656 109)
Current year tax losses for which no deferred tax assets was recognised	0.21	18 016
Other deferred tax asset not recognised	0.09	7 653
Deferred tax assets written off	0.79	68 105
Effect of tax rate changes	0.03	2 216
Other	0.60	52 362
Total	**19.91**	**1 726 106**

During the calculation of deferred tax, the effective rate applied was 20.05% (2014: 20.05%) (2013: 18%).

12. PROPERTY, PLANT AND EQUIPMENT

– Reviewed	Land and buildings	Machinery	Other equipments	Construction in progress	Total
Cost					
Balance at 1 January 2013	4 717 931	684 831	3 276 243	101 748	8 780 753
Capitalisation	81 614	36 692	449 970	(568 276)	–
Additions	–	–	–	586 499	586 499
Disposals	–	(22 602)	(65 189)	–	(87 791)
Reclassifications	–	431 930	(431 930)	–	–
Effect on movements in exchange rates	(70 096)	(5 190)	(11 918)	–	(87 204)
Balance at 31 December 2103	**4 729 449**	**1 125 661**	**3 217 176**	**119 971**	**9 192 257**
Cost					
Balance at 1 January 2014					
Restated balance at 1 January 2014	4 723 641	1 118 314	3 091 079	115 476	9 048 510
Capitalisation	2 069 731	66 966	960 016	(3 096 713)	–
Additions	–	–	–	3 582 075	3 582 075
Disposals	–	–	(5 110)	–	(5 110)
Reclassification*	–	2 545 245	(2 545 245)	–	–
Effect on movements In exchange rates	(236 264)	(80 957)	(103 376)	(16 190)	(436 787)
Restated balance at 31 December 2014	6 557 108	3 649 568	1 397 364	584 648	12 188 688
Capitalisation	305 253	851 645	492 770	–	1 659 668
Additions	–	–	–	603 587	603 587
Disposals	(62 547)	(422 821)	(188 241)	(88 744)	(762 352)
Effect on movements In exchange rates	27 102	13 889	3 358	3 305	47 654
Balance at 31 December 2015 – Audited	**6 826 917**	**4 102 281**	**1 705 251**	**1 102 796**	**13 737 245**
Accumulated depreciation and impairment					
Balance at 1 January 2013	19 231	46 139	9 411	–	74 781
Depreciation for the year	333 066	190 093	780 010	–	1 303 169
Impairment loss	–	(22 602)	(42 894)	–	(65 496)
Reclassification	–	66 066	(66 066)	–	–
Effect of movements in exchange rates	(356)	(872)	(174)	–	(1 402)
Balance at 31 December 2013	**351 941**	**278 824**	**680 287**	**–**	**1 311 052**
Accumulated depreciation and impairment losses					
Balance at 1 January 2014	351 940	278 824	680 288	–	1 311 052
Depreciation for the year	223 185	190 225	787 748	–	1 201 158
Disposals	–	–	(1 906)	–	(1 906)
Reclassification *	–	706 120	(706 120)	–	–
Effect on movements in exchange rates	–	–	(322)	–	(322)
Balance at 1 January 2015	575 125	1 175 169	759 688	–	2 509 982
Depreciation for the year	342 403	776 533	371 088	–	1 490 025
Impairment loss	49 595	–	–	–	49 595
Disposals	(56 833)	(333 897)	(127 431)	–	(518 161)
Effect on movements in exchange rates	(3 974)	(7 869)	(3 812)	–	(15 655)
Balance at 31 December 2015	**906 316**	**1 609 936**	**999 533**	**–**	**3 515 785**

	Land and buildings	Machinery	Other equipments	Construction in progress	Total
Carrying amount at 31 December 2013	4 371 701	839 490	2 410 791	115 476	7 737 458
Carrying amount at 31 December 2014	5 981 983	2 474 399	637 676	584 648	9 678 706
Carrying amount at 31 December 2015	5 920 601	2 492 345	785 718	1 102 796	10 221 460

** The management believes that after reclassification of the items from other equipment to machinery, the categories represent the real usage of the items.*

The Group leases production equipment under a number of finance lease agreements. At of 31 December 3015, the net carrying amount of leased machineries was €144 654 (2014: €94 476) (2013: €234 411). For further information about the finance lease see note 23.

13. INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Recipes	Software	Trade-marks	Customer relationships	Total
Cost						
Balance at 1 January 2013 – Reviewed	15 118 136	10 837 735	972 566	20 772 159	201 678	47 902 274
Additons	–		214 402	–	–	214 402
Effect on movements in exchange rates	–		(10 833)	–	–	(10 833)
Balance at 31 December 2013	**15 118 136**	**10 837 735**	**1 176 135**	**20 772 159**	**201 678**	**48 105 843**
Cost						
Balance at 1 January 2014						
Restated balance at 1 January 2014	15 118 136	10 831 465	1 165 735	20 772 159	194 202	48 081 697
Reclassification	–	–	(387 498)	–	387 498	–
Additions	–	–	407 085	–	–	407 085
Disposals	–	–	(275)	–	–	(275)
Effect on movements in exchange rates	–	(19 168)	(31 924)	–	(22 126)	(73 218)
Restated balance at 31 December 2014	15 118 136	10 812 297	1 153 123	20 772 159	559 574	48 415 289
Additions	–	–	715 330	88 478	–	805 808
Disposals	–	–	(750)	–	–	(750)
Effect on movements in exchange rates	–	1 998	25 555	–	(20 822)	6 731
Balance at 31 December 2015 – Audited	**15 118 136**	**10 814 295**	**1 893 258**	**20 860 637**	**538 751**	**49 225 077**

	Goodwill	Recipes	Software	Trade-marks	Customer relationships	Total
Accumulated amortisation						
Balance at 1 January 2013 – Reviewed	–	–	22 905	–	–	22 905
Amortisation for the year	–	–	175 663	–	22 409	198 072
Effect of movements in exchange rates	–	–	(435)	–	–	(435)
Balance at 31 December 2013	**–**	**–**	**198 133**	**–**	**22 409**	**220 542**
Accumulated amortisation						
Restated balance at 1 January 2014	–	–	198 133	–	65 463	263 596
Amortisation for the year	–	–	280 721	–	22 409	303 130
Adjustment on correction of amortisation	–	–	–	–	41 416	41 416
Disposals	–	–	(56)	–	–	(56)
Effect on movements in exchange rates	–	–	(11)	–	–	(11)
Restated balance at 1 January 2014	–	–	478 787	–	129 288	608 075
Amortisation for the year	–	–	440 700	–	63 659	504 359
Disposals	–	–	(314)	–	–	(314)
Effect on movements in exchange rates	–	–	(4 603)	–	(763)	(5 366)
Balance at 31 December 2015 – Audited	**–**	**–**	**914 570**	**–**	**192 184**	**1 106 754**
Carrying amount at 1 January 2014	15 118 136	10 831 465	967 602	20 772 159	128 739	47 818 101
Carrying amount at 31 December 2014	15 118 136	10 812 297	674 556	20 772 159	450 286	47 807 214
Carrying amount at 31 December 2015	15 118 136	10 814 295	978 688	20 860 637	346 567	48 118 523

Goodwill of €15.1 million arose in the acquisition of Scitec Kft., All Nutrition Kft., Ver-Ház Kft., W-Rental Kft., Superwell Kft., Amefit GmbH, Cytogen Sp. z o.o. and Nutribution SL and is attributable mainly to the management expectation regarding the future revenue growth and future market development through controlled direction and supervision.

In 2012 Scitec International purchased the following trademarks:

1) Scitec Nutrition, 2) Superwell, 3) Pharmafirst, 4) Gymstar, 5) Famousfreaks, 6) Recovermax, 7) 100% Whey Delite, 8) Ultra advanced cell volumizer, 9) Isofruit Delite, 10) Tribu-X, 11) Hemo-NO and 12) CE Extreme.

Recipes were acquired in 2012 as part of the business combination. The recipes balance contains the description of contents of the products and the mix of these contents for the stages of production.

Recipes and trademarks have indefinite useful lives as based on the past experience, the used recipes have not changed substantially, on one hand the tastes have been enhanced and on the other hand some new ingredients have been included. The trademarks generate cash inflows for the Group, therefore there is no foreseeable limit for the cash inflows from these intangible assets.

Customer relationships amortised in nine years, the remaining useful life is six years.

Intangible assets with indefinite useful lives (trademarks, recipes) and goodwill are tested for impairment annually. For further details, refer to note 4.3.

	Audited 31/12/2015	Reviewed Restated 31/12/2014	Reviewed Restated 31/12/2013
14. INVENTORIES			
Raw materials	6 095 680	6 133 362	8 125 114
Finished products	3 665 645	3 921 714	3 636 030
Purchased goods	924 617	448 986	255 568
Semi-finished products	484 750	286 119	297 211
	11 170 692	**10790 181**	**12 313 923**

During 2015, €711 234 (2014: €1 556 525) (2013: €73 867) write-down was accounted for inventories (mainly finished products).

The costs recognised as an expense for raw materials and consumables, labour costs and other costs together with the amount of the net change in inventories for the year is (€399 745) (2014 restated: €841 224) (2013: €811 030).

	Audited 31/12/2015	Reviewed 31/12/2014	Reviewed 31/12/2013
15. TRADE RECEIVABLES			
Trade receivables from customers	**6 833 056**	**5 714 014**	**5 231 328**

Analysis of trade receivables

31/12/2015	**Cost**	**Impairment**	**Net**
Not yet due and not impaired	3 824 924	–	3 824 924
Overdue and impaired			
• Between 0 – 30 days	2 015 516	–	2 015 516
• Between 31 – 90 days	444 423	–	444 423
• Between 91 – 180 days	217 482	(67 793)	149 689
• Between 181 – 365 days	325 520	(56 253)	269 267
• Over 1 year	774 530	(645 293)	129 237
Total	**7 602 395**	**(769 339)**	**6 833 056**

31/12/2014	**Cost**	**Impairment**	**Net**
Not yet due and not impaired	3 378 995	–	3 378 995
Overdue and impaired			
• Between 0 – 30 days	1 041 858	–	1 041 858
• Between 31 – 90 days	719 115	(109 027)	610 088
• Between 91 – 180 days	589 365	(17 948)	571 417
• Between 181 – 365 days	108 824	(44 346)	64 478
• Over 1 year	455 804	(408 627)	47 178
Total	**6 293 961**	**(579 948)**	**5 714 014**

31/12/2013	**Cost**	**Impairment**	**Net**
Not yet due and not impaired	3 484 680	–	3 484 680
Overdue and impaired			
• Between 0 – 30 days	1 047 337	–	1 047 337
• Between 31 – 90 days	408 364	–	408 364
• Between 91 – 180 days	162 447	(18 106)	144 341
• Between 181 – 365 days	190 793	(44 186)	146 607
• Over 1 year	335 104	(335 104)	–
Total	**5 628 725**	**(397 396)**	**5 231 329**

Based on historic payment behaviour the Group believes that the trade receivables that are neither past due nor impaired will be collectible in full.

Reconciliation of impairment loss and translation difference	
Opening balance – 1 January 2013	–
Impairment loss recognised	397 396
Closing balance – 31 December 2013 – Reviewed	397 396
Opening balance – 1 January 2014	397 396
Impairment loss recognised	361 332
Impairment loss reversed	(190 587)
Translation difference	11 807
Closing balance – 31 December 2014 – Reviewed	579 948
Impairment loss recognised	304 318
Impairment loss reversed	(99 807)
Translation difference	(15 119)
Closing balance – 31 December 2015 – Audited	**769 339**

16. OTHER CURRENT ASSETS

	Audited 31/12/2015	**Reviewed 31/12/2014**	**Reviewed 31/12/2013**
VAT and other taxes	1 282 469	1 960 586	2 911 501
Advance paid	500 028	661 609	746 691
Other receivables	406 046	331 612	323 085
	2 188 543	**2 953 807**	**3 981 277**

17. CASH AND CASH EQUIVALENTS

	Audited 31/12/2015	**Reviewed 31/12/2014**	**Reviewed 31/12/2013**
Cash on hand	18 576	10 227	74 901
Current bank accounts	14 755 081	5 600 823	4 431 366
	14 773 657	**5 611 050**	**4 506 267**
Overdraft	–	–	(85 724)
Cash and cash equivalents in the Consolidated Statement of Cash flows	**14 773 657**	**5 611 050**	**4 420 543**

18. SHARE CAPITAL

Authorised, issued and fully paid			
42 550 000 A class shares at a nominal value of €1 each	42 550 000	42 550 000	42 550 000
15 B class shares, without voting rights, at a nominal value of €1 each	15	–	–
	42 550 015	**42 550 000**	**42 550 000**

Upon incorporation on 12 November 2012, the issued share capital of Scitec Holding B.V. amounted to €25 000, divided into 25 000 shares with a nominal value of €1 each, all fully paid at par in cash.

On 12 December 2012, the share capital of Scitec Holding B.V. was increased by €42 525 000, all fully paid. The authorised share capital of the Company was €42 550 000 as at 31 December 2014 and 2013.

The share capital of Scitec Holding B.V. was increased by €15 on 14 April 2015. 15 B class shares, without voting rights, at a nominal value of €1 each have been issued on 14 April 2015.

As of 31 December 2015, the issued share capital of Scitec Holding B.V. amounts to €42 550 015, divided into 42 550 000 A class shares, having a nominal value of €1, and 15 B class shares, without voting rights, having a nominal value of €1 each. All shares have been paid in full.

19. SHARE PREMIUM

		7 335 089	**7 335 089**

On 14 December 2012, the shareholder of Scitec Holding B.V. (Global SN Holding S.á.r.l.) made a non-stipulated share premium contribution of shares in kind, by means of transfer and assignment of a promissory note for the amount of €6 455 936. On 29 April 2013 Global SN Holding S.á.r.l. made a non-stipulated share premium contribution paid in cash to Scitec Holding B.V. for the amount of €791 239. On 6 May 2013, Armadillo Verwaltungs AG Switzerland made a non-stipulated share premium contribution settled by the transfer of promissory note to Scitec Holding B.V. for the amount of €87 914.

	Audited 31/12/2015	Reviewed Restated 31/12/2014	Reviewed Restated 31/12/2013
20. RETAINED EARNINGS AND UNAPPROPRIATED RESULT			
Accumulated profit/(loss) brought forward	13 450 698	6 246 166	(393 019)
Profit for the year	–	7 204 532	6 770 519
Unappropriated result	10 588 491	–	–
	24 039 189	**13 450 698**	**6 377 500**

Unappropriated result is the profit for the year before the authorisation by the general meeting.

In 2015, Scitec Holding B.V. paid no dividend (2014: €131 334) (no dividend in 2013).

2014 dividends per share: 131 334 EUR/42 550 000 equal to €0.0031 per share.

	Audited 31/12/2015	Restated 31/12/2014	Restated 31/12/2013
21. TRADE PAYABLES			
Primarily liabilities related to purchase of raw materials	3 737 961	4 040 687	3 849 824
Analysis of trade payables			
Not yet due	3 561 260	3 939 541	
Overdue and impaired	176 701	10 146	
– Between 0 – 30 days	130 331	202 720	
– Between 31 – 90 days	49 893	(161 756)	
– Between 91 – 180 days	(11 637)	(32 625)	
– Between 181 – 365 days	(23)	(55 036)	
– Over 1 year	8 137	147 843	
	3 737 961	**4 040 687**	**3 849 824**
22. OTHER CURRENT LIABILITIES			
Retention amount – trademarks	–	1 340 025	2 436 410
Wages and contributions payable	1 049 902	987 184	776 870
Other short-term liabilities	1 301 659	743 801	555 353
Accrued expenses (wages and contributions, transportation costs, audit and legal fees)	445 411	621 137	659 157
Other taxes	127 675	129 447	1 276 073
	2 924 647	**3 821 594**	**5 703 863**

The context of the retention amounts

On 14 December 2012, Scitec International S.á.r.l. purchased:

(i) a 100% stake of Scitec Kft., Superwell Kft., W-Rental Kft., Ver-Ház Kft., All Nutrition Kft., Cytogen Sp. z o.o., Amefit GmbH, and Nutribution SL (the "shares purchase"); and

(ii) certain trademarks, including Scitec Nutrition, Superwell, Pharmafirst and others (the "trademarks acquisition").

As part of those transactions, certain retention amounts remained due to the sellers and were subsequently paid in December 2014 and December 2015. As of 31 December 2015, all retention amounts outstanding in respect of the above described transactions had been paid.

23. FINANCE LEASE LIABILITIES

In 2014, the Group leased machinery under market conditions. The leasing liabilities have been paid in the course of 2015, therefore there are no leasing liabilities by the end of 2015.

1/1/2013 – 31/12/2013	Future minimum lease payments	Interest	Present value of minimum lease payments
Finance lease liabilities (long-term part 1 – 2 years)	20 117	372	19 745
Finance lease liabilities (short-term part)	79 698	3 927	75 771
Total	**99 815**	**4 299**	**95 516**

1/1/2014 – 31/12/2014	Future minimum lease payments	Interest	Present value of minimum lease payments
Finance lease liabilities (short term portion)	16 682	281	16 399

24. LOANS

Scitec Kft. has a loan facility agreement in the amount of €12 000 000, of which €6 000 000 was drawn down on 8 December 2014 and the second amount of €6 000 000 was drawn down on 13 October 2015. The loan bears a fixed interest rate of 1.2% and if the EUR CIRR is higher than 1.2%, then the interest rate corresponds to EUR CIRR. EUR CIRR is Commercial Interest Reference Rate for export credits. The loan is repayable in quarterly instalments with a maturity date of 9 December 2019 and 13 October 2020.

In 2013, the group had a short-term loan facility agreement with Commerzbank Zrt. denominated in EUR from which the overdraft at the end of 2013 was EUR85 724.

	31/12/2015		31/12/2014		31/12/2013	
	Nominal value	Carrying amount	Nominal value	Carrying amount	Nominal value	Carrying amount
Long-term loan	8 700 000	8 700 000	4 800 000	4 800 000	1 783 172	1 783 172
Short-term loan	2 100 000	2 100 000	1 200 000	1 200 000	465 294	465 294
Bank overdraft	–	–	–	–	85 724	85 724
	10 800 000	**10 800 000**	**6 000 000**	**6 000 000**	**2 334 145**	**2 334 145**

In connection with the loan facility Scitec Kft. provides a first-rank mortgage on its property and on inventories to UniCredit Bank Hungary Zrt. The carrying amount of the pledged property, plant and equipment was €9 114 080 at 2015 year-end (2014: €9 070 887). The pledged inventory was the existing registered stock of €11 170 692 at 2015 year-end (2014: €10 790 181). Scitec Holding B.V. and Scitec International S.á.r.l. issued a corporate guarantee on the loan facility and an authorisation in the Bank's favour for submitting collection orders concerning the Group's bank accounts.

25. **RELATED-PARTY TRANSACTIONS**

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The related-party transactions are concluded on arm's length basis.

The Management of the Group comprises Directors and executive officers of the group entities who have the authority and responsibility for planning, directing and controlling the activities of the Group. The remuneration of key management personnel during the period was €367 543 (2014: €327 899) (2013: €235 513).

South Dakota Trust, the previous owner of the acquired entities, has a 9.99% indirect control in Scitec Holding B.V. The purchase price retention amounts were paid to the previous owners, Lambrigger AG and Armadillo AG, which are companies controlled by South Dakota Trust.

Related-party transactions	**Audited 31/12/2015**	**Reviewed 31/12/2014**	**Reviewed 31/12/2013**
Related-party long-term liability			
– Retention amount due to Lambrigger AG and Armadillo AG	–	–	3 917 722
Related-party short-term liability			
– Retention amount due to entities controlled by a minority shareholder of the Company	–	4 019 974	7 309 229
Other short-term related-party liability	–	105 434	111 819
	–	**4 125 408**	**7 421 048**

26. **OTHER LONG-TERM FINANCIAL LIABILITIES**

Retention amount – trademarks, due to Rizol LLC	–	–	1 305 940
Government grants	286 121	–	–

Scitec Kft. signed a government grants contract in November 2011.The project was completed on 22 January 2013.

Another grants project was started on 3 October 2012. The project was completed on 13 May 2015.

27. **OPERATING LEASE**

Operating leases relate to an office and warehouse. The lease term of the office is six years, expiring on 1 September 2021.

The warehouse lease contract was renewed during the course of the year and it will end at 31 December 2016.

The Group does not have an option to purchase the leased office space and warehouse at the expiry of the lease periods.

During the period an amount of €628 181 (2014: €537 387) (2013: € 433 276) was recognised as an expense in profit or loss in respect of operating leases.

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Audited 31/12/2015	**Reviewed 31/12/2014**	**Reviewed 31/12/2013**
Less than one year	389 598	97 517	312 896
Between one and five years	909 437	–	84 212
Over five years	109 440	–	–
	1 408 475	**97 517**	**397 108**

28. CAPITAL MANAGEMENT

The Group manages its capital (share capital and share premium of €49 885 104 at the end of 2015 after the increasing of the capital of Scitec Holding B.V. with €15) (2014: €49 885 089) to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group is not subject to externally imposed capital requirements.

29. FINANCIAL INSTRUMENTS AND FAIR VALUES

Carrying value and fair value for all of the Group's financial assets and liabilities at 31 December 2015, 2014 and 2013 are deemed to be equal. The carrying amount of cash and cash equivalents, trade and other current receivables and payables, finance leases and other liabilities approximates their relative fair values due to the relatively short-term maturity. The retention amounts related to the shares purchase and trademarks acquisition has been paid in full in December 2015.

The fair value of the fixed interest rate loan is €10 521 711 (2014: €5 818 358) as per 31 December 2015. The fair value of the loan has been calculated based on the present value of the principal and interest payments discounted with an interest rate relevant to the Group. The fair value measurement of the fixed rate loan has been categorised as level 2.

30. RISK MANAGEMENT

The Management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

The Group's principal financial assets are bank balances and cash as well as trade and other receivables. The Group's credit risk therefore is primarily attributable to its trade receivables. The carrying amount of trade receivables represents the maximum exposure to credit risk (see note 15). The amounts presented in the statement of financial position are net of impairment for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Group regularly reviews its individual trade receivable accounts and sends reminders to its partners in default. In case of an overdue trade receivables balance the Group's policy is not to sell additional products to the partner. The Group has developed a credit system where the credit limits are based on past turnover, the amounts above the limit should be paid in advance. In case of export the Group has concluded a credit-assurance agreement. For the partners outside of the scope of the credit assurance policy the applied maximum overdue credit limit is €30 000 (2014: €30 000) (2013: €30 000). If overdue balance exceeds 90 days, the overdue receivables are handed over to a debt collector company.

An aging analysis of trade receivables is disclosed in note 15.

Liquidity risk

The ultimate responsibility for liquidity risk management rests with the Management, which will establish an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group has no significant concentration of liquidity risk. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

An aging analysis of trade payables is disclosed in note 21.

The following are the remaining contractual maturities of financial liabilities at the end of the reporting period, including interest payments:

		Contractual cash flows			
	Carrying amount	**Total**	**Less than 1 year**	**1 – 2 years**	**2 – 5 years**
31/12/2015					
UniCredit loan	10 800 000	11 116 020	2 520 780	4 953 260	3 641 980
Trade payables	3 737 961	3 737 961	3 737 961	–	–
	14 537 961	**14 853 981**	**6 258 741**	**4 953 260**	**3 641 980**
31/12/2014					
UniCredit loan	6 000 000	6 191 720	1 267 520	2 491 380	2 432 820
Trade payables	4 040 687	4 040 687	4 040 687	–	–
Finance lease liabilities	16 399	16 681	16 681	–	–
Related-party liabilities	4 125 408	4 230 434	4 230 434	–	–
Other short-term liability – Retention amount	1 340 025	1 375 000	1 375 000	–	–
	15 522 519	**15 854 523**	**10 930 322**	**2 491 380**	**2 432 820**
31/12/2013					
Commerzbank loan	2 248 421	2 406 506	534 966	644 189	1 227 351
Overdraft	85 724	85 724	85 724	–	–
Trade payables	3 849 824	3 849 824	3 849 824	–	–
Finance lease liabilities	95 516	99 815	79 698	20 117	–
Related party liabilities	11 338 770	11 736 819	7 611 819	4 125 000	–
Other short-term liability – Retention amount	3 742 350	3 875 000	2 500 000	1 375 000	
Total	**21 360 605**	**22 053 688**	**14 662 031**	**6 164 306**	**1 227 351**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

The Group manages the foreign currency risks and the interest rate risk as follows:

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies, consequently exposures to exchange rate fluctuations arise.

In case of the entities with HUF functional currency, the carrying amounts of the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period for the three currencies are as follows:

31/12/2015 – Audited	Assets €	Liabilities €
EUR currency	17 580 489	(13 084 809)
GBP currency	378 361	(2 696)
USD currency	11 461	(225 504)

Foreign currency sensitivity analysis

The main entity in respect of currency risk is Scitec Kft. in Hungary. The functional currency of Scitec Kft. is HUF while the reporting currency of the Group is EUR. The currencies in which transactions incurring currency risk are denominated in EUR, GBP, PLN and USD. Therefore, the key currency risk is driven by EUR, GBP and USD. The USD currency risk is due to purchasing raw materials in USD mainly from Asia. Although the HUF/EUR and the USD/EUR fluctuation represents risk to the Company, this is considered to be at a management level as large part of the revenues and costs are in EUR. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The following details the Group's sensitivity to change in the HUF against the relevant foreign currencies:

- A 7% change against the EUR.
- A 13% change against the USD.
- A 10% change against the GBP.

The applied percentages, as listed above, are the sensitivity rates which represent the management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 7%, 10% and 13% change in foreign currency rates, respectively. As any change in HUF rates has an impact on these balances presented in EUR, these changes affect the Group's profit or loss and other comprehensive income and equity.

A positive number below indicates an increase in net income where the HUF strengthens 7%, 10% and 13% against the relevant currencies, respectively. For a 7%, 10% and 13% weakening of the HUF against the relevant currencies respectively, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

The table below represents the effect on net income and thus equity of changes in foreign currencies in case of the entities with functional currency of HUF, which are primarily exposed to EUR, USD and GBP currencies.

31/12/2015 – Audited	€	GBP	USD
Effect on net income (in EUR)	(314 698)	(37 567)	27 826

Interest rate management

The Group does not account for any fixed-rate financial instruments at fair value through profit or loss, as the flat rate loan is measured at amortised cost, therefore a change in the interest rates at the reporting date would not affect profit or loss. As the Group does not have variable-rate financial instruments it is not exposed to risk in cash flows.

31. OPERATION RISK MANAGEMENT

The Group has a large diversified customer portfolio. Hence the customers have relatively low bargaining power against the Group. The Group has major suppliers, but the raw materials that are provided by these suppliers are relatively substitutable and can be purchased from other suppliers on the market, thus the risk arising from the suppliers bargaining power is relatively low.

The Group's operations are primarily located in the European Union, which accounts for a material portion of revenue as well. Consequently, the Group is exposed to the European economic and financial markets. The legal, tax and regulatory frameworks continue development, but are not subject to frequent changes. The consolidated financial statements reflect management's assessment of the impact of the EU business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

32. COMMITMENTS AND CONTINGENCIES

There are not any significant commitments or contingencies or significant litigation against the Group.

33. EVENTS AFTER REPORTING DATE

No other event occurred after the reporting date that would have material effect on the consolidated financial statements presented.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REPORT OF HISTORIC FINANCIAL INFORMATION OF SCITEC

The Board of Directors
Ascendis Health Limited
22 Sloane Street
Bryanston
Johannesburg, South Africa

To the Shareholders of Ascendis Limited,

We have audited the financial statements of Scitec Holdings B.V set out on pages 91 to 125, which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors of Ascendis Limited are responsible for the preparation of the financial statements in accordance with the basis of accounting described on page 91 and the requirements of the Companies Act of South Africa, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Scitec Holdings B.V. for the year ended 31 December 2015 are prepared, in all material respects, in accordance with International Financial Reporting Standards, the JSE Listings Requirements and the requirements of the Companies Act of South Africa.

Derek Engelbrecht
Registered Auditor
Director

6 July 2016
102 Rivonia Road, Sandton, Johannesburg

The Board of Directors
Ascendis Health Limited
22 Sloane Street
Bryanston
Johannesburg, South Africa

To the Shareholders of Ascendis Limited

We have reviewed the consolidated financial statements of Scitec Holdings B.V., set out on pages 91 to 125, which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of comprehensive income, changes in equity and cash flows for the 12 months then ended, and selected explanatory notes.

Directors' Responsibility for the Financial Statements

The directors of Ascendis Limited are responsible for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements.

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements of Scitec Holdings B.V. for the 12 months ended 31 December 2014 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Derek Engelbrecht
Reporting Accountant and Registered Auditor
Director

6 July 2016
102 Rivonia Road, Sandton, Johannesburg

The Board of Directors
Ascendis Health Limited
22 Sloane Street
Bryanston
Johannesburg, South Africa

To the Shareholders of Ascendis Limited,

We have reviewed the consolidated financial statements of Scitec Holdings B.V., set out on pages 91 to 125, which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statements of comprehensive income, changes in equity and cash flows for the 12 months then ended, and selected explanatory notes.

Directors' Responsibility for the Financial Statements

The directors of Ascendis Limited are responsible for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements.

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements of Scitec Holdings B.V. for the 12 months ended 31 December 2013 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Derek Engelbrecht
Reporting Accountant and Registered Auditor

6 July 2016
102 Rivonia Road, Sandton, Johannesburg

HISTORIC FINANCIAL INFORMATION OF REMEDICA

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Consolidated Financial Statements in accordance with International Financial Reporting Standards for the years ended 31 December 2015, 31 December 2014 and 31 December 2013.

(All amounts in EUR, unless otherwise stated)

Basis of preparation

The historical financial information of Remedica Holdings Limited, comprising of the statements of comprehensive income, statements of cash flows and the statements of changes in equity for the years ended 31 December 2015, 2014 and 2013, the statements of financial position as at 31 December 2015, 2014 and 2013 and the notes thereto (collectively "Historical Financial Information of Remedica Holdings") has been extracted, from the audited annual financial statements of Remedica Holdings Limited for the years ended 31 December 2015, 2014 and 2013.

The financial statements for the year ended 31 December 2015 were audited by Ernst & Young Incorporated and reported on without qualification.

The financial information for the years ended 31 December 2014 and 31 December 2013 were reviewed by Ernst & Young Incorporated and reported on without qualification.

The extracted historical financial information is the responsibility of the directors of Ascendis Health Limited.

The Report of Historical Financial Information of Remedica Holdings has been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, and the accounting policies of Ascendis Health Limited.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Revenue	6	71 220 619	61 393 926	57 077 988
Cost of sales		(45 583 223)	(43 848 499)	(38 465 347)
Gross profit		25 637 396	17 545 427	18 612 641
Other income		183 881	153 771	186 277
Fair value loss on financial assets at fair value through profit or loss		(792)	–	–
Administration expenses		(4 315 253)	(4 206 964)	(3 669 662)
Selling and distribution expenses		(6 671 603)	(4 825 997)	(4 500 874)
Other expenses		–	(6 402)	(12 674)
Operating profit	7	14 833 629	8 659 835	10 615 708
Net finance income/(cost)	9	1 726 936	1 693 451	(763 562)
Impairment of cash deposits	5	–	–	(10 682)
Profit before tax		16 560 565	10 353 286	9 841 464
Tax	10	(2 026 243)	(568 613)	(1 384 380)
Net profit for the year		14 534 322	9 784 673	8 457 084
Other comprehensive income		–	–	–
Total comprehensive income for the year		**14 534 322**	**9 784 673**	**8 457 084**

The notes on pages 135 to 152 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Notes	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
ASSETS				
Non-current assets		36 724 207	36 698 592	33 907 038
Property, plant and equipment	12	33 349 591	33 638 016	32 203 868
Intangible assets	13	3 372 239	3 057 408	1 700 002
Investments at fair value through profit or loss	17	2 377	3 168	3 168
Current assets		66 919 859	53 626 363	51 565 683
Inventories	14	20 535 224	16 879 617	16 029 092
Trade and other receivables	15	22 785 383	23 436 026	22 916 093
Refundable tax		1 443 427	1 189 944	259 208
Cash and cash equivalents	16	22 155 825	12 120 776	12 361 290
Total assets		**103 644 066**	**90 324 955**	**85 472 721**
EQUITY AND LIABILITIES				
Equity and reserves		84 977 085	74 555 446	66 912 800
Share capital	18	14 565 753	14 565 753	14 565 753
Other reserve		207 353	207 353	207 353
Retained earnings		70 203 979	59 782 340	52 139 694
Non-current liabilities				
Deferred tax liabilities	21	419 335	262 052	128 004
Current liabilities		18 247 646	15 507 457	18 431 917
Trade and other payables	20	12 012 979	8 994 980	10 168 569
Borrowings	19	6 232 757	6 508 871	7 712 502
Current tax liabilities		1 910	3 606	550 846
Total equity and liabilities		**103 644 066**	**90 324 955**	**85 472 721**

The notes on pages 135 to 152 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital €	Other reserve €	Retained earnings €	Total €
Balance at 1 January 2013 – Reviewed	14 565 753	207 353	45 841 769	60 614 875
Total comprehensive income for the year	–	–	8 457 084	8 457 084
Dividends paid (note 11)	–	–	(2 159 159)	(2 159 159)
Balance at 1 January 2014– Reviewed	14 565 753	207 353	52 139 694	66 912 800
Total comprehensive income for the year	–	–	9 784 673	9 784 673
Dividends paid (note 11)	–	–	(2 142 027)	(2 142 027)
Balance at 1 January 2015 – Audited	14 565 753	207 353	59 782 340	74 555 446
Total comprehensive income for the year	–	–	14 534 322	14 534 322
Dividends paid (note 11)	–	–	(4 112 683)	(4 112 683)
Balance as at 31 December 2015	**14 565 753**	**207 353**	**70 203 979**	**84 977 085**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends distribution. Profits and to the extent that these are attributable to shareholders, who are not tax resident in Cyprus and own shares in the Company either directly and/or indirectly at the end of two years from the end of the tax year to which the profits relate, are exempted. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 135 to 152 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Net cash flow from operating activities		14 839 435	9 617 430	7 239 143
Profit before tax		16 560 565	10 353 286	9 841 464
Adjustments for:				
– Depreciation of property, plant and equipment	12	3 486 279	3 273 298	2 950 015
– Amortisation of intangible assets	13	701 179	225 826	208 487
– (Profit)/loss on sale of fixed assets		(20 771)	6 402	(8 578)
– Interest income	9	(12 646)	(18 828)	(46 105)
– Interest expense	9	140 849	234 034	395 934
– Fair value loss on financial assets at fair value through profit or loss		792	–	–
– Impairment of bank deposit		–	–	10 682
– Loss on bank deposits conversion to shares		–	–	12 674
Cash flows from operations before working capital changes		20 856 247	14 074 018	13 364 573
Working capital changes:				
– Increase in inventories		(3 655 607)	(850 525)	(5 519 368)
– Decrease/(increase) in trade and other receivables		650 643	(519 933)	(4 427 153)
– (Decrease)/increase in trade and other payables		(887 709)	(1 173 581)	4 552 987
Cash flow from operations		16 963 574	11 529 979	7 971 039
Tax paid		(2 124 139)	(1 912 549)	(731 896)
Net cash flow from investing activities		(4 180 447)	(6 278 252)	(4 759 376)
Development costs	13	(1 016 010)	(1 583 232)	(929 452)
Purchase of property, plant and equipment	12	(3 197 854)	(4 737 291)	(3 860 505)
Proceeds from sale of fixed assets		20 771	23 443	11 000
Interest received		12 646	18 828	46 105
Impairment of bank deposit		–	–	(10 682)
Cash converted to equity investment		–	–	(15 842)
Net cash flow from financing activities		109 069	(822 756)	(2 555 093)
Proceeds from bank loans		2 000 000	3 400 000	–
Repayment of bank loans		(1 553 303)	(1 846 695)	–
Interest paid		(130 650)	(234 034)	(395 934)
Dividends paid		(206 978)	(2 142 027)	(2 159 159)
Net increase/(decrease) in cash and cash equivalents		10 768 057	2 516 422	(75 326)
Cash and cash equivalents at the beginning of the year		7 165 210	4 648 788	4 724 114
Cash and cash equivalents at the end of the year	16	**17 933 267**	**7 165 210**	**4 648 788**

The notes on pages 135 to 152 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. CORPORATE INFORMATION

Country of incorporation

The parent company, Remedica Holdings Public Company Ltd (the "Company"), was incorporated in Cyprus on 8 April 1971 as a private company with limited liability under the Companies Law, Cap. 113. Its registered office is at Acharnon Stret, Indiustrial Area, Limassol.

Principal activities

The principal activity of the Group, which are unchanged from last year, are the production, packaging and sale of pharmaceutical products for human use.

2. BASIS OF PREPARATION

2.1 Statement of compliance and basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the measurement at fair value of investments at fair value through profit or loss.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company, Remedica Holdings Ltd, and the financial statements of the subsidiaries, Remedica Ltd, Remedica Ip Ltd and Remedica (UK) Ltd.

The financial statements of all the group companies are prepared using consistent accounting policies. All intercompany transactions and balances between group companies have been eliminated during consolidation.

2.3 Changes in accounting policies and disclosures

During the year the Group adopted all new and revised International Financial Reporting Standards (IFRSs) that are relevant to its operations and effective for accounting periods from 1 January 2015.

This adoption did not have any material effect on the consolidated financial statements.

2.4 Standards, Interpretations and Amendments to published standards that are issued but not yet effective

Up to the date of approval of the financial statements, certain new Standards, Interpretations and Amendments to existing standards have been published that are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

Issued by the IASB

Standard	Subject	Effective date
AIP IAS 19	Defined Benefits – Discount Rate: Regional Market Issue	1 January 2016
AIP IFRS 5	Non-current Assets Held for Sale and Discounted Operations – Changes in Methods of Disposal	1 January 2016
IAS 1	Disclosure initiative – Amendments of IAS 1	1 January 2016
IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and Amortisation – Amendments to IAS 16 and IAS 38	1 January 2016
IAS 27	Equity method in Separate Financials Statements – Amendments to IAS 27	1 January 2016
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28	1 January 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 9	Financial Instruments	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2016
IFRS 16	Leases	1 January 2016

Management does not anticipate that the standards note above will have a material impact on the financial information in the year that it is implemented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 – Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.2 Revenue recognition

Revenue comprises the invoiced amount for the sale of goods and services net of value added tax, rebates and discounts. Revenues earned by the Group are recognised on the following bases:

Sale of products

Sales of products are recognised when significant risks and rewards of ownership of the products have been transferred to the customer, which is usually when the Company has sold or delivered the products to the customer and the customer has accepted the products.

Sale of pharmaceutical dossiers

Income from the sale of pharmaceutical dossiers is recognised on delivery of the dossiers to the customers. Any income contingent on milestone events subsequent to the dossier delivery is recognised on completion of the milestone events.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

3.3 Employee benefits

The Group and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

The Group has a defined contribution scheme, the Remedica Holdings Public Company Ltd Employees' Provident Fund, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service.

3.4 Marketing licences for pharmaceutical products

Amounts paid for acquisition of pharmaceutical products marketing licences, issued by the Ministry of Health of the countries to which the Company exports products, are recognised in the year in which they are incurred.

3.5 Foreign currency translation

Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euro (€), which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3.6 Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

3.7 Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are declared and approved by the Group's directors.

3.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life.

The annual depreciation rates used are as follows:

• Buildings	3% – 4%
• Equipment of laboratory	10% – 33%
• Furniture, fixtures and office equipment	10%
• Plant and machinery	10% – 20%
• Motor vehicles	20%

No depreciation is provided on land and buildings under construction.

No depreciation is provided on cutlery, linen, etc. The replacement cost of such items is charged to profit or loss.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment are charged to profit or loss in the year in which it is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.9 Deferred income from government grants

Government grants on non-current assets acquisitions are credited to profit or loss in instalments over the estimated useful economic lives of the corresponding assets. This is achieved by deducting grants from the book value of these assets and the recognition of income through the reduced depreciation charge. Grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants that relate to expenses are recognised in the profit or loss as revenue.

3.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful lives of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.11 **Research and development costs**

Research costs are expensed as incurred. Development expenditure on an individual project are recognised as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Amortisation period for product development expenditure is five years.

3.12 **Leased assets**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.13 **Financial instruments**

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank, cash in hand, deposits with banks and bank overdrafts.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss include financial assets and liabilities held for trading and are designated upon initial recognition as at fair value through profit or loss.

Financial assets and liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships.

Gains or losses on these financial assets and liabilities are recognised in the statement of comprehensive income.

3.14 Derecognition of financial assets and liabilities

Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the costs to completion and selling expenses.

3.16 Building under construction

The costs of the building under construction comprise the construction cost of the building which includes raw materials, direct labour cost and other indirect cost of construction.

3.17 Share capital

Ordinary shares are classified as equity.

3.18 Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense. Contingent assets are not recognised in the financial statements but are disclosed if an inflow of economic benefits is probable.

3.19 Non-current liabilities

Non-current liabilities represent amounts that are due more than 12 months from the reporting date.

3.20 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which had the most significant effect on the amounts recognised in the consolidated financial statements:

Provision for obsolete, expired and slow-moving inventory

The Group reviews its inventory records for evidence regarding the expiry, saleability of inventory and its net realisable value on disposal. The provision for obsolete and slow-moving inventory is based on management's past experience, taking into consideration the value of inventory as well as the movement and the level of stock of each category of inventory.

The amount of provision is recognised in profit or loss. The review of the net realisable value of the inventory is continuous and the methodology and assumptions used for estimating the provision for obsolete and slow-moving inventory are reviewed regularly and adjusted accordingly.

Income taxes

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Provision for bad and doubtful debts

The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5. OPERATING ENVIRONMENT OF THE COMPANY*

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. These events led to negotiations between the Republic of Cyprus and the European Commission, the European Central Bank and the International Monetary Fund (the "Troika") for financial support which resulted into the Eurogroup decisions on 25 March 2013. The decisions involved the formulation of an Economic Adjustment Program for the country entailing the provision of financial assistance of up to €10 billion, the disbursements of which are subject to ongoing reviews by the Troika.

Furthermore, the decisions included the restructuring of the two largest banks in Cyprus, Bank of Cyprus and Laiki bank, through a "bail in". During 2014 the banking sector in Cyprus undertook significant measures in anticipation of and subsequent to the EU wide comprehensive assessment which consisted of thorough asset quality reviews and stress tests and as a result was sufficiently recapitalised. Nevertheless the banking sector continues to face challenges imposed by the high level of non-performing loans and availability of credit is limited.

As of 26 March 2013 the Group had an uninsured amount of €33 351 (the excess over €100 000) in deposits/current accounts in Bank of Cyprus and this amount was converted into equity of Bank of Cyprus. Therefore the Group acquired 15 842 shares of Bank of Cyprus with nominal value of €1 per share, revalued at €0.20 by management. The Group also incurred a loss of €10 682 from the deposits/current accounts with Laiki bank as of 26 March 2013.

The Group's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Group.

On the basis of the evaluation performed, the Group's management has concluded that no provisions or impairment charges are necessary with respect to its financial assets (such as trade receivables) or non-financial assets (such as inventories and other fixed assets).

The Group's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

6. REVENUE

	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Sale of products	70 155 121	60 863 570	56 357 954
Sale of pharmaceutical dossiers	1 065 498	530 356	720 034
	71 220 619	**61 393 926**	**57 077 988**

The Group is party to a joint venture operation with a third party for the development of pharmaceuticals dossiers that are sold to customers and for which income and expenses are shared as agreed between the parties. The Group recognises its own share of revenue and related expenses net of the share of the other party to the agreement. Refer to note 7 for further details.

7. OPERATING PROFIT

Operating profit is stated after (charging)/crediting the following items:

	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Amortisation of intangible assets (note 13)	(701 179)	(225 826)	(208 487)
Depreciation of property, plant and equipment (note 12)	(3 486 279)	(3 273 298)	(2 950 015)
Research and development costs	(1 235 780)	(1 164 384)	–
Staff costs (note 8)	(16 098 967)	(16 190 071)	(15 361 150)
Auditors' remuneration – statutory audit	(32 500)	(32 500)	(30 000)
Auditors' remuneration – tax services	(4 500)	(4 500)	(4 000)

The Group is party to a joint venture operation with a third party for the development of pharmaceuticals dossiers that are sold to customers and for which income, expenses, assets and liabilities are shared as agreed between the parties. As at 31 December 2015 an amount of €556 996 (2014: €821 036) of inventories, €511 830 (2014: €826 556) trade receivables and €3 372 239 (2014: €3 057 409) intangible assets (development costs) were recognised on the statement of financial position of Group and related to this joint venture operation. During the year ended 31 December 2015 the Group recognised revenue amounting to €5 427 612 (2014: €6 578 777) and expenses/costs of sales of €1 735 348 (2014: €2 610 246) in respect of the joint venture operation.

8. STAFF COSTS

	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Wages and salaries	14 175 460	14 293 801	13 345 351
Social insurance costs and other funds	1 415 668	1 385 164	1 184 000
Social cohesion fund	277 392	276 458	263 603
Provident fund contributions	230 447	234 648	568 196
	16 098 967	**16 190 071**	**15 361 150**

The Group has a defined contribution scheme, the Remedica Holdings Ltd Employees' Provident Fund, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or early termination of service.

9. FINANCE INCOME/(COSTS)

	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Net foreign exchange profit.(loss)	1 868 466	2 000 368	(352 529)
Interest income	12 646	18 828	46 105
Interest expense	(140 849)	(234 034)	(395 934)
Other finance expense	(13 327)	(91 711)	(61 209)
Net finance income/(costs)	**1 726 936**	**1 693 451**	**(763 567)**

10. TAX

	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Corporation tax – current year	1 691 240	979 638	1 141 279
Corporation tax charge/(reversal) of provision – prior year	147 600	(571 815)	–
Defence contribution – current year	3 796	5 492	11 855
Defence – prior year	974	–	–
Deferred tax expense (note 21)	157 283	134 048	128 004
Overseas withholding tax	25 350	21 250	103 242
Charge for the year	**2 026 243**	**568 613**	**1 384 380**
The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:			
Profit before tax	16 560 565	10 353 286	9 841 464
Tax calculated at the applicable tax rates	2 070 071	1 294 161	1 230 183
Tax effect of expenses not deductible for tax purposes	540 871	465 080	460 914
Tax effect of allowances and income not subject to tax	(905 862)	(779 603)	(545 068)
Overseas withholding tax net of credit for double tax relief in Cyprus	11 510	21 250	98 492
Special contribution to the defence fund – current year	3 796	5 492	11 855
Prior year tax	148 574	(571 815)	–
Deferred tax expense	157 283	134 048	128 004
Tax charge	**2 026 243**	**568 613**	**1 384 380**

The Company is resident in Cyprus for tax purposes. The taxation of companies is based on tax residence and all companies are taxed at the standard corporation tax rate of 12.5% (2014: 12.5%) (2013: 12.5%).

Interest income is subject to income tax at the standard rate of 12.5% if the interest is considered to be generated in the ordinary carrying on of a business or closely connected to it. If the interest income is neither generated in the ordinary carrying on of a business nor closely connected to it, it is subject to Defence Tax at a rate of 30%.

The Group is also subject to withholding tax on the sale of dossiers to overseas territories at rates from 5% to 10% on the gross income.

11. DIVIDENDS

On 2 March 2015 and 10 December 2015 the Board of Directors declared the payment of a dividend of €2 184 863 (€0.051 per share) and €1 927 820 (€0.045 per share) respectively out of the profits of 2013 (2014: €2 142 027); (2013: €2 159 159).

There is no withholding tax on payments of dividends to non-resident shareholders or shareholders that are companies resident in Cyprus. Payments of dividend to shareholders who are individuals resident in Cyprus are subject to a 17% withholding tax (2014: 20%).

12. PROPERTY, PLANT AND EQUIPMENT

Cost	Buildings €	Construction in progress €	Plant and machinery €	Motor vehicles €	Furniture, fixtures and office equipment €	Laboratory machinery and instruments €	Total €
Balance at 1 January 2013 – Reviewed	23 322 442	847 331	16 928 554	599 786	6 318 617	2 635 750	50 652 480
Additions	1 310 348	244 740	1 719 601	40 621	220 119	325 076	3 860 505
Disposals	–	–	(11 165)	–	–	–	(11 165)
Transfers	(515 552)	–	515 552	–	–	–	–
Balance at 1 January 2014 – Reviewed	24 117 238	1 092 071	19 152 542	640 407	6 538 736	2 960 826	54 501 820
Additions	774 020	–	2 692 485	39 361	440 292	791 133	4 747 291
Disposals	–	–	–	(108 051)	(28 626)	–	(136 677)
Balance at 1 January 2015 – Audited	24 891 258	1 092 071	21 845 027	571 717	6 950 402	3 751 959	59 102 434
Additions	816 622	63 450	1 637 563	167 913	369 930	142 376	3 197 854
Disposals	–	–	(32 429)	(126 746)	–	–	(159 175)
Balance at 31 December 2015	**25 707 880**	**1 155 521**	**23 450 161**	**612 884**	**7 320 332**	**3 894 335**	**62 141 113**

	Buildings €	Construction in progress €	Plant and machinery €	Motor vehicles €	Furniture, fixtures and office equipment €	Laboratory machinery and instruments €	Total €
Accumulated depreciation							
Balance at 1 January 2013 – Reviewed	2 589 598	–	8 867 067	487 341	5 609 808	1 802 870	19 356 684
Charge for the year	957 100	–	1 458 239	49 158	306 705	178 813	2 950 015
On disposals	–	–	(8 743)	–	–	–	(8 743)
Balance at 1 January 2014 – Reviewed	3 546 698	–	10 316 563	536 499	5 916 513	1 981 683	22 297 956
Charge for the year	988 059	–	1 656 928	48 341	330 376	249 594	3 273 298
On disposals	–	–	–	(94 173)	(12 663)	–	(106 836)
Balance at 1 January 2015 – Audited	4 534 757	–	11 973 491	490 667	6 234 226	2 231 277	25 464 418
Charge for the year	1 020 734	–	1 797 583	74 767	345 542	247 653	3 486 279
On disposals	–	–	(32 429)	(126 746)	–	–	(159 175)
Balance at 31 December 2015	**5 555 491**	**–**	**13 738 645**	**438 688**	**6 579 768**	**2 478 930**	**28 791 522**
Net book value							
Balance at 31 December 2015	**20 152 389**	**1 155 521**	**9 711 516**	**174 196**	**740 564**	**1 415 405**	**33 349 591**
Balance at 31 December 2014	20 356 501	1 092 071	9 871 536	81 050	716 176	1 520 682	33 638 016
Balance at 31 December 2013	20 570 540	1 092 071	8 835 979	103 908	622 223	979 143	32 203 868

Construction in progress includes costs for assets purchased for building improvements that are not yet completed.

During the year 2013 there was a transfer of assets with a value of €515 552 from the "buildings" category to the "plant and machinery" category. These costs relate to one of the factories which became available for use in 2013 and depreciation of these assets commenced in each of the asset categories in 2013.

The Group does not own any land assets. The land on which the buildings of the Group are based is leased from the Cyprus government under long-term operating leases cancellable at the discretion of the Group. The annual rent expense for the year 2015 amounts to €18 483 (2014: €18 483); (2013: €18 483).

Bank borrowings are secured on buildings to the value of €9 000 000 (note 19). The Cyprus government consented to having these placed as security for the facilities provided by the banks to the Group.

13. INTANGIBLE ASSETS

	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Development costs			
Cost	4 853 597	3 837 587	2 254 355
Balance at beginning of the year	3 837 587	2 254 355	1 324 903
Additions	1 016 010	1 583 232	929 452
Accumulated amortisation	1 481 358	780 179	554 353
Balance at beginning of the year	780 179	554 353	345 866
Charge for the year	701 179	225 826	208 487
Net book amount	**3 372 239**	**3 057 408**	**1 700 002**

Development costs include costs incurred for the development of pharmaceutical dossiers sold to third parties.

14. **INVENTORIES**

	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Raw materials	10 176 182	6 246 348	6 537 226
Packing materials	3 923 956	3 353 859	3 525 668
Finished products	6 435 086	7 279 410	5 966 198
	20 535 224	**16 879 617**	**16 029 092**

Inventories are stated at cost.

The cost of inventories recognised as an expense and included in "cost of goods sold" amounted to €40 993 041 (2014: €37 898 118) (2013: €32 802 326).

During the year 2015, inventories amounting €363 137 were written off as obsolete stock (2014: Nil).

15. **TRADE RECEIVABLES**

	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Trade receivables	19 391 214	19 400 408	20 973 081
Less: Provision for bad debts	(478 705)	–	–
Net trade receivables	18 912 509	19 400 408	20 973 081
Receivables from other related parties	3 704	–	328 923
Deposits and prepayments	1 221 043	2 023 273	123 164
Other receivables	6 834	6 834	184 874
Accrued income	73 963	15 355	–
Value added tax refundable	2 567 330	1 990 156	1 306 051
	22 785 383	**23 436 026**	**22 916 093**

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The receivables from other related parties arose in prior years from trading activities. They are unsecured, interest free and with no specified repayment date.

The Group has a large number of customers who have a variety of end markets in which they sell. The top 10 customers have together balances that approximate 46% (2014: 41%) (2013: 28%) of the net trade receivables.

Included in the Group's trade receivables balance are debtors with a carrying amount of €3 613 633 (2014: €4 226 946) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired:

	Audited 2015 €	Reviewed 2014 €
Up to 90 days	2 176 805	1 801 644
91 – 365 days	1 127 632	1 833 913
More than 365 days	309 196	591 389
	3 613 633	**4 226 946**

The Group has recognised a loss for the impairment of its trade receivables amounting to €478 705 during the year ended 31 December 2015 (2014: Nil).

The ageing profile of the Group's total trade receivables is disclosed below:

	Audited 2015 €	**Reviewed 2014 €**	**Reviewed 2013 €**
Up to 30 days		5 722 601	8 013 802
31 – 60 days		4 830 875	4 134 175
61 – 90 days		3 821 104	2 415 895
More than 90 days		5 025 828	6 409 209
		19 400 408	20 973 081

The Group provides credit periods to customers that vary from 30 to 150 days on average. The management considers that all trade receivable amounts, including receivables that are past due as of 31 December 2015, are recoverable.

16. CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statement of cash flows, the cash and cash equivalents include the following:

	Audited 2015 €	**Reviewed 2014 €**	**Reviewed 2013 €**
Cash at bank and in hand	22 155 825	12 120 776	12 361 290
Bank overdrafts (note 19)	(4 222 558)	(4 955 566)	(7 712 502)
	17 933 267	**7 165 210**	**4 648 788**

Cash at bank includes an amount of €168 853 (2014: €2 064 075) (2013: €3 779 366) of short-term bank deposits with effective interest rate in the range of 0.050 – 2% p.a. (2014: 0.050 – 1.5% p.a.) (2013: 1 – 2.5%p.a.)and these deposits have maturity of 7 to 30 days.

The bank loan disclosed in note 19 and the overdraft facilities are secured by a pledge on fixed cash deposits amounting to €7 410 450 held by the Group. In addition they are secured by guarantees provided to the bank amounting to €15 542 000 and by a floating charge on all the Group's assets for €1 000 000.

At 31 December 2015 the interest rates on the overdraft facilities were in the range of 1.05% p.a. to 4.46% p.a. (2014: 1.05% – 5.75% p.a.) (2013: 1.25% – 6.5% p.a.).

In addition, there is a mortgage amounting to €9 000 000 on land plots that the Group is leasing from the Cyprus government and on buildings based on this land. These leases are classified as operating leases as the Group does not own these assets but the Cyprus government consented to having these placed as security for the facilities provided by the banks to the Group.

Also, part of the facilities (overdraft, bank guarantees, etc.) provided by banks is secured by assignments to the bank of all rights from insurance contracts held by the Group on buildings for a minimum amount of €2 000 000.

There are also personal guarantees by directors of the Group as security for the facilities. The guarantees amount to €738 116. As from May 2016, these personal guarantees are no longer effective.

The Group has undrawn borrowing facilities of €6 643 351.

17. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Audited 2015 €	**Reviewed 2014 €**	**Reviewed 2013 €**
Equity shares	**2 377**	**3 168**	**3 168**

The investment at fair value through profit or loss relates to the equity shares in Bank of Cyprus Public Company Ltd that the Group acquired as a result of the Eurogroup decision on recapitalisation of the bank in March 2013. At 31 December 2015 the Group valued the 15 842 shares held at €0.15 (2014: €0.20) per share.

18. SHARE CAPITAL

	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Authorised			
150 000 000 ordinary shares of €0.34 each	51 000 000	51 000 000	51 000 000
Issued and fully paid			
42 840 449 ordinary shares of €0.34 each	14 565 753	14 565 753	14 565 753

19. BORROWINGS

	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Current borrowings			
Bank overdrafts (note 16)	4 222 558	4 955 566	7 712 502
Bank loans	2 010 199	1 553 305	–
	6 232 757	**6 508 871**	**7 712 502**

The bank loan in the original amount of €2 000 000 is repayable by 9 July 2016. Refer to note 16 for a description of collateral on these borrowings.

The effective interest rates at the reporting date were as follows:

	2015	2014	2013
Bank overdrafts	1.05% – 4.46% p.a.	5.49% p.a.	6.25% p.a.
Bank loans	1.05% p.a.	1.1% p.a.	n/a

The carrying amounts of short-term bank overdrafts and bank loans approximate their fair value.

20. TRADE AND OTHER PAYABLES

	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Trade payables	3 620 785	2 665 227	4 944 356
Directors' current accounts – credit balances (note 22)	2 037 145	756 946	147 067
Accrued expenses	1 918 941	755 749	73 049
Payables to shareholders and other related parties (note 22)	2 993 179	2 282 050	2 963 339
Other creditors	558 515	510 606	2 628
Value added tax	636 443	660 462	960 635
Provident fund payable	–	–	1 077 495
Deferred income	247 971	1 363 940	–
	12 012 979	**8 994 980**	**10 168 569**

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

21. **DEFERRED TAX**

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (note 10). The applicable corporation tax rate in the case of tax losses is 12.5%. The deferred tax related to accelerated tax depreciation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement on the deferred taxation account is as follows:

Deferred tax liability	**Audited 2015 €**	**Reviewed 2014 €**	**Reviewed 2013 €**
Temporary tax differences			
Balance at beginning of the year	262 052	128 004	–
Charged to statement of comprehensive income (note 10)	157 283	134 038	128 004
Balance at the end of the year	**419 335**	**262 052**	**128 004**

22. **TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES**

22.1 **Directors' remuneration**

The remuneration of directors and other members of key management was as follows:

	Audited 2015	**Reviewed 2014**	**Reviewed 2013**
Directors' remuneration	582 027	548 806	465 969
Social insurance costs and other funds	34 129	33 389	–
Provident fund of directors	4 596	5 298	–
	620 752	**587 493**	**465 969**

22.2 **Directors' current accounts – Credit balances (note 20)**

Christakis Pattihis	–	6 376	55 506
Charalambos Pattihis	–	–	3 245
Emilios Savvides	854	5 466	4 612
Margarita Pattichi	2 026 896	736 563	76 017
George Gavriel	4 270	3 416	2 562
Stuart Ashworth	5 125	5 125	5 125
	2 037 145	**756 946**	**147 067**

The directors' current accounts are interest free and have no specified repayment date.

22.3 **Payables to shareholders and other related parties (note 20)**

	Audited 2015	Reviewed 2014	Reviewed 2013
Other related party			
Chr. Pattichis Investments Ltd	108 769	113 324	450 006
Cosmetica Ltd	–	2 202	26 429
Izikill Insecticides Ltd	29 544	143 576	152 515
Shareholder			
Freeliber Enterprises Limited	746 419	748 398	851 288
Skyfar Enterprises Limited	1 122 243	1 123 826	1 277 733
Pattichis Ch. Holdings Ltd	986 204	150 724	205 368
	2 993 179	**2 282 050**	**2 963 339**

22.4 **Receivables from related party**

Cosmetica Ltd	3 704	–	–

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND CAPITAL MANAGEMENT

Financial risk factors

The Group is exposed to currency risk, interest rate risk, credit risk and liquidity risk arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below.

23.1 **Foreign currency risk**

Foreign currency risk is the risk that the fair value or cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the transactions in United States Dollars and Sterling Pounds and when the assets and obligations are presented in a different currency than its functional currency which is Euro. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The Group's exposure to foreign currency risk was as follows:

	Liabilities			Assets		
	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
United States Dollar	414 215	445 382	807 856	7 526 158	16 536 668	5 730 534
Sterling Pounds	1 623	4 837	15 114	21 574	644 756	222 342
	415 838	**450 219**	**822 970**	**7 547 732**	**17 181 424**	**5 952 876**

23.2 **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's main exposure to interest rate risk arises from floating interest rates on bank overdraft facilities. The directors of the Group believe that there is no significant exposure to changes in interest rates on overdraft facilities and loan facilities.

23.3 **Credit risk**

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

The Group monitors on a continuous basis the ageing profile of its receivables and has a long-term established relationship with most of its customers. Cash balances are held with recognised financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Trade receivables	21 486 673	21 412 753	22 792 929
Cash at bank	22 155 825	12 120 776	12 361 290
Total	**43 642 498**	**33 533 529**	**35 154 219**

23.4 **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The Group has established procedures with the objective of maintaining a balance between continuity of funding and flexibility.

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual payments:

	On demand €	Less than 3 months €	3 – 12 months €	1 to 5 years €	More than 5 years €	Total €
31 December 2015 – Audited						
Trade and other payables	–	558 515	3 620 785	–	–	4 179 300
Directors' current accounts – credit balances	2 037 145	–	–	–	–	2 037 145
VAT	–	636 443	–	–	–	636 443
Bank overdraft	4 223 558	–	–	–	–	4 222 558
Payables to shareholders and other related companies	2 993 179	–	–	–	–	2 993 179
Bank loan	–	–	2 010 199	–	–	2 010 199
Total	**9 252 882**	**1 194 958**	**5 630 984**	**–**	**–**	**16 078 824**
31 December 2014 – Reviewed						
Trade and other payables	–	–	3 175 833	–	–	3 175 833
Directors' current accounts – credit balances	756 946	–	–	–	–	756 946
VAT	–	660 462	–	–	–	660 462
Bank overdraft	4 955 566	–	–	–	–	4 955 566
Payables to shareholders and other related companies	2 282 050	–	–	–	–	2 282 050
Bank loan	–	1 553 305	–	–	–	1 553 305
Total	**7 994 562**	**2 213 767**	**3 175 833**	**–**	**–**	**13 384 162**
31 December 2013– Reviewed						
Trade and other payables	–	–	4 946 984	–	–	4 946 984
Directors' current accounts – credit balances	147 067	–	–	–	–	147 067
VAT and other payables	–	517 520	443 115	–	–	960 635
Bank overdraft	7 712 502	–	–	–	–	7 712 502
Accruals	–	–	73 049	–	–	73 049
Payable to related companies	2 963 339	–	–	–	–	2 963 339
Payable to the Company's provident fund	–	1 077 495	–	–	–	1 077 495
Total	**10 822 908**	**1 595 015**	**5 463 148**	**–**	**–**	**17 881 071**

23.5 Capital management

Capital includes equity shares, retained earnings and other reserves.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions, in order to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group's overall objectives, policies and processes remain unchanged from last year.

Fair values

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

24. CONTINGENT LIABILITIES

As at 31 December 2015 the Group had outstanding letters of guarantee amounting to €1 090 441 (2014: €1 216 490) (2013: €1 138 070) being performance guarantees for contracts.

In 2015, the Group provided additional guarantees of €15 542 000 (2014: €13 542 000) with respect to securing overdraft facilities of the Group.

The Group had no other contingent liabilities as at 31 December 2015, 31 December 2014 and 2013.

25. COMMITMENTS

The Group had no capital or other commitments as at 31 December 2015 and 31 December 2014 (2013: €46 964).

26. EVENTS AFTER REPORTING PERIOD

On 12 May 2016, the Board of Directors declared a payment of an interim dividend amounting to €942 490 (€0.022 per share).

As disclosed in note 16, the personal guarantees given by the Directors of the Group as security for the loan and overdraft facilities, have been cancelled in May 2016.

On 23 May 2016, an agreement was signed between the shareholders of Remedica Holdings Ltd and Ascantis Health Ltd, a company based in South Africa and listed on the Johannesburg Stock Exchange, for the acquisition of 100% of the issued share capital of Remedica Holdings Ltd. Completion of the deal is expected in September 2016.

There were no other material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REPORT OF HISORIC FINANCIAL INFORMATION OF REMEDICA

The Board of Directors
Ascendis Health Limited
22 Sloane Street
Bryanston
Johannesburg, South Africa

To the Shareholders of Ascendis Limited,

We have audited the financial statements of Remedica Holdings Limited set out on pages 129 to 152, which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors of Ascendis Limited are responsible for the preparation of the financial statements in accordance with the basis of accounting described on page 129 and the requirements of the Companies Act of South Africa, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Remedica Holdings Limited for the years ended 31 December 2015 are prepared, in all material respects, in accordance with International Financial Reporting Standards, the JSE Listings Requirements and the requirements of the Companies Act of South Africa.

Derek Engelbrecht
Registered Auditor
Director

6 July 2016
102 Rivonia Road, Sandton, Johannesburg

The Board of Directors
Ascendis Health Limited
22 Sloane Street
Bryanston
Johannesburg, South Africa

To the Shareholders of Ascendis Limited,

We have reviewed the consolidated financial statements of Remedica Holdings Limited, set out on pages 129 to 152, which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of comprehensive income, changes in equity and cash flows for the 12 months then ended, and notes.

Directors' Responsibility for the Financial Statements

The directors of Ascendis Limited are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these interim financial statements.

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements of Remedica Holdings Limited for the 12 months ended 31 December 2014 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Derek Engelbrecht
Reporting Accounting and Registered Auditor
Director

6 July 2016
102 Rivonia Road, Sandton, Johannesburg

The Board of Directors
Ascendis Health Limited
22 Sloane Street
Bryanston
Johannesburg, South Africa

To the Shareholders of Ascendis Limited,

We have reviewed the consolidated financial statements of Remedica Holdings Limited, set out on pages 129 to 152, which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statements of comprehensive income, changes in equity and cash flows for the 12 months then ended, and notes.

Directors' Responsibility for the Financial Statements

The directors of Ascendis Limited are responsible for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements.

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements of Remedica Holdings Limited for the 12 months ended 31 December 2013 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Derek Engelbrecht
Registered Auditor
Director

6 July 2016
102 Rivonia Road, Sandton, Johannesburg

HISTORIC FINANCIAL INFORMATION OF PATTIHIS CH. HOLDINGS LIMITED

PATTIHIS CH. HOLDINGS LIMITED

Consolidated Financial Statements in accordance with International Financial Reporting Standards for the years ended 31 December 2015, 31 December 2014 and 31 December 2013.

(All amounts in EUR, unless otherwise stated)

Basis of preparation

The historical financial information of Pattihis CH. Holdings Limited, comprising of the statements of comprehensive income, statements of cash flows and the statements of changes in equity for the years ended 31 December 2015, 2014 and 2013, the statements of financial position as at 31 December 2015, 2014 and 2013 and the notes thereto (collectively "Historical Financial Information of Pattihis CH. Holdings") has been extracted, from the audited annual financial statements of Remedica Holdings Limited for the years ended 31 December 2015, 2014 and 2013.

The financial statements for the year ended 31 December 2015 were audited by Ernst & Young Incorporated and reported on without qualification.

The financial information for the years ended 31 December 2014 and 31 December 2013 were reviewed by Ernst & Young Incorporated and reported on without qualification.

The extracted historical financial information is the responsibility of the directors of Ascendis Health Limited.

The Report of Historical Financial Information of Remedica Holdings has been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, and the accounting policies of Ascendis Health Limited.

CONTENTS

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Other income		2 285 087	1 190 176	1 199 726
Operating and administrative expenses		(1 632)	(1 540)	(1 541)
Profit from operations	5	2 283 455	1 188 636	1 198 185
Financing expenses	6	(88)	(21)	–
Profit before taxation		2 283 367	1 188 615	1 198 185
Taxation		–	–	–
Profit after taxation		**2 283 367**	**1 188 615**	**1 198 185**

The notes following the statement of cash flows form an integral part of these financial statements.

Auditors' report on pages 166 – 168.

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	Note	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
ASSETS				
Non-current assets				
Investments in subsidiary companies	8	10 000	10 000	10 000
Current assets		1 068 218	154 507	215 741
Amount due from related companies	12	1 062 047	152 124	205 368
Directors' and shareholders' current account	13	3 869	–	–
Cash in hand and at bank	9	2 302	2 383	10 373
Total assets		**1 078 218**	**164 507**	**225 741**
EQUITY AND LIABILITIES				
Equity and reserves		1 073 003	3 636	15 371
Share capital	10	10 000	10 000	10 000
Reserves		1 063 003	(6 364)	5 371
Current liabilities		5 215	160 871	210 370
Trade and other payables	11	3 465	2 781	1 591
Related companies	12	1 750	1 400	1 050
Directors' and shareholders' current account	13	–	156 690	207 729
Total equity and liabilities		**1 078 218**	**164 507**	**225 741**

The notes following the statement of cash flows form an integral part of these financial statements.

Auditors' report on pages 166 – 168.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital €	Revenue reserve €	Total €
Balance at 1 January 2013	10 000	(2 669)	7 331
Profit for the year	–	1 198 185	1 198 185
Dividend for the year – ordinary shares	–	(1 190 145)	(1 190 145)
Balance at 1 January 2013 – Reviewed	10 000	5 371	15 371
Profit for the year	–	1 188 615	1 188 615
Dividend for the year – ordinary shares	–	(1 200 350)	(1 200 350)
Balance at 1 January 2014 – Reviewed	10 000	(6 364)	3 636
Profit for the year	–	2 283 367	2 283 367
Dividend for the year – ordinary shares	–	(1 214 000)	(1 214 000)
Balance as at 31 December 2015 – Audited	**10 000**	**1 063 003**	**1 073 003**

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009, and to 20% in respect of profits of years of assessment 2010 and 2011, and is reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company on behalf of the shareholders.

The notes following the statement of cash flows form an integral part of these financial statements.

Auditors' report on pages 166 – 168.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
Net cash flow from operating activities		1 374 559	1 243 390	994 298
Net profit before taxation		2 283 367	1 188 615	1 198 185
Adjustments for:				
– Bank charges and interest payable		88	21	–
– Interest received		(7)	(30)	(59)
Operating profit before working capital changes		2 283 448	1 188 606	1 198 126
Working capital changes:				
– (Decrease)/increase in related companies		(909 573)	53 594	(205 018)
– Increase in trade creditors and other payables		684	1 190	1 190
Net cash flow from investing activities				
Interest receivable		7	30	59
Net cash flow from financing activities		(1 374 647)	(1 251 410)	(983 978)
Dividends paid		(1 214 000)	(1 200 350)	(1 190 145)
(Decrease)/increase in shareholders' current account		(160 559)	(51 039)	206 167
Bank charges and interest paid		(88)	(21)	–
Net (decrease)/increase in cash and cash equivalents		(81)	(7 990)	10 379
Cash and cash equivalents at the beginning of the year		2 383	10 373	(6)
Cash and cash equivalents at the end of the year	14	**2 302**	**2 383**	**10 373**

The notes following the statement of cash flows form an integral part of these financial statements.

Auditors' report on pages 166 – 168.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL

Formation and major activity

The Company is registered in Cyprus as a private limited liability company in accordance with the Companies Law, Cap. 113.

The major activity of the Company is investments holdings.

The registered office of the Company is located at 10 Georgiou Gennadiou, Agathangelos Court, 3rd Floor, App./ Office 303, 3041 Limassol, Cyprus.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

2.2 Adoption of new and revised IFRS

During the current year the Company adopted all new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. These adoptions did not have a material effect on the accounting policies of the Company. At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. The Director expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company except for the application of International Accounting Standard 1 (Revised) "Presentation of Financial Statements" which will have a material effect on the presentation of the financial statements.

2.3 Investment in subsidiary companies

Subsidiary companies are companies in which the Company, directly or indirectly has an interest of more than one half of the voting rights or otherwise has power to exercise control over their operations. Investment in subsidiary companies is stated at cost. The carrying value of investment is reviewed for impairment when events or changes in circumstances indicate that the carrying value exceeds the estimated recoverable amount. In that case the investment is written down to its recoverable amount.

2.4 Financing expenses

Financing expenses include interest payable on borrowings, hire purchase creditors and bank overdraft. Interest and finance expenses are recognised as expense in the statement of comprehensive income when they accrue.

2.5 Revenue recognition

Revenue from services are recognised in the accounting period in which the services are rendered. Interest, rent receivable and other income are recognised on an accrual basis.

2.6 Dividend distribution

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders.

2.7 Impairment of assets

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

2.8 **Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand and balances with banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

2.9 **Interest-bearing loans and borrowings**

Interest-bearing loans and borrowings are initially recorded at the proceeds received net of any transaction costs incurred. The total finance cost represents the interest on the outstanding amount of the debt and is charged to the statement of comprehensive income as it accrues.

Amounts payable after one year are shown as long-term loans.

2.10 **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.11 **Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax basis (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Even though there are taxable differences that are deferred because of (a) differences between the tax base and carrying amount of property, plant and equipment as per our books, they will not be recognised due to the fact that the amount is immaterial and (b) taxable losses carried forward will not be recognised because in the near future the Company is not expected to achieve any profits and so, no income tax will arise.

2.12 **Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions and as such include all companies which are ultimately controlled by a common management. Amounts due to or from related companies are settled as needed, depending on liquidity needs.

2.13 **Foreign currency translation**

Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

Transactions and balances

The financial statements are expressed in Euro which is the functional currency of the Company.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Any differences are taken to the statement of comprehensive income. The Company is using Euro as its main currency because most of the transactions are in Euro.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

Amounts receivable on financial statements consist of cash in hand and at bank, investments, trade debtors and other amounts receivable. Amounts payable consist of loans, bank overdraft, trade and other creditors.

3.1 Credit risk

The Company's exposure to credit risk is as indicated by the carrying amounts of its assets.

3.2 Interest rate risk

Interest rate risk arises from the likelihood of adverse movements in the interest rates of bank overdrafts. The Company monitors on a continuous basis interest rate fluctuations.

3.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's policy is not to enter into any hedging transactions.

3.4 Liquidity risk

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses.

3.5 Fair values

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

3.6 Operational risk

Operational risk is the risk arising from failure of technology and control systems of the Company and the risk of human error and natural disasters. The systems of the Company evaluated, maintained and upgraded continuously.

3.7 Legal risk

Legal risk is the risk of financial loss, interruption of the operations of the Company or any other undesirable sitautuon that arises from the possibility of non-execution or violation of legal contracts and consequently of lawsuits. The risk is restricted through the contracts used by the Company to perform its work.

3.8 Reputational risk

Reputational risk arises from the negative publicity relating to the Company's operations, whether true or false can cause reducton of its clientele, reduction in revenue and legal cases against the Company. The Company applies procedures to minimise this risk.

4. OPERATING ENVIRONMENT

The Company's management has evaluated:

Whether any impairment estimates are considered necessary for financial assets which are recognised at depreciated amount, following an examination of the financial condition and the prospects of these assets at the end of the reporting period. The provisions for trade receivables are determined with the use of the "sustained losses model" as required by the International Financial Reporting Standards. These standards require the recognition of impairment losses for receivables that resulted from past events and do not allow the recognition of impairment losses that may result from future events irrespective of the profitability of these future events.

The management of the Company is not in a position to predict all the developments that could affect the Cyprus economy and consequently the effect that they may have in the future financial performance, cash flows and financial position of the Company.

Based on the evaluation made, the management of the Company has concluded that further provisions or impairment losses are not necessary other than those that are included in the financial statements and are explained in other notes to these financial statements.

The management of the Company considers that it is taking all the necessary measures to maintain the viability of the Company and the expansion of its operations under the current operational and financial environment.

		Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
5.	**PROFIT FROM OPERATIONS**			
	Profit is stated after charging:			
	Audit fees	1 190	1 190	1 190
6.	**FINANCING EXPENSES**			
	Bank charges	88	21	–
7.	**DIVIDEND ON ORDINARY SHARES**			
	Estimated dividends from year profits	1 214 000	1 190 829	1 190 145
	Estimated dividends from previous year profits	–	9 521	–
		1 214 000	**1 200 350**	**1 190 145**
8.	**INVESTMENTS IN SUBSIDIARY COMPANIES**			
	Remedica Holdings Public Company Ltd			
	Opening and closing balance	10 000	10 000	10 000
9.	**CASH IN HAND AND AT BANK**			
	Cash at bank	2 302	2 383	10 373
10.	**SHARE CAPITAL**			
	Authorised, issued and fully paid			
	10 000 ordinary shares of €1 each	10 000	10 00	10 000
11.	**TRADE AND OTHER PAYABLES**			
	Accruals	3 465	2 781	1 591

The above amounts are payable within one year.

	Audited 2015 €	Reviewed 2014 €	Reviewed 2013 €
12. **RELATED COMPANIES**			
Amounts due to related companies			
Remedica Ltd	(1 750)	(1 400)	(1 050)
Amounts due from related companies			
Remedica Holdings Public Company Ltd	1 062 047	152 124	205 368
13. **DIRECTORS' AND SHAREHOLDERS' CURRENT ACCOUNT**			
Interest free and have no specified repayment date	(3 869)	156 690	207 729
14. **CASH AND CASH EQUIVALENTS**			
Cash and cash equivalents that are presented in the statement of cash flows comprise of the following statement of financial position amounts:			
Cash at bank	2 302	2 383	10 373

15. **EVENTS AFTER REPORTING PERIOD**

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REPORT OF HISTORIC FINANCIAL INFORMATION OF PATTIHIS CH. HOLDINGS LIMITED

The Board of Directors
Ascendis Health Limited
22 Sloane Street
Bryanston
Johannesburg, South Africa

To the Shareholders of Ascendis Limited,

We have audited the financial statements of Pattihis CH. Holdings Limited set out on pages 156 to 165, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors of Ascendis Limited are responsible for the preparation of the financial statements in accordance with the basis of accounting described on page 156 and the requirements of the Companies Act of South Africa, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Remedica Holdings Limited for the year ended 31 December 2015 are prepared, in all material respects, in accordance with the basis of accounting described in note 2.1 to the financial statements and the requirements of the Companies Act of South Africa.

Derek Engelbrecht

Reporting Accountant and Registered Auditor
Director

6 July 2016
102 Rivonia Road, Sandton, Johannesburg

The Board of Directors
Ascendis Health Limited
22 Sloane Street
Bryanston
Johannesburg, South Africa

To the Shareholders of Ascendis Limited,

We have reviewed the financial statements of Pattihis CH. Holdings Limited, set out on pages 156 to 165, which comprise the statement of financial position as at 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the 12 months then ended, and notes.

Directors' Responsibility for the Financial Statements

The directors of Ascendis Limited are responsible for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements.

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements of Pattihis CH. Holdings Limited for the 12 months ended 31 December 2014 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Derek Engelbrecht
Reporting Accountant and Registered Auditor
Director

6 July 2016
102 Rivonia Road, Sandton, Johannesburg

The Board of Directors
Ascendis Health Limited
22 Sloane Street
Bryanston
Johannesburg, South Africa

To the Shareholders of Ascendis Limited,

We have reviewed the financial statements of Pattihis CH. Holdings Limited, set out on pages 156 to 165, which comprise the statement of financial position as at 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the 12 months then ended, and notes.

Directors' Responsibility for the Financial Statements

The directors of Ascendis Limited are responsible for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements.

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements of Pattihis CH. Holdings Limited for the 12 months ended 31 December 2013 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Derek Engelbrecht
Reporting Accountant and Registered Auditor
Director

6 July 2016
102 Rivonia Road, Sandton, Johannesburg

DETAILS OF VENDORS OF SCITEC AND REMEDICA

SCITEC

Vendor	Address	Amount paid to vendor
Scitec Holding B.V.	Prins Bernhardplein 200 1097 JB Amsterdam the Netherlands	• The Scitec Initial Consideration of €150 million, adjusted for agreed working capital, debt and operating cash, to be paid on completion of the Scitec Transaction; and • The Scitec Deferred Consideration of €20 million deferred for one year
Shareholders of Scitec Holding		
South Dakota Trust Company LLC	201 South Phillips Avenue Suite 200, Sioux Falls, SD 57104 United States of America	
Polish Enterprise Fund VII, L.P.	PO Box 309, Ugland House Grand Cayman, KY1 – 1104 Cayman Islands	
Morgan Stanley Private Markets Fund	c/o the Corporation Trust Company Corporation Trust Center 1209 Orange Street Wilmington, New Castle County Delaware 19801 United States	

Title warranties which are usual for a transaction of this nature have been given in terms of the Scitec Sale Agreement. The vendors have not guaranteed the book debts or other assets.

The vendors are not precluded from carrying on business in competition with the Scitec Group, nor have any other restrictions been imposed on the vendors.

The liability for accrued tax will be settled as part of the agreed working capital in terms of the Scitec Sale Agreement.

REMEDICA

Vendor	Address	Amount paid to vendor
Margrit Pattichis (legal and beneficial owner of ordinary shares in Remedica)	10 Christou Christovasili Street, Limassol, Cyprus	• €70.5 million of the Remedica Initial Consideration; • €37.3 million of the Remedica Deferred Consideration; and • 41.476% of the Remedica Earn Out Consideration.
Charalambos Pattihis (legal and beneficial owner of the ordinary shares in PCHL and legal owner of the ordinary shares in Goldbond)	2 Yiasemion Street, Germasogeia 4043 Limassol, Cyprus	• €94.5 million of the Remedica Initial Consideration; • €1.6 million in terms of the Control Premium Payment; • €50.0 million of the Remedica Deferred Consideration; and • 55.562% of the Remedica Earn Out Consideration.
Goldbond Trading & Investments Limited (legal and beneficial owner of ordinary shares in Remedica)	Georgiou Gennadiou 10 Agathangelos Court 3rd Floor, Flat/Office 303 3041 Limassol, Cyprus	• €5 million of the Remedica Initial Consideration; • €2.7 million of the Remedica Deferred Consideration; and • 2.962% of the Remedica Earn Out Consideration.

Warranties which are usual for a transaction of this nature have been given in terms of the Remedica Sale Agreement. The vendors have not guaranteed the book debts or other assets.

The vendors are precluded from carrying on business in competition to Ascendis or its subsidiaries. Vendors may not use Remedica's name, damage the goodwill or reputation of the business of the Remedica and its subsidiaries, or, for a period of three years, compete with the business of Remedica and its subsidiaries or interfere with the relationship between Remedica and its subsidiaries with their customers, potential customers, suppliers or employees.

The Remedica Disposing Shareholders are liable to pay Ascendis an amount of accrued taxation to the date of acquisition, save where provisions are made in the financial statement of the group for the 12-month period before 30 June 2016 or for taxation arising in the ordinary course of business after 30 June 2016.

Margrit Pattichis and Charalambos Pattihis are currently directors of Remedica and their interest in the Remedica Transaction is disclosed above. Charalambos Pattihis is the sole director of Goldbond and PCHL.

There has been no cash given nor securities paid nor benefit given, nor has there been any cash, securities or benefit proposed to be paid or given, to any promoter within the preceding three years.

DETAILS OF DIRECTORS' INTERESTS IN TRANSACTIONS

As a consequence of their indirect beneficial interest in Ascendis held through Gane Holdings Proprietary Limited ("Gane Holdings"), in which Gary Shayne has an 85% indirect beneficial interest and Cris Dillon has a 15% indirect beneficial interest, certain option agreements pertaining to Ascendis acquisitions have been entered into and give rise to directors' interests in transactions, as listed below.

Transaction	Director	Interest	Date option exercised	Number of Shares	% shareholding
Shares acquired/to be acquired by Directors					
Ascendis acquisition of Pharma Natura Proprietary Limited	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	31 March 2015	909 091	0.3
Ascendis acquisition of Pharmachem Proprietary Limited	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	29 June 2015	1 818 182	0.6
Ascendis acquisition of Pharmachem Proprietary Limited	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	30 November 2015	1 395 674	0.5
Ascendis acquisition of One Vision Investments 381 Proprietary Limited (SSN)	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	10 March 2016	927 272	0.3
Ascendis acquisition of ATKA Trading 46 Proprietary Limited	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	31 March 2016	2 127 001	0.7
Ascendis Acquisition of Marltons Pets and Products Proprietary Limited	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	31 March 2016	12 069	0.004
Ascendis acquisition of Pharma Natura Proprietary Limited	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	18 April 2016	909 091	0.3
Ascendis Acquisition of Bioswiss Proprietary Limited	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	1 September 2017	266 667	0.1
Ascendis acquisition of Akacia Healthcare Holdings Proprietary Limited (as announced on SENS on 19 November 2015)	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	29 April 2017	999 190	0.3
Ascendis acquisition of Akacia Healthcare Holdings Proprietary Limited (as announced on SENS on 19 November 2015)	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	29 April 2018	2 569 282	0.9

Transaction	Director	Interest	Date option exercised	Number of Shares	% shareholding
Ascendis acquisition of Afrikelp Proprietary Limited	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	The date by which Afrikelp's board signed the 2018 AFS (financial year-end June 2018), which date will not be later than 31 December 2018, save that if a dispute has been called, then a date five days after the Independent Auditor issues final determination	4 157 428	1.4
Ascendis acquisition of Afrikelp Proprietary Limited	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	The date by which Afrikelp's board signed the 2018 AFS (financial year-end June 2018), which date will not be later than 31 December 2018, save that if a dispute has been called, then a date five days after the Independent Auditor issues final determination	4 157 428	1.4
Shares disposed of by Directors					
Ascendis Acquisition of Marltons Pets and Products Proprietary Limited	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	22 October 2015	43 852	0.01
Ascendis acquisition of Nimue South Africa Proprietary Limited	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	22 October 2015	128 464	0.04
Funding agreement (as announced on SENS on 30 June 2016)	GANE Holdings (Gary Shayne and Crispian Dillon)	Indirect	30 September 2020	10 636 363 (Maximum value of R390 million assumed to be issued at the Ascendis Share price as at the Last Practicable Date)	3.6

** Based on the number of Shares in issue at the Last Practicable Date.*

DETAILS OF DIRECTORS

Director	Details
John Bester (Independent non-executive chairman)	John spent 16 years in the accounting profession, including 10 years as a partner of Ernst & Young. He has been involved in commerce and industry for over three decades, holding a number of financial directorships during this time. He is a non-executive director of Personal Trust International, Clicks Group, Sovereign Food Investments, Tower Property Fund and Western Province Rugby Proprietary Limited, as well as a trustee of the Children's Hospital Trust.
Bharti Harie (Independent non-executive director)	Bharti spent 14 years at the Industrial Development Corporation of South Africa (IDC) where she worked in the legal department, and headed the corporate funding and international finance departments. At the IDC she gained experience in general corporate law, syndications and project and short-term finance. Bharti is an independent non-executive director on the boards of Bell Equipment, Lenmed Investments and the Mineworkers Investment Company.
Phil Cunningham (Independent non-executive director)	Phil started his career in the agricultural sector before establishing an agricultural trading company in 1997 which was successfully expanded into Africa. In 2005, he followed his passion and invested the profits from the trading business into Sunrise Productions, a Cape Town-based animation studio and media company. Phil is also a major shareholder in an advertising agency. He serves on a number of school, provincial sports and non-profit organisation boards, chairing two of them.
Gary Shayne (Non-executive director)	Gary is the co-owner and chief executive officer of Coast2Coast Capital and co-founded Ascendis in 2008 together with Cris Dillon. Gary has a 17-year proven track-record in both private equity and entrepreneurial ventures. Among his successes are the listing of Celsys, one of Zimbabwe's leading telecom companies when he was 32 years old and the founding of Shayne Accounting Services which went on to become one of the country's largest single-owned accountancy practices.
Cris Dillon (Non-executive director)	Cris is the co-owner and chief operating officer of Coast2Coast Capital and co-founded Ascendis in 2008 with Gary Shayne. He spent 11 years in investment banking, including three years in Standard Bank's corporate finance division. Cris is a serial entrepreneur who has mainly been involved in running his own companies, including Multipac, LALabel in Los Angeles, Reviva and Axiz Retail.
Dr Karsten Wellner (Chief Executive Officer)	Karsten joined the group in 2011. He has over 25 years of experience in international and South African health markets. Before joining the group, he headed up Fresenius Kabi South Africa (including regional responsibility for Africa and Middle East) for eight years, the local subsidiary of Fresenius SE & Co. KGaA, which is listed on the Frankfurt Stock Exchange. Prior to that he ran Fresenius Switzerland for five years and had various responsibilities in pharma exports and developing markets.
Kieron Futter (Chief Financial Officer)	Kieron is a qualified CA(SA) and has more than 18 years of experience in financial management in various industries, including 8 years at GlaxoSmithKline in Consumer Health Care (in the UK and Dubai), five years as CFO of TransUnion Group Africa incorporating 31 companies, with the international holding company being based in Chicago, USA, and most recently 2 years as CEO of Nando's Company Owned Restaurants division with a major focus on the financial management of R1.2 billion revenues and 3 000 employees.

ASCENDIS HEALTH LIMITED

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

NOTICE OF GENERAL MEETING

Capitalised terms used in this Notice of General Meeting and the resolutions not otherwise defined will have the meanings given to them in the Circular.

Notice is hereby given that a General Meeting of the shareholders of the Company will be held at Block A Silverwood, Steenberg Office Park, Silverwood Close, Tokai, Cape Town, 7945, on Thursday, 11 August 2016 at 09:00 to consider, and if deemed fit, to pass, with or without modification, the resolutions set out below, in the manner required by the Companies Act, No. 71 of 2008, as amended ("the Act") and subject to the applicable Listings Requirements of the JSE Limited ("Listings Requirements") on which the Company's ordinary Shares are listed.

Record date

The Board of Directors of the Company has determined that the record date for the purpose of determining which Shareholders of the Company are entitled to receive Notice of this General Meeting is Friday, 1 July 2016; and the record date for the purposes of determining which Shareholders of the Company are entitled to participate in and vote at the General Meeting is Friday, 5 August 2016, in terms of section 62(3)(a), as read with section 59 of the Act.

When reading the resolutions below, please refer to the explanatory notes for these resolutions which are set out on page 178 of this Notice.

1. GENERAL AUTHORITY TO ISSUE SHARES OF THE COMPANY FOR CASH

Special resolution number 1

"Resolved that the Directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue all or any of the authorised but unissued Shares in the capital of the Company for cash as they in their discretion deem fit, subject to the limitations as set out in the Act, the Memorandum of Incorporation of the Company and the Listings Requirements from time to time, being, as at the date of this resolution:

- the Shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or Rights that are convertible into a class of shares already in issue;
- any such issue will only be made to public Shareholders (as defined by the Listings Requirements) and not to related parties (as defined by the Listings Requirements);
- that issues of Shares in the aggregate in any one financial year may not exceed 15% (fifteen percent) of the number the Company's issued Shares of that class, representing 44 791 120 of the Shares in issue at the date of this Notice;
- the maximum discount at which the Shares may be issued is 10% (ten percent) of the weighted average traded price of those Shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the Company and the party/ies subscribing for the shares. The JSE should be consulted for a ruling if the Company's Shares have not traded in such 30 (thirty) business day period;
- this general authority shall be valid until the next annual general meeting of the Company, provided that it shall not extend beyond 15 (fifteen) months from the date that this general authority is given; and
- upon any issue of ordinary Shares which, together with prior issues of ordinary Shares during the same financial year, will constitute 5% (five percent) or more of the total number of ordinary Shares in issue

prior to that issue, the Company shall, publish an announcement in terms of section 11.22 of the Listings Requirements."

The percentage voting Rights required for Special resolution number 1 to be adopted: In terms of the Listings Requirements, more than 75% (seventy-five percent) of the votes cast by Shareholders present or represented by proxy at the meeting.

2. APPROVAL OF THE IMPLEMENTATION OF THE SCITEC TRANSACTION AS A CATEGORY 1 TRANSACTION

- **Ordinary resolution number 1**

"Resolved that the acquisition by the Company in terms of the Scitec Transaction, upon the terms and subject to the conditions set out in the Circular of which this Notice of General Meeting forms part and the Scitec Sale Agreement, be and is hereby approved."

The percentage voting Rights required for Ordinary resolution number 1 to be adopted: more than 50% (fifty percent) of votes cast by Shareholders present or represented by proxy at the meeting.

3. APPROVAL OF THE IMPLEMENTATION OF THE REMEDICA TRANSACTION AS A CATEGORY 1 TRANSACTION

- **Ordinary resolution number 2**

"Resolved that the acquisition by the Company in terms of the Remedica Transaction, upon the terms and subject to the conditions set out in the Circular of which this Notice of General Meeting forms part and the Remedica Sale Agreement, be and is hereby approved."

The percentage voting Rights required for Ordinary resolution number 2 to be adopted: more than 50% (fifty percent) of votes cast by Shareholders present or represented by proxy at the meeting.

4. GENERAL AUTHORITY TO SIGN ALL DOCUMENTS

Ordinary resolution number 3

"Resolved that any Director or secretary of the Company or any other person to whom a Director has delegated authority to do so, be and is hereby authorised to sign all documents and any amendments thereto, take all such steps and do all such other things as may be necessary in order to give effect to and/or implement the resolutions contained herein."

The percentage voting Rights required for Ordinary Resolution number 9 to be adopted: more than 50% (fifty percent) of the votes cast by Shareholders present or represented by proxy at the meeting.

5. OTHER BUSINESS

Further to transact any other business that may be transacted at the General Meeting.

VOTING AND PROXIES

Participation by electronic communication

The General Meeting will be available live on webcasting, by following the link provided on the website: www.ascendis.co.za.

Please note that Shareholders or their proxies will not be able to vote via the webcasting.

Certificated Shares

If you hold Certificated Shares (i.e. have not Dematerialised your Shares in the Company) or are registered as an Own-name Dematerialised Shareholder (i.e. have specifically instructed your Central Security Depository Participant ("CSDP") to hold your Shares in your own name on the Company's Sub-Register), then:

- you may attend and vote at the General Meeting; alternatively
- you may appoint a proxy (who need not also be a Shareholder of the Company) to represent you at the General Meeting by completing the attached Form of Proxy and, for administrative reasons, returning it to the office of the Company's Transfer Secretaries not less than 48 hours before the time appointed for the holding of the meeting

(excluding Saturdays, Sundays and public holidays). Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached Form of Proxy as stipulated in section 58(3)(b) of the Act. Please also note that the attached Form of Proxy may be delivered to the Company at the time stipulated in the form of proxy below, before the General Meeting and must be so delivered before your proxy may exercise any of your Rights as a Shareholder at the General Meeting.

Dematerialised Shares

Please note that if you are the owner of Dematerialised Shares with electronic records of ownership under the JSE's electronic settlement system, Strate Proprietary Limited ("Strate"), held through a CSDP or Broker and are not registered as an 'Own-name' Dematerialised Shareholder you are not a registered Shareholder of the Company, but appear on the Sub-Register of the Company held by your CSDP. Accordingly, in these circumstances subject to the mandate between yourself and your CSDP or Broker, as the case may be:

- if you wish to attend the General Meeting you must contact your CSDP or Broker, as the case may be, and obtain the relevant letter of representation from them; alternatively
- if you are unable to attend the General Meeting but wish to be represented at the meeting, you must contact your CSDP or Broker, as the case may be, and furnish them with your voting instructions in respect of the General Meeting and/or request them to appoint a proxy. You must not complete the attached Form of Proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or Broker, as the case may be, within the time period required by them.

CSDPs, Brokers or their nominees, as the case may be, recorded in the Company's Sub-Register as holders of Dematerialised Shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold Dematerialised Shares in the Company, vote by either appointing a duly authorised representative to attend and vote at the General Meeting or by completing the attached Form of Proxy in accordance with the instructions thereon and returning it to the Company's Transfer Secretaries to be received by not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

Identification

Section 63(1) of the Act requires that a person wishing to participate in the General Meeting (including any representative or proxy) must provide satisfactory identification (such as identity documents, driver's licences or passports) before they may attend or participate at such meeting.

Voting

Each Shareholder whether present in person or represented by proxy, is entitled to attend and vote at the General Meeting.

Votes at the General Meeting will be taken by way of a poll and not on a show of hands.

Quorum

A quorum for the purposes of considering the resolutions shall comprise 25% of all the voting Rights that are entitled to be exercised by Shareholders in respect of each matter to be decided at the General Meeting. In addition, a quorum shall consist of three Shareholders of the Company personally present or represented by proxy (and if the Shareholder is a body corporate, it must be represented) and entitled to vote at the General Meeting.

Proxies

Each Shareholder is entitled to appoint one or more proxies (who need not be Shareholders of Ascendis Health) to attend, speak and vote in his/her stead. On a poll, every Shareholder present in person or by proxy shall have one vote for each Share held by him/her. Shareholders who are unable to attend the General Meeting but who wish to be represented thereat, are required to complete and return the attached Form of Proxy.

It is requested that this Form of Proxy be lodged or posted or faxed to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at 70 Marshall Street, Johannesburg, 2001, or at PO Box 61051, Marshalltown, 2107, South Africa or by fax on +27 11 688 5238, to be received by them no later than Monday, 8 August 2016.

In compliance with the provisions of section 58(8)(b)(i) of the Act, a summary of the Rights of a shareholder to be represented by proxy, as set out in section 58 of the Act, is set out below:

- An ordinary Shareholder entitled to attend and vote at the General Meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the General Meeting in the place of the shareholder. A proxy need not be a Shareholder of the Company.
- A proxy appointment must be in writing, dated and signed by the Shareholder appointing a proxy, and, subject to the Rights of a Shareholder to revoke such appointment (as set out below), remains valid only until the end of the General Meeting.
- A proxy may delegate the proxy's authority to act on behalf of a Shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
- The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any Rights as a shareholder.
- The appointment of a proxy is revocable by the Shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
- If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Act or the Company's Memorandum of Incorporation to be delivered by the Company to the Shareholder, must be delivered by the Company to (a) the Shareholder, or (b) the proxy or proxies, if the Shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the "Notes to the Form of Proxy".

Representation

Shareholders of the Company that are companies, that wish to participate in the General Meeting, may authorise any person to act as its representative at the General Meeting.

By order of the Board

Andy Sims
Company Secretary

12 July 2016

EXPLANATORY NOTES

SPECIAL RESOLUTION NUMBER 1

Approval for the issuing of equity securities for cash

In terms of special resolution number 1, the shareholders authorised the directors to allot and issue a portion of the authorised but unissued shares, as the directors in their discretion think fit.

In terms of the Listings Requirements, when shares are issued, or considered to be issued, for cash (including the extinction of liability, obligation or commitment, restraint, or settlement of expenses), the shareholders have to authorise such issue with a 75% (seventy-five per cent) majority.

The existing general authority to issue shares for cash granted by the shareholders at the previous annual general meeting will expire at this general meeting, unless renewed. The authority will be subject to the provisions of the Act and the JSE Listings Requirements. The aggregate number of ordinary shares capable of being allotted and issued for cash are limited as set out in the resolution.

The directors consider it advantageous to renew this authority to enable the Company to take advantage of any business opportunity that may arise in future.

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REF. JOB010814

ASCENDIS HEALTH LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2008/005856/06)

Share code on the JSE: ASC ISIN: ZAE000185005

FORM OF PROXY – GENERAL MEETING

The General Meeting of the Shareholders of the Company will be held at Block A Silverwood, Steenberg Office Park, Silverwood Close, Tokai, Cape Town, 7945 on Thursday, 11 August 2016 at 09:00..

Form of proxy – for use only by Certified Shareholders and Own-name Dematerialised Shareholders at the General Meeting of Shareholders of the Company to be held at Block A Silverwood, Steenberg Office Park, Silverwood Close, Tokai, Cape Town, 7945 on Thursday, 11 August 2016 ("the General Meeting").

A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend the meeting and speak and, on a poll, to vote in his/her stead. A proxy need not be a member of the Company.

I/We, (Full names in capital letters) ____________________

of (Address) ____________________

Telephone number __________ Cellphone number __________

email address ____________________

being a member/s of Ascendis Health Limited and entitled to [ ] votes

hereby appoint ____________________ of

or, failing him/her ____________________ of

or, failing him/her, the chairman of the meeting, as my/or proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at Block A Silverwood, Steenberg Office Park, Silverwood Close, Tokai, Cape Town, 7945 at 09:00 and at any adjournment thereof, as follows:

Proposed resolutions	In Favour	Against	Abstain
Special resolution number 1: General authority to issue Shares of the Company for cash			
Ordinary resolution number 1: Approval of the implementation of the Scitec Transaction as a Category 1 transaction			
Ordinary resolution number 2: Approval of the implementation of the Remedica Transaction as a Category 1 transaction			
Ordinary resolution number 3: Authority to sign all documents			

(Indicate instructions to proxy by way of a cross in the spaces provided above, failing which the proxy may vote as he/she thinks fit.)

Signed by me/us ________ this ____ day of ________ 2016

Name of Shareholder: ____________________

(please print)

Signature: ____________________

NOTES TO THE FORM OF PROXY

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the spaces provided, with or without deleting "the chairman of the General Meeting," but any such deletion must be initialled by the Shareholder. The person whose name stands first on the Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are filled in the proxy shall be exercised by the chairman of the General Meeting.
2. A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercised by that Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he deems fit in respect of all the Shareholder's votes exercised thereat. A Shareholder or his proxy is not obliged to use all the votes exercisable by the Shareholder or by his proxy, but the total of the votes cast in respect of which abstentions recorded may not exceed the total votes exercisable by the Shareholder or his proxy.
3. This Form of Proxy be lodged or posted or faxed to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at 70 Marshall Street, Johannesburg, 2001, or at PO Box 61051, Marshalltown, 2107, South Africa or by fax on +27 11 688 5238, to be received by them no later than Monday, 8 August 2016.
4. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting, speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary proof establishing the authority of the person signing this Form of Proxy in a representative or other legal capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries of the Company or waived by the chairman of the General Meeting.
6. Any alterations to the Form of Proxy must be initialled by the signatories.

FORM OF INSTRUCTION IN RESPECT OF A RENOUNCEABLE LETTER OF ALLOCATION

For use by Qualifying Certificated Shareholders only

IMPORTANT: If you are in doubt as to how to deal with this form of instruction, you should consult your CSDP, Broker, banker, attorney, accountant or other professional advisor without delay.

The definitions commencing on page 14 of the accompanying Circular dated 12 July 2016 (the "Circular") apply, *mutatis mutandis*, to this form of instruction in relation to a renounceable letter of allocation (this "Form of Instruction"). The Rights that are represented by the Letters of Allocation have been issued in dematerialised form, are negotiable and may be traded on the JSE under Alpha Code ASCN and ISIN ZAE000221891. The electronic record for Certificated Shareholders is being maintained by Computershare Investor Services Proprietary Limited (the "Transfer Secretaries"). This has made it possible for Qualifying Certificated Shareholders, who are eligible to participate in the Rights Offer, to enjoy the same Rights and opportunities as holders of Dematerialised Shares. You should only complete this form of instruction and return it to the Transfer Secretaries at the address overleaf if you (i) are a Qualifying Certificated Shareholder holding certificated shares and (ii) wish to dispose of or take up all or part of your Rights in terms hereof.

Should you wish to take up, sell or renounce all or part of your Rights pursuant to the Rights Offer, or to apply for a greater number of Rights Offer Shares than those offered to you in terms of the Rights Offer, you must complete this Form of Instruction and return it to the Transfer Secretaries at the address set out overleaf.

Each alteration to this Form of Instruction must be signed in full and not merely initialled.

ASCENDIS HEALTH LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 2008/005856/06)
Share code on the JSE: ASC ISIN: ZAE000185005

A renounceable Rights Offer to Qualifying Shareholders in the Register at the close of business (SAST) on Friday, 22 July 2016 (the "Initial Record Date"). Qualifying Shareholders who hold Ascendis Shares on the Record Date will receive 18.25033 Rights for every 100 Ascendis Shares held. Each Right entitles the holder to subscribe for one new Ascendis Share at the subscription price of R 22.00 per Rights Offer Share.

A copy of this Form of Instruction, together with the Circular and other requisite documents have been lodged with the Commission for record purposes.

Rights Offer	**2016**
Declaration date announcement in respect of the Rights Offer released on SENS	Thursday, 30 June
Finalisation date announcement in respect of the Rights Offer released on SENS	Tuesday, 12 July
Circular and Form of Instruction *(pink)* distributed to Shareholders	Tuesday, 12 July
Last day to trade in Ascendis Shares in order to participate in the Rights Offer	Tuesday, 19 July
Listing and trading of Letters of Allocation on the JSE under JSE code: ASCN and ISIN ZAE000221891 commences at 09:00	Wednesday, 20 July
Ascendis Shares commence trading on the JSE ex Rights Offer entitlement at 09:00	Wednesday, 20 July
Circular and Form of Instruction *(pink)* distributed to new Certificated Shareholders who became shareholders post 1 July 2016 but prior to the Initial Record Date	Thursday, 21 July
Record date for determination of Qualifying Shareholders entitled to participate in the Rights Offer (Initial Record Date) at close of business	Friday, 22 July
Rights Offer opens at 09:00	Monday, 25 July
Qualifying Dematerialised Shareholders will have their accounts at their CSDP or Broker automatically credited with their entitlement	Monday, 25 July
Qualifying Certificated Shareholders on the Register will have their entitlement credited to their accounts held with the Transfer Secretaries	Monday, 25 July
Circular and Form of Instruction posted to Dematerialised Shareholders, where applicable	Tuesday, 26 July
Payment to be made and Form of Instruction *(pink)* to be lodged at Transfer Secretaries by Certificated Shareholders by 12:00	Monday, 1 August
Last day to trade Letters of Allocation on the JSE in order to settle trades by the Record date for the Letters of Allocation and participate in the Rights Offer at the close of business	Monday, 1 August
Determination of the cash value in relation to fractional entitlements	Tuesday, 2 August
Listing and trading Rights Offer Shares commences on the JSE at 09:00	Tuesday, 2 August
Announcement on SENS regarding the cash value in relation to fractional entitlements	Thursday, 4 August
Rights Offer closes at 12:00	Friday, 5 August
Record date for Letters of Allocation (Final Record Date)	Friday, 5 August
Qualifying Dematerialised Shareholders' accounts updated and debited by CSDP or broker (in respect of payments for Rights Offer Shares)	Monday, 8 August
Certificates distributed to Qualifying Certificated Shareholders (in respect of the Rights Offer Shares)	Monday, 8 August
Results of Rights Offer announced on SENS	Monday, 8 August
Results of Rights Offer published in the press	Wednesday, 10 August
Refunds (if any) to Qualifying Certificated Shareholders in respect of unsuccessful excess applications made	Thursday, 11 August
Qualifying Dematerialised Shareholders' accounts updated and debited by their CSDP or Broker (in respect of successful excess applications)	Thursday, 11 August
Certificates distributed to Qualifying Certificated Shareholders (in respect of successful excess applications)	Thursday, 11 August

Notes:

1. Share certificates in respect of Ascendis Shares may not be dematerialised or rematerialised between Wednesday, 20 July 2016 and Friday, 22 July 2016, both days inclusive.
2. CSDPs effect payment on a delivery versus payment basis in respect of Dematerialised Shares.
3. Qualifying Dematerialised Shareholders are required to inform their CSDP or Broker of their instructions in terms of the Rights Offer in the manner and time stipulated in the agreement governing the relationship between the Qualifying Shareholder and their CSDP or Broker. Qualifying Dematerialised Shareholders are advised to contact their CSDP or Broker as early as possible to establish what the cut-off dates and times are for acceptance of the Rights Offer, as set out in the custody agreement, as this may be earlier than the proposed closing time of the Rights Offer.

Dear Sir/Madam

1. **RIGHTS OFFER**

Ascendis hereby offers, upon the terms and conditions stated in the Circular (which shall, if in conflict with the information set out below, take precedence) to the holder(s) of the number of Ascendis Shares in Block (2), recorded in the Register at close of business (SAST) on Friday, 22 July 2016, Rights to subscribe for the number of Rights Offer Shares set out in Block (3).

The subscription price is R22.00 per Rights Offer Share, payable in Rand.

2. **ALLOCATION**

The number of Rights Offer Shares stated in Block (3) has been allocated for subscription to the Qualifying Shareholders named in Block (1). In respect of fractional entitlements that arise, all allocations of securities will be rounded down to the nearest whole number resulting in allocations of whole securities and a cash payment for the fraction. The cash value is determined using the weighted average traded price on 2 August 2016 less 10%.

3. **ACCEPTANCE AND PAYMENT**

3.1 Qualifying Shareholders who wish to accept the Rights must complete Blocks (5), (6) and (9).

3.2 If the Qualifying Shareholder whose name appears in Block (1), wishes to subscribe for the Rights Offer Shares stated in Block (3) (or any lesser number), this Form of Instruction duly completed together with payment in terms of 3.3 below, must be delivered, sent by registered post (in the latter's case at the sender's risk), or faxed or emailed (in the case of payment by Electronic Fund Transfer ("EFT")) to the Transfer Secretaries, to be received by 12:00 (SAST) on Monday, 1 August 2016.

All acceptances of the Rights Offer sent by post by the Qualifying Shareholder will be accepted, provided that the envelope is received by no later than 12:00 (SAST) on Monday, 1 August 2016

No late postal acceptances will be accepted.

3.3 Payment for the Rights Offer Shares subscribed:

- must be made in full by a bank-guaranteed cheque drawn on a South African bank or banker's draft drawn on a registered commercial bank (each of which should be crossed and marked "not transferable", and in the case of a cheque with the words "or bearer" deleted), or EFT (into the designated bank account, details of which are available from the Transfer Secretaries on request by contacting the Transfer Secretaries' call centre – corporate actions on +27 (0) 861 100 634) in favour of "Ascendis Health Ltd";
- must be payable in Rand; and
- the bank-guaranteed cheque, banker's draft, or proof of payment if by EFT, must be lodged,

posted, faxed or emailed, as the case may be, together with this duly completed Form of Instruction.

3.4 The lodging, posting, faxing or emailing of this duly completed Form of Instruction and the payment of the relevant bank-guaranteed cheque/banker's draft or by EFT in compliance with 3.2 and 3.3 (which in the case of a bank-guaranteed cheque/banker's draft will be effective only when the relevant bank guaranteed cheque or banker's draft has been met) will be an acceptance of the Rights Offer by the Qualifying Shareholder concerned and an irrevocable authority to allot the Rights Offer Shares in question.

3.5 No receipt will be given for a bank-guaranteed cheque/banker's draft or EFT received in accordance with this Rights Offer.

3.6 All bank-guaranteed cheques and banker's drafts received will be deposited immediately for payment. Interest will not be paid on payments made before they are due but will accrue for the benefit of the Company.

3.7 With reference to 3.3 above regarding EFTs:

(i) a Form of Instruction together with the proof of payment (including the EFT swift reference number) may be faxed or emailed to the Transfer Secretaries;

(ii) Forms of Instruction shall be deemed to be received on the date reflected in the Transfer Secretaries' facsimile or email system. Notwithstanding anything to the contrary, it is the responsibility of a Qualifying Shareholder to ensure that their Form of Instruction is received timeously by the Transfer Secretaries; and

(iii) the Transfer Secretaries will not be responsible for any loss and/or damage whatsoever in relation to or arising from the late or non-receipt of faxed or emailed Forms of Instruction or owing to Forms of Instruction being forwarded to any other facsimile number or email address other than that provided above.

3.8 If this Form of Instruction is not lodged and completed fully and properly (the Transfer Secretaries shall be entitled to determine in their sole and absolute discretion whether such Form of Instruction has been completed fully and properly), and payment of the required amount is not received, by 12:00 (SAST) on Monday, 1 August 2016, in terms of the provisions of 3.3 and 3.7 above, then the Qualifying Shareholder will be deemed to have declined the offer to subscribe for Rights Offer Shares in terms of the Rights Offer and the Rights offered in terms of this Form of Instruction lapse irrespective of who holds it.

4. **RENUNCIATION AND SALE**

4.1 If the Qualifying Shareholder whose name appears in Block (1) wishes to sell or renounce part or all of his Rights, then:

- Such Qualifying Shareholders must complete Form A or Form B of this Form of Instruction. This must be sent to the Transfer Secretaries in accordance with the instructions contained therein, to be received by no later than 12:00 (SAST) on Monday, 1 August 2016, if you wish to sell your Rights, and by 12:00 (SAST) on Monday, 1 August 2016 if you wish to renounce your Rights. The Transfer Secretaries will endeavour to procure the sale of the Rights on the JSE on behalf of such Qualifying Certificated Shareholder and will remit the proceeds in accordance with the payment instruction reflected in this Form of Instruction, net of brokerage charges and associated expenses. The Transfer Secretaries will not have any obligation, or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such sales, the price obtained or any failure to sell such Rights.
- The person in whose favour the Rights have been renounced (the "Renouncee") who wishes to accept the Rights Offer must complete Form C on page 3 of this Form of Instruction. The Renouncee must also lodge this Form of Instruction and make payment, in terms of 3 above, *mutatis mutandis*, for the Rights Offer Shares in respect of which the Rights Offer is accepted by no later than 12:00 (SAST) on Monday, 1 August 2016.

4.2 The lodging of this Form of Instruction, with Form B purporting to be signed by the Qualifying Shareholder(s) whose name(s) appear thereon, will be conclusive evidence of the Rights of the Renouncee:

- to deal with this Form of Instruction; or
- to have the Rights in question allotted, and receive share certificates in respect thereof.

4.3 Ascendis will not be obliged to investigate whether Form B or Form C has been properly signed or investigate any fact surrounding the signing or lodging of such forms.

4.4 If the required documentation and payment have not been received in accordance with the instructions contained in this Form of Instruction, either from the Qualifying Shareholder or the Renouncee, by 12:00 (SAST) on Monday, 1 August 2016, then the Rights of that Qualifying Shareholder or the Renouncee, as the case may be, will lapse.

5. **EXCESS APPLICATIONS**

As set out in paragraph 7 of the Rights Offer Circular, all Rights Offer Shares not taken up pursuant to the terms of the Rights Offer will be available for allocation to Qualifying Shareholders who wish to apply for a greater number of Rights Offer Shares than those offered to them in terms of the Rights Offer. Accordingly, Qualifying Shareholders may also apply for additional Rights Offer Shares in excess of the Rights Offer Shares allocated to that Qualifying Shareholder in terms of the Rights Offer on the same terms and conditions as those applicable to the Rights. The right to apply for additional Rights Offer Shares is transferable on renunciation. Applications for additional Rights Offer Shares may be made by completing Blocks (7) and (8) on page 4.

Money received in respect of an application which is rejected or otherwise treated as void by Ascendis, or which is otherwise not validly received in accordance with the terms stipulated in this paragraph will be refunded (without interest) by way of an EFT in Rand to the applicant concerned on or about Thursday, 11 August 2016. If Ascendis is not able to effect the refund by EFT for any reason whatsoever, then the relevant refund will be held by Ascendis until collected by the applicant. No interest in respect of such refund will be paid by Ascendis.

By order of the Board

ASCENDIS HEALTH LIMITED

12 July 2016

Andy Sims

Company secretary

Registered office
22 Sloane Street
Bryanston
Gauteng
2191
(PostNet Suite #252, Private Bag X21, Bryanston, 2021)

Transfer secretaries
Computershare Investor Services Proprietary Limited
70 Marshall Street
Johannesburg, 2001
South Africa
(PO Box 61763, Marshalltown 2107)

GENERAL INSTRUCTIONS AND NOTES:

1. **MARRIED PERSONS**

Persons subject to the South African Matrimonial Property Act, No. 88 of 1984 must comply with such Act, and proof of such person's capacity to exercise the Rights may be required by the Transfer Secretaries.

2. **POWERS OF ATTORNEY**

If this Form of Instruction is signed under a power of attorney, then such power of attorney must be sent to the Transfer Secretaries, for registration, unless it has already been registered by them.

3. **DECEASED ESTATES AND TRUSTS**

Rights Offer Shares will not be allocated in the name of a deceased estate, a trust or a person under contractual disability. Therefore, when the Rights have accrued to a deceased person, an estate or a trust, the executor or trustee, parent/guardian or curator (as the case may be) must complete Form B on page 3 of this Form of Instruction in his representative capacity (which authority must be lodged with the Transfer Secretaries) and Form C on page 3 of this Form of Instruction must be completed by the person in whose name the Rights Offer Shares are to be allocated without any reference to the estate, the trust or the beneficial owner.

Letters of executorship (if not previously registered) should be submitted to the Transfer Secretaries for record purposes.

4. **JOINT HOLDERS**

All joint holders of Ascendis Shares must sign where applicable.

5. **SHARE CERTIFICATES**

If the Rights Offer is accepted, then the share certificate for the Rights Offer Shares to be subscribed for will be posted, on or about Thursday, 11 August 2016, to the Qualifying Certificated Shareholder's address as shown in the Register at such Certificated Shareholder's risk or, if an alternate address is given in the "Postal instructions" on page 3 of this Form of Instruction, to such address by registered post.

As Ascendis uses the "certified transfer deeds and other temporary documents of title procedure approved by the JSE", "block" certificates will be issued in respect of Rights Offer Shares.

6. **EXCHANGE CONTROL REGULATIONS**

6.1 The following summary is intended only as a guide and is, therefore, not comprehensive. If you are in any doubt as to the appropriate course of action, please consult your professional advisor. Please also see paragraph 10 of the Rights Offer Circular.

6.2 In terms of the Exchange Control Regulations governing the Rights Offer, a "non-resident" endorsement has been applied to Letters of Allocation issued to Qualifying Shareholders who are non-residents of the Common Monetary Area.

6.3 In terms of the Exchange Control Regulations non-residents who are not former residents may:

6.3.1 take up the Rights in terms of the Rights Offer;

6.3.2 purchase Letters of Allocation on the JSE; and/or

6.3.3 subscribe for the Rights Offer Shares in terms of the Rights Offer,

provided payment is received through normal banking channels or from a non-resident account.

Share certificates issued pursuant to the application must be endorsed "non-resident". All applications by non-residents of the Common Monetary Area for the above purposes must be made through an authorised dealer in foreign exchange.

6.4 Where Rights are sold on the JSE on behalf of Qualifying Shareholders who are non-residents of the Common Monetary Area, the proceeds of such sales are freely remittable through an authorised dealer in foreign exchange.

6.5 Where Rights in terms of the Rights Offer fall due to an emigrant of the Common Monetary Area ("emigrant"), which Rights are based on an investment which is blocked in terms of the Exchange Control Regulations, then blocked funds may be used to:

6.5.1 take up the Rights allocated to such emigrant in terms of the Rights Offer;

6.5.2 purchase Letters of Allocation on the JSE; and/or

6.5.3 subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the JSE.

6.6 All applications by emigrants using blocked Rand for the above purposes must be made through the South African authorised dealer controlling their blocked assets. Ascendis share certificates issued pursuant to blocked Rand transactions must be endorsed "non-resident" and placed under the control of the authorised dealer through whom the payment was made.

6.7 Where Rights are sold on the JSE on behalf of Qualifying Shareholders or Renouncees who are emigrants, which Rights are based on an investment which is blocked in terms of the Exchange Control Regulations, the proceeds of such sales will be credited to their respective blocked Rand accounts.

7. **NON-RESIDENT SHAREHOLDERS**

7.1 The attention of Qualifying Shareholders resident outside the Common Monetary Area is drawn to paragraph 11 of the Rights Offer Circular. It is the responsibility of all such persons (including without limitation, nominees and trustees) wishing to accept the Rights Offer to satisfy themselves of the full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes in connection therewith due in such territory. Those persons should consult their professional advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Rights.

7.2 The Letters of Allocation and the Rights Offer Shares have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United States.

No public offer of, or public invitation to apply for, nor public offer of, or a public invitation to acquire, any Letters of Allocation or Rights Offer Shares is or will be made in the United States or the Excluded Jurisdictions (as defined in the Circular). The Letters of Allocation and the Rights Offer Shares have not been approved or disapproved by the US Securities and Exchange Commission or any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Letters of Allocation or Rights Offer Shares or the accuracy or adequacy of the Circular. Any representation to the contrary is a criminal offence in the United States.

7.3 The Forms of Instruction will not intentionally be sent into any jurisdiction in which such offer or solicitation is unlawful. Subject to certain limited exceptions, neither this Form of Instruction nor the Circular will be distributed in or into the United States or any of the Excluded Jurisdictions. Except as otherwise provided in the Circular, and this Form of Instruction, the Letters of Allocation and the Rights Offer Shares may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, in or from any Excluded Jurisdiction and no offer of the Letters of Allocation or the Rights Offer Shares is being made by way of the Circular in or into the Excluded Jurisdictions.

7.4 Receipt of this Form of Instruction and/or the crediting of Letters of Allocation to a CSDP or Broker account in Strate will not constitute an offer. The only offer will be contained in the Circular and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Form of Instruction and/or the Circular must be treated as sent for information only and should not be copied or redistributed. No person receiving a copy of this Form of Instruction and/ or the Circular and/or receiving a credit of Letters of Allocation to a CSDP or Broker account in Strate in any territory other than the Common Monetary Area may treat the same as constituting an invitation or offer to such person, nor should that person in any event use this Form of Instruction or deal with the Letters of Allocation unless, in the relevant territory, such an invitation or offer could lawfully be made to him or this Form of Instruction could lawfully be dealt with without contravention of any registration or other legal requirements. In such circumstances, this Form of Instruction and/or the Circular are to be treated as sent for information only and should not be copied or redistributed.

The Rights Offer is being made to shareholders in the Member States of the European Economic Area under the exemption available when fewer than 100 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive) eligible to participate are in such Member State.

8. **REPRESENTATIONS AND WARRANTIES**

8.1 Any person accepting the offer contained in the Circular by taking up the Rights to Rights Offer Shares represented by a Form of Instruction represents and warrants to the Company and the Underwriters that such investor letter has been accepted by the Company in writing and such investor has indicated this in Box (a) appearing in the table on page 3 of this Form of Instruction:

8.1.1 such person is not accepting their Rights from within the United States or the Excluded Jurisdictions;

8.1.2 such person is not in any jurisdiction in which it is unlawful to make or accept an offer to subscribe for Rights Offer Shares or transfer the Letters of Allocation;

8.1.3 such person is not accepting for the account of a person located within the United States unless (i) the instruction to accept was received from a person outside the United States and (ii) the instructing person has advised such person that it has the authority to give such instruction and that either it (x) has investment discretion or authority over such account or (y) otherwise is acquiring the Rights Offer Shares in an offshore transaction within the meaning of Regulation S under the US Securities Act; and

8.1.4 such person is not acquiring Rights Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Rights Offer Shares into the United States or the Excluded Jurisdictions.

8.2 The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Offer Shares comprised in the Form of Instruction if it:

8.2.1 appears to the Company to have been executed in or dispatched from the United States or the Excluded Jurisdictions or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it believes the same may violate any applicable legal or regulatory requirement;

8.2.2 provides an address in the United States or the Excluded Jurisdictions for delivery of definitive share certificates for Rights Offer Shares (or any jurisdiction outside South Africa in which it would be unlawful to deliver such certificates); or

8.2.3 purports to exclude the warranty required by this paragraph.

9. **JSE LISTINGS**

The Issuer Services Division of the JSE has approved the listing of (i) the Letters of Allocation in respect of all of the 54 545 454 Rights Offer Shares with effect from 09:00 (SAST) on Wednesday, 20 July 2016 to the close of trade (SAST) on Monday, 1 August 2016, both days inclusive and (ii) 54 545 454 Rights Offer Shares with effect from 09:00 (SAST) on Tuesday, 2 August 2016.

FORM A: INSTRUCTION TO SELL LETTERS OF ALLOCATION

(To be completed and signed by the Qualifying Certificated Shareholder named in Block **(1)** on page 1 of this Form of Instruction if Letters of Allocation are to be sold)

To Computershare Investor Services Proprietary Limited

I/We hereby instruct Computershare Investor Services Proprietary Limited to pay the proceeds, if any, of the sale of the Rights allocated to me/us in terms of this form of instruction (less R154.48 (inclusive of VAT) for trades of less than or equal to R40 000 and R154.48. (inclusive of VAT) plus 0.35% of the value of trades plus VAT for amounts greater than R40 000).

Signed (signatures(s) of person(s) selling. All joint holders must sign.)

Stamp and endorsement of selling Broker (if any)

Date 2016

Assisted by me (where applicable) 2016

Payment Instructions:
Tick appropriate box
USE BLOCK LETTERS

☐ 1. By electronic funds transfer to the following bank account (include certified copy of identity document and stamped original bank statement):

Name of bank	Name of account holder
Account number	Type of account
Branch code	Branch name

OR

☐ 2. By cheque, which should be posted at my/our own risk to the following address:

Please Note: Money received in respect of an application which is rejected or otherwise treated as void by Ascendis, or which is otherwise not validly received in accordance with the terms stipulated in this paragraph, will be refunded (without interest) by way of an EFT in Rand to the applicant concerned on or about Thursday, 11 August 2016. If Ascendis is not able to effect the refund by EFT for any reason whatsoever, then the relevant refund will be held by Ascendis until collected by the applicant. No interest in respect of such refund will be paid by Ascendis.

FORM B: FORM OF RENUNCIATION

(To be completed and signed by the the Qualifying Certificated Shareholder named in Block (1) on page 1 of this Form of Instruction if Letters of Allocation are to be renounced)

To the Directors

Ascendis Health Limited

I/We hereby renounce ☐ (insert number) Letters of Allocation issued to me/us, in favour of the person(s) completing Form C of this Form of Instruction.

Signed (signatures(s) of person(s) selling. All joint holders must sign.)

Stamp and endorsement of selling Broker (if any)

Date 2016

Assisted by me (where applicable) 2016

(Note: Renouncees must attach a certified copy of their identification document to the Form of Instruction, if this Part B and Part C of the Form of Instruction has been completed)

FORM C: REGISTRATION APPLICATION FORM (To be accompanied by a cheque or banker's draft)

(To be completed by the renouncee to whom the Rights Offer Shares are to be issued.) This Form of Instruction will not be negotiable once this Form C is completed.

To the Directors

Ascendis Health Limited

I/We hereby:

(a) exercise the Rights conferred by the number of Letters of Allocation renounced in my/our favour in terms of Form B above or if no number of Letters of Allocation is specified in Form B above, the number of Letters of Allocation reflected in Block (3) on page 1 of this Form of Instruction;

(b) authorise you to procure the issue of the relevant number of Rights Offer Shares (pursuant to my/our exercise of Rights in terms of (a) above) in my/our own name(s) upon the terms and subject to the conditions set out in the Circular, as read with this Form of Instruction;

(c) authorise the Transfer Secretaries to place my/our names on the register in respect of the Rights Offer Shares to be issued to me/us (as referred to in (b) above); and

(d) authorise Ascendis Health Limited and/or the Transfer Secretaries to post the share certificate evidencing the Rights Offer Shares issued to me/us (as referred to in (c) above) to be posted to me/us by registered post, at my/our own risk, to the address set out below.

Stamp and endorsement of selling Broker (if any)

USE BLOCK LETTERS

Surname(s) or name of Company

Mr/Mrs/Ms

First names in full

Postal address (preferably PO Box)

Telephone number (office hours) (   )   Cell phone number: (   )

Signed:

(Signature(s) of person(s) subscribing for Rights Offer Shares. All joint applicants must sign.)   Date:

Assisted by (where applicable)   Telephone number (office hours) (   )

FORM D: POSTAL INSTRUCTIONS

Share certificates in respect of Rights Offer Shares should be posted at my/our risk, to the following address:
(BLOCK LETTERS)

Postal code

(If no specific instructions are given here, the Ascendis Health Limited share certificate will be posted to the address reflected in Block (1) on page 1 of this Form of Instruction or, if Form C has been completed, the address provided in therein.)

Signed:

Date:

Tick this box if you wish to collect the Share certificate in respect of the Rights Offer Shares from the Transfer Secretaries ☐

FORM E: ELECTION RELATING TO THE ISSUE OF RIGHTS OFFER SHARES

In order to comply with recent legislative changes, the Rights Offer Shares may only be issued in Dematerialised form.

All Qualifying Shareholders holding Certificated Shares or renouncee(s) who wish to follow their rights in terms of the Rights Offer should kindly complete the section below dealing with the issue of the Rights Offer shares.

1. Please tick this box if you have an account with a Broker or CSDP and wish such account to be credited with the Rights Offer Shares which have been allocated to or renounced to you, and insert the details of such account below:

Name of account holder:

Name of Broker:

Name of CSDP:

Account number of Broker:

Account number of CSDP:

Telephone number of Broker/CSDP:

SCA number of Broker/CSDP:

Please note: The information provided above must be stamped and signed by your CSDP or Broker.

Please note: Should the account details provided by you above be incorrect or incomplete, it will not be possible to credit such account with the Rights Offer Shares, in which case you will be issued with a statement of allocation, confirming the number of Rights Offer Shares due to you. The statement of allocation will be posted to you at your risk.

2. Please tick this box **if you do not have an account with a Broker or CSDP**, but wish to receive the Rights Offer Shares in Dematerialised form and not in certificated form. It will be necessary for you to appoint a Broker or CSDP before the Rights Offer Shares to which you are entitled can be credited to your Broker or CSDP account. In the meantime, you will be issued with a statement of allocation, confirming the number of Rights Offer Shares due to you. The statement of allocation will be posted to you at your risk.
3. Please tick this box **if you do NOT wish to receive the Rights Offer Shares to which you are entitled in Dematerialised form** and instead wish to "rematerialise" the Dematerialised Rights Offer Shares due to you and replace these with a **physical Document of Title** (share certificate). The Document of Title (share certificate) for the Rights Offer Shares will be posted to you at your risk.

THIS FORM MUST BE COMPLETED IN ITS ENTIRETY AND RETURNED TO THE TRANSFER SECRETARIES:

By hand to:
Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg 2001
South Africa

Postal deliveries to:
Computershare Investor Services Proprietary Limited
PO Box 61763
Marshalltown 2107
South Africa

Name and address of Ascendis Shareholder	**Serial number**
(1)	Enquiries in connection with this Form of Instruction should be made to Computershare Investor Services Proprietary Limited quoting this serial number:

Number of Ascendis Shares deemed to be held at the close of business on Friday, 22 July 2016	Number or Rights Offer shares to which you are entitled based on your deemed holding as at Record Date	Amount payable at the cost of R22.00 per Rights Offer Share
(2)	(3)	R (4)

Acceptance of rights	Number of Rights Offer Shares subscribed for	Amount due at the cost of R22.00 per Rights Offer Share
(to be completed by the applicant)	(5)	R (6)

Application for excess Rights Offer Shares	Number of excess shares for which you are subscribing	Amount payable for excess shares at the cost of R22.00 per Rights Offer Share
(To be completed by applicants wishing to apply for excess Rights Offers Shares)	(7)	R (8)

Please note the same or lesser number of Rights Offer Shares as the number mentioned in Block (3) above may be accepted	Total amount of cheque/bankers draft/EFT
	R (9)

Shareholders are asked to please complete all relevant pages of the attached Form of Instruction between pages 3 and 4, as is applicable.