

**Ascendis Financial Services Limited**  
(Registration number 2012/021393/06)

Annual Financial Statements  
for the year ended 30 June 2015

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## **General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Financial services and related activities
<b>Directors</b>	Dr KUHH Wellner B Harie P van Niekerk
<b>Registered office</b>	22 Sloane Street Bryanston Gauteng 2191
<b>Holding company</b>	Ascendis Health Limited Incorporated in South Africa
<b>Auditor</b>	PricewaterhouseCoopers Incorporated Registered Auditor
<b>Secretary</b>	A Sims
<b>Company registration number</b>	2012/021393/06  (Converted to a public company on the 19 August 2014 with registration number 2012/021393/06)
<b>Tax reference number</b>	9258/245/18/3
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
<b>Preparer</b>	The annual financial statements were independently compiled by: JC van Schalkwyk CA (SA)
<b>Issued</b>	30 September 2015

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The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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## **Directors' Responsibilities and Approval**

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The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

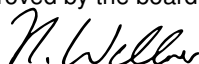
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

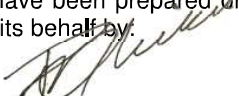
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 36, which have been prepared on the going concern basis, were approved by the board on 30 September 2015 and were signed on its behalf by:

  
\_\_\_\_\_  
**Dr KUHH Wellner**  
Director

  
\_\_\_\_\_  
**P van Niekerk**  
Director

**Bryanston**  
**30 September 2015**



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ASCENDIS FINANCIAL SERVICES LIMITED**

We have audited the financial statements of Ascendis Financial Services Limited set out on pages 9 to 36, which comprise the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity 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 company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 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 and fair presentation 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.

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Chief Executive Officer: T D Shango  
Management Committee: T P Blandin de Chalain, S N Madikane, P J Mothibe, C Richardson, A R Tilakdari, F Tonelli, C Volschenk  
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174682



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 present fairly, in all material respects, the financial position of Ascendis Financial Services Limited as at 30 June 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

*Other reports required by the Companies Act*

As part of our audit of the financial statements for the year ended 30 June 2015, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

*PricewaterhouseCoopers Inc.*  
PricewaterhouseCoopers Inc.

Director: Louis Rossouw

Registered Auditor

30 September 2015

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## Directors' Report

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The directors have pleasure in submitting their report on the annual financial statements of Ascendis Financial Services Limited for the year ended 30 June 2015.

### 1. Nature of business

Ascendis Financial Services Limited was incorporated in South Africa with interests in the financial services sector. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

### 2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

### 3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

### 4. Dividends

Given the current state of the global economic environment, the board believes that it would be more appropriate for the company to conserve cash and maintain adequate debt headroom to ensure that the company is best placed to withstand any prolonged adverse economic conditions. Therefore the board has resolved not to declare a dividend for the financial year ended 30 June 2015.

### 5. Insurance and risk management

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control programme, which is carried out in conjunction with the company's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

### 6. Directorate

The directors in office at the date of this report are as follows:

<b>Directors</b>	<b>Designation</b>	<b>Date of appointment or resignation</b>
Dr KUHH Wellner	Executive	Appointed 30 July 2014
B Harie	Non-executive Independent	Appointed 30 July 2014
P van Niekerk	Executive	Appointed 11 May 2015
RJ Taylor	Executive	Resigned 11 May 2015

Mr RJ Taylor resigned as the Chief Financial Officer on 11 May 2015. The directors expressed their sincere appreciation to the outgoing director for his contributions during his period of office.

### 7. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

### 8. Holding company

The company's holding company is Ascendis Health Limited which holds 100% (2014: 100%) of the company's equity. Ascendis Health Limited is incorporated in South Africa.

## **Directors' Report**

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### **9. Borrowing powers**

In terms of the Memorandum of Incorporation, the borrowing powers of the company are unlimited. However all borrowings by the company are subject to board approval as required by the board delegation of authority.

### **10. Special resolutions**

The following special resolutions were approved at the AGM held on 13 November 2014:

#### **Approval of financial assistance in terms of section 44 of the Companies Act**

In terms of section 44 of the Companies Act of 2008, to authorise the company to provide financial assistance by means of a loan, guarantee, the provision of security or otherwise, to any person, for the purpose of , or in connection with, the subscription of any options or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, subject to the provisions of section 44 of the Companies Act of 2008, as amended.

#### **Approval of financial assistance in terms of section 45 of the Companies Act**

In terms of section 45 of the Companies Act of 2008, to authorise the company to provide direct or indirect financial assistance to a director or prescribed officer of the company or of a related or inter-related company.

### **11. Events after the reporting period**

On 1 July 2015 additional Senior Secured notes of R 125 million were issued under the Domestic Medium Term Note Programme ("DMTN"). R 62,5 million was used to reduce the existing Term Debt as was required in terms of the existing Term Facility Agreement.

In addition, new Term Facilities of R 200 million were raised on 14 August 2015 from Nedbank to fund bolt-on acquisitions and deferred vendor liabilities and additional working capital facilities of R 50 million were raised from Standard Bank for ongoing working capital needs.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

### **12. Going concern**

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

### **13. Litigation statement**

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

### **14. Auditors**

PricewaterhouseCoopers Incorporated continued in office as auditors for the company for 2015.

At the AGM, the shareholders will be requested to reappoint PricewaterhouseCoopers Incorporated as the independent external auditors of the company and to confirm Mr L. Rossouw as the designated lead audit partner for the 2016 financial year.

### **15. Secretary**

The company secretary is Mr A Sims CA (SA).

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## **Directors' Report**

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**16. Date of authorisation for issue of financial statements**

The annual financial statements have been authorised for issue by the directors on 30 September 2015. No authority was given to anyone to amend the annual financial statements after the date of issue.

**17. Liquidity and solvency**

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008.

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**Statement of Financial Position as at 30 June 2015**

	Note(s)	2015 R	2014 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Derivative financial instruments	4	4 335 124	-
<b>Current Assets</b>			
Loans to group companies	3	1 541 548 482	795 391 850
Trade and other receivables	5	18 000	37 635
Current tax receivable		-	53 171
Derivative financial instruments	4	3 129 608	-
Cash and cash equivalents	6	5 156 228	13 431
		<b>1 549 852 318</b>	<b>795 496 087</b>
<b>Total Assets</b>		<b>1 554 187 442</b>	<b>795 496 087</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	8	120	120
Reserves		(949 002)	-
Retained income		1 036 224	635 640
		<b>87 342</b>	<b>635 760</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Derivative financial instruments	4	4 890 145	-
Other financial liabilities	9	771 479 326	300 000 000
		<b>776 369 471</b>	<b>300 000 000</b>
<b>Current Liabilities</b>			
Derivative financial instruments	4	3 530 288	-
Loans from group companies	3	737 038 407	303 190 594
Other financial liabilities	9	36 287 409	191 669 733
Current tax payable		873 887	-
Trade and other payables		638	-
		<b>777 730 629</b>	<b>494 860 327</b>
<b>Total Liabilities</b>		<b>1 554 100 100</b>	<b>794 860 327</b>
<b>Total Equity and Liabilities</b>		<b>1 554 187 442</b>	<b>795 496 087</b>

The accounting policies on pages 13 to 18 and the notes on pages 19 to 36 form an integral part of the annual financial statements.

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**Statement of Profit or Loss and Other Comprehensive Income**

	Note(s)	2015 R	2014 R
Interest income	11	89 900 747	43 942 274
Interest expense	12	(81 244 728)	(43 053 674)
<b>Net interest</b>		<b>8 656 019</b>	<b>888 600</b>
Operating expenses		(7 187 214)	(3 995)
<b>Operating profit (loss)</b>		<b>1 468 805</b>	<b>884 605</b>
<b>Profit (loss) before taxation</b>		<b>1 468 805</b>	<b>884 605</b>
Taxation	13	(1 068 221)	(247 194)
<b>Profit (loss) for the year</b>		<b>400 584</b>	<b>637 411</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified to profit or loss:</b>			
Effects of cash flow hedges		(949 002)	-
<b>Other comprehensive income for the year net of taxation</b>		<b>(949 002)</b>	<b>-</b>
<b>Total comprehensive (loss) income for the year</b>		<b>(548 418)</b>	<b>637 411</b>

The accounting policies on pages 13 to 18 and the notes on pages 19 to 36 form an integral part of the annual financial statements.

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## Statement of Changes in Equity

	Share capital R	Hedging reserve R	Retained income R	Total equity R
<b>Balance at 01 July 2013</b>	<b>120</b>	-	<b>(1 771)</b>	<b>(1 651)</b>
Profit for the year	-	-	637 411	637 411
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>637 411</b>	<b>637 411</b>
<b>Balance at 01 July 2014</b>	<b>120</b>	-	<b>635 640</b>	<b>635 760</b>
Profit for the year	-	-	400 584	400 584
Other comprehensive income	-	(949 002)	-	(949 002)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(949 002)</b>	<b>400 584</b>	<b>(548 418)</b>
<b>Balance at 30 June 2015</b>	<b>120</b>	<b>(949 002)</b>	<b>1 036 224</b>	<b>87 342</b>

Note(s)

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The accounting policies on pages 13 to 18 and the notes on pages 19 to 36 form an integral part of the annual financial statements.

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## Statement of Cash Flows

	Note(s)	2015 R	2014 R
<b>Cash flows from operating activities</b>			
Cash (used in) generated from operations	15	1 495 776	846 970
Tax paid	16	(141 163)	(300 365)
<b>Net cash from operating activities</b>		<b>1 354 613</b>	<b>546 605</b>
<b>Cash flows from investing activities</b>			
Loans advanced to group companies		(746 156 632)	(795 391 850)
Proceeds from loans from group companies		433 847 814	303 188 558
<b>Net cash from investing activities</b>		<b>(312 308 818)</b>	<b>(492 203 292)</b>
<b>Cash flows from financing activities</b>			
Proceeds from other financial liabilities		850 000 000	491 669 733
Repayment of other financial liabilities		(533 902 998)	-
<b>Net cash from financing activities</b>		<b>316 097 002</b>	<b>491 669 733</b>
<b>Total cash and cash equivalents movement for the year</b>		<b>5 142 797</b>	<b>13 046</b>
Cash and cash equivalents at the beginning of the year		13 431	385
<b>Total cash and cash equivalents at end of the year</b>	6	<b>5 156 228</b>	<b>13 431</b>

The accounting policies on pages 13 to 18 and the notes on pages 19 to 36 form an integral part of the annual financial statements.

## **Accounting Policies**

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### **1. Presentation of annual financial statements**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. International Financial Reporting Standards, International Accounting Standards and Interpretations originated by International Financial Reporting Interpretations Committee (IFRS IC) or the former Standing Interpretations Committee (SIC). The standards referred to are set by the International Accounting Standards Board (IASB).

The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value. The annual financial statements incorporate the principal accounting policies set out below which have been consistently applied in comparison to the prior year.

The annual financial statements are presented in South African Rands.

#### **Underlying concepts**

The annual financial statements are prepared on the going concern basis using the accrual accounting.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or realise the asset and settle the liability simultaneously.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standards. If no such guidance is given, they are applied retrospectively, unless it is impractical to do so, in which case they are applied prospectively. Changes in accounting estimates are recognised in profit or loss. Prior period errors are retrospectively restated unless it is impractical to do so, in which case they are applied prospectively.

#### **Recognition of assets and liabilities**

Assets are only recognised if they meet the definition of an asset, it is probable that future economic benefits associated with the asset will flow to the company and the cost or fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, it is probable that future economic benefits associated with the liability will flow from the company and the cost or fair value can be reliably measured.

Financial instruments are recognised when the company becomes a party to the contractual provisions of the instruments.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial instruments and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract. Regular way purchase and sales are recognised using trade date accounting.

#### **1.1 Significant judgements and sources of estimation uncertainty**

In the preparation of the annual financial statements, in conformity with IFRS, management is required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

## Accounting Policies

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### 1.1 Significant judgements and sources of estimation uncertainty (continued)

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 in, 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.

Significant judgements include:

#### **Trade receivables and Loans and receivables**

The company assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on an individual basis, based on payment history, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the individual receivable.

The following factors are taken in account whether a debtor is impaired;

- default of payments;
- history of the specific customer with the group
- indications of financial difficulties of the specific customer
- industry-specific economic conditions
- credit terms specific to the customer; and
- general economic conditions

#### **Taxation**

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many 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.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

### 1.2 Financial instruments

#### **Classification**

The company classifies financial assets and financial liabilities into the following categories:

- Financial assets measured at amortised cost
- Derivatives used for hedging
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

## **Accounting Policies**

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### **1.2 Financial instruments (continued)**

#### ***Initial recognition and measurement***

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

Financial instruments are initially measured at fair value. This includes transaction costs, except for financial instruments which are measured at fair value through profit or loss.

The fair value of loans obtained with a guarantee from the Ascendis Health group is the face value of the proceeds received.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

#### ***Subsequent measurement***

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### ***Derecognition***

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

#### ***Impairment of financial assets***

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

#### ***Loans to (from) group companies***

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

## **Accounting Policies**

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### **1.2 Financial instruments (continued)**

#### ***Trade and other 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable 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.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

#### ***Trade and other payables***

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and demand 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. These are initially and subsequently recorded at fair value.

#### ***Bank overdraft and other financial liabilities***

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

### **1.3 Tax**

#### ***Current tax assets and liabilities***

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

## Accounting Policies

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### 1.3 Tax (continued)

#### *Deferred tax assets and liabilities*

A deferred tax liability is recognised for all temporary differences, at enacted or substantially enacted rates of taxation at the statement of financial position date, except differences relating to goodwill, initial recognition of an asset or liability which affect neither accounting nor taxable profit losses and investments in subsidiaries and joint ventures where the group controls the timing of the reversal of the temporary differences and its probable that these differences will not reverse in the foreseeable future. In respect of temporary differences arising on fair value adjustments on investment properties, deferred taxation is provided at the use rate if the property is considered to be a long term strategic investment or at the capital gains effective rate if recovery is unanticipated to be mainly through disposal.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### *Tax expenses*

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

### 1.4 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

#### **Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets to the holder. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business reduce the proceeds from the equity issue.

## **Accounting Policies**

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### **1.5 Derivative financial instruments**

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivative financial instruments are designated as either:

(a) Fair value hedges

Changes in the fair value of the derivative are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability attributable to the hedged risk. If a hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying of the hedged item for which the effective interest method is used is amortised to profit and loss over the period to maturity.

(b) Cash flow hedges

The effective portion of changes in the fair value is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. When a hedging instrument expires, or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

The company documents at inception of the transaction, the relationship between hedging instruments and hedged items, as well as the risk management objectives and strategy for undertaking various hedging transactions. The company documents its assessment at the inception of the hedge, as well as on an ongoing basis, of whether the derivatives are highly effective in offsetting changes in the fair values or cash flows of the hedged items.

The valuation of derivative financial instruments is based on the market situation at year-end. The net market value of all forward exchange contracts at year-end was calculated by comparing the forward exchange contracted rates to the equivalent year-end market foreign exchange rates. The present value of these net market values was then discounted using the appropriate currency specific discount curve. The fair value of publicly traded derivatives is based on quoted market prices at year-end. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. The value of these derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from the value at which they are reflected on the statement of financial position.

### **1.6 Revenue**

Interest is recognised, in profit or loss, with reference to the principal outstanding and the interest applicable to the loan outstanding using the effective interest rate method.

## **Notes to the Annual Financial Statements**

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### **2. New Standards and Interpretations**

#### **2.1 Standards and interpretations effective and adopted in the current year**

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

##### **Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting - effective 1 January 2014**

The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in IFRS 9, 'Financial Instruments'.

##### **IFRIC 21 Levies - effective 1 January 2014**

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses diversity in practice around when the liability to pay a levy is recognised.

##### **Amendments to IAS 32 – 'Financial Instruments: Presentation' on financial instruments asset and liability offsetting - effective 1 January 2014**

The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.

##### **IASB issues narrow-scope amendments to IAS 36, 'Impairment of assets' - effective 1 January 2014**

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.

##### **IFRS 1, 'First-time adoption of International Financial Reporting Standards' - effective 1 July 2014**

The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.

##### **Amendment to IAS 19 regarding defined benefit plan - effective 1 July 2014**

These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

##### **Amendment to IFRS 2, 'Share based payment' - effective 1 July 2014**

The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

##### **Amendment to IFRS 13, 'Fair value measurement' - effective 1 July 2014**

When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

## **Notes to the Annual Financial Statements**

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### **2. New Standards and Interpretations (continued)**

#### **IAS 24, 'Related party disclosures' - effective 1 July 2014**

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

None of the above amendments had a material effect on the financial statements for the year ended 30 June 2015.

### **2.2 Standards and interpretations not yet effective**

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 July 2015 or later periods but are not yet effective:

#### **IFRS 7 – 'Financial Instruments: Disclosures' - effective 1 January 2016**

Servicing contracts - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

#### **IAS 19 – 'Employee Benefits' - effective 1 January 2016**

Discount rate: regional market issue - The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

#### **Amendment to IFRS 9 - 'Financial instruments', on general hedge accounting - effective 1 January 2018**

The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Early adoption of the above requirements has specific transitional rules that need to be followed.

Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement (C&M) requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting). The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.

#### **IFRS 9 – Financial Instruments (2009 & 2010) - effective 1 January 2018**

This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

None of the above amendments will have a material effect on the financial statements for the year ended 30 June 2015.

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	2015 R	2014 R
<b>3. Loans to (from) group companies</b>		
<b>Holding companies</b>		
Coast2Coast Investments Proprietary Limited	64 008 970	102 794 985
Ascendis Health Limited	(598 048 420)	(247 318 879)
	<b>(534 039 450)</b>	<b>(144 523 894)</b>
<b>Coast2Coast Investments Proprietary Limited</b>		
The loan is unsecured and bears interest at 18% per year. The loan has no fixed terms of repayment.		
<b>Ascendis Health Limited</b>		
The loan is unsecured and bears no interest. The loan has no fixed terms of repayment.		
Ascendis Health Limited has subordinated its right to claim or accept payment of the loan until the company's assets, fairly valued, exceeds the liabilities.		
<b>Fellow subsidiaries</b>		
Loans to fellow subsidiaries	1 477 539 512	692 596 865
Loans from fellow subsidiaries	(138 989 987)	(55 871 715)
	<b>1 338 549 525</b>	<b>636 725 150</b>
The loans have no fixed terms of repayment.		
Refer to note 17 <i>Related parties</i> for more detail regarding loans to and from group companies.		
Current assets	1 541 548 482	795 391 850
Current liabilities	(737 038 407)	(303 190 594)
	<b>804 510 075</b>	<b>492 201 256</b>
<b>Credit quality of loans to group companies</b>		
The credit quality of loans to/(from) group companies has been assessed with reference to a review of the net asset value and future profits forecast (if applicable) of the companies and management assessment of the ability of the companies to repay.		
All counter parties (in the Ascendis group) credit ratings were assessed as high by management.		
The maximum exposure to credit risk at the reporting date is the carrying value of the each loan mentioned above. The company does not hold any collateral as security.		
<b>Fair value of loans to and from group companies</b>		
Loans to group companies	1 541 548 482	795 391 850
Loans from group companies	(737 038 407)	(303 190 594)
The fair value of the loans is assessed as the face value of the amount receivable or repayable on demand (shown as current assets or current liabilities being the same as the carrying value).		

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	2015 R	2014 R
<b>3. Loans to (from) group companies (continued)</b>		
<b>Currencies</b>		
The carrying amount of loans to and from group companies are denominated in the following currencies:		
Rand	804 510 075	492 201 256
<b>4. Derivative financial instruments and hedging information</b>		
The following information relates to derivative financial instruments:		
Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.		
The floating rate is the hedged item, and the fixed interest rate, the hedging instrument. The hedging relationship was effective throughout the period.		
This interest rate swap will be in effect until June 2017. During the year, a loss on the hedging instrument was recognised in other comprehensive income, which amounted to R 949 002.		
If the floating rate was increased with 1%, an amount of R 783 053 would be credited to other comprehensive income, and recognised as interest expense during the year.		
<b>Interest rate swaps - cash flow hedge</b>		
In October 2014, the Risk Management Committee decided to hedge 33,3% of the bond notes, and entered into three interest rate swaps of R 50,000,000, each with a different bank.		
The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2015 were R150 000 000 (2014: R -).		
At 30 June 2015, the fixed interest rates vary from 6,98% (2014: -%) and the main floating rate is JIBAR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 30 June 2015 will be continuously released to the statement of comprehensive income within finance cost until the repayment of the bank borrowings.		
	<b>2015</b>	<b>2014</b>
<b>Derivative financial instruments</b>	<b>Assets</b>	<b>Liabilities</b>
Interest rate swap - cash flow hedge	7 464 732	8 420 433
Less: non-current portion	(4 335 124)	(4 890 145)
<b>Current portion</b>	<b>3 129 608</b>	<b>3 530 288</b>
	<b>Assets</b>	<b>Liabilities</b>
	-	-
	-	-
	-	-
	-	-
<b>5. Trade and other receivables</b>		
Other receivables	18 000	37 635

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	2015 R	2014 R
<b>5. Trade and other receivables (continued)</b>		
<b>Fair value of trade and other receivables</b>		
Trade and other receivables are carried at amortised cost, with the fair value being approximated by such carrying value.		
The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable listed above. The company does not hold any collateral as security.		
<b>Currencies</b>		
The carrying amount of trade and other receivables are denominated in the following currencies:		
Rand	18 000	37 635
<b>6. Cash and cash equivalents</b>		
Bank balances	5 156 228	13 431
<b>Credit quality of cash at bank and short term deposits, excluding cash on hand</b>		
The credit quality of cash and cash equivalents, excluding cash on hand, that are neither past due nor impaired can be assessed by the high credit rating of the company's bankers.		
The group has policies that limit the amount of credit exposure to any financial institution.		
The rating below was obtained from Moody's.		
<b>Concentration of credit risk</b>	<b>Rating</b>	
Cash and cash equivalents	Baa1	
<b>Total cash and cash equivalents</b>	<b>5 156 228</b>	<b>13 431</b>

### 7. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

#### 2015

	Financial assets at amortised cost	Derivatives used for hedging	Total
Loans to group companies	1 541 548 482	-	1 541 548 482
Trade and other receivables	18 000	-	18 000
Cash and cash equivalents	5 156 228	-	5 156 228
Derivative financial instruments	-	7 464 733	7 464 733
	<b>1 546 722 710</b>	<b>7 464 733</b>	<b>1 554 187 443</b>

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	<b>2015</b>	<b>2014</b>
	<b>R</b>	<b>R</b>
<b>7. Financial assets by category (continued)</b>		
<b>2014</b>		
	<b>Financial assets at amortised cost</b>	<b>Derivatives used for hedging</b>
	<b>Total</b>	
Loans to group companies	795 391 850	-
Trade and other receivables	37 635	-
Cash and cash equivalents	13 431	-
<b>795 442 916</b>	<b>795 442 916</b>	<b>13 431</b>
<b>8. Share capital</b>		
<b>Authorised</b>		
1,000 Ordinary shares of no par value	1 000	1 000
<b>Issued</b>		
Ordinary	120	120
<b>9. Other financial liabilities</b>		
<b>Held at amortised cost</b>		
Standard Bank Limited	-	450 000 000
Stavros Vizirgianakis	-	41 669 733
Bond notes - DMTN Programme (1)	400 121 185	-
Bond registration costs (2)	(12 853 950)	-
	-	-
<b>Term loans:</b>		
The Standard Bank of South Africa Limited	56 833 167	-
First National Bank Limited	56 833 167	-
Nedbank	56 833 167	-
	-	-
<b>Revolving credit facility:</b>		
Terms and conditions		
The Standard Bank of South Africa Limited	83 333 333	-
First National Bank Limited	83 333 333	-
Nedbank	83 333 333	-
	<b>807 766 735</b>	<b>491 669 733</b>

(1) The combined debt of R 491 669 733 in the prior year was refinanced by the debt refinance program as described below:

Ascendis Financial Services registered a R 2 billion bond programme on the JSE. Ascendis has successfully concluded a R 1,06 billion debt refinance programme involving several domestic banks and primary debt capital market investors. The debt refinance includes a Term Facility, Revolving Credit Facility ("RCF"), general banking facilities and a trade finance facility ("Debt Facilities") as well as a debut issue by Ascendis Financial Services Limited under a Domestic Medium Term Note Programme ("DMTN Programme") (collectively the "Debt Package").

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2015	2014
R	R

### 9. Other financial liabilities (continued)

The institutional support for the Debt Package is demonstrated through the participation of a number of key South African financial institutions and primary debt capital market investors including Standard Bank and Nedbank Group Limited ("Nedbank") as mandated lead arrangers for the Term Debt and RCF, FirstRand Bank Limited ("FNB") as participant to the Term Debt and RCF, Futuregrowth Asset Management Proprietary Limited ("Futuregrowth") and Sanlam Limited ("Sanlam") (collectively, the "Finance Partners").

The Finance Partners have jointly agreed to participate in the Debt Package in the following capacities:

- **DMTN Programme:**

Futuregrowth and Sanlam have initially subscribed for R 400 million of secured, listed notes ("Notes"). The Notes are senior, secured, unrated and unlisted notes, ranking parri passu within the Debt Package. The tenor of the Notes is 5 years and the capital payment structure is a bullet settlement at the redemption date, being September 2019. Interest is payable quarterly at JIBAR plus 4,95%.

- **Debt Facilities:**

Standard Bank, Nedbank and FNB have collectively provided the R450 million Term Debt and RCF Facilities on market related terms. The Term Debt component comprises R200 million and matures in September 2019. Interest is payable quarterly at a rate of JIBAR plus 3,9%. The RCF comprises R 250 million and will afford Ascendis with three years of revolving credit, intended to be periodically refinanced via the DMTN Programme, as the board of directors deem appropriate to finance the Company's ongoing requirements. Interest accrues at JIBAR plus 3,5%.

During the year ended 30 June 2015, additional general banking facilities amounting to R 210 million were obtained by the Ascendis Group. Interest is charged at prime rate.

(2) Bond registration costs totalling R 13 740 725 were capitalised against the cost of the instrument issued which is carried at amortised cost. These costs will be amortised to the statement of comprehensive income over the lifespan of the bond totalling 5 years. The current carrying amount at year end totals R 12 853 950. At 30 June 2015, all covenants were complied with. Below are the covenant requirements:

- Debt Service Ratio (minimum) - 1.3
- Interest Cover ratio (minimum) - 3
- Leverage Ratio (maximum) - 3

The fair value of the term loans amount to R 170 499 502.

The fair value of all other borrowings approximates the carrying value as the interest rate is mostly limited to a floating market rate and the counterparties already discounted the credit risk. Borrowings are considered Level 3 on the fair value hierarchy, except when it relates to bond borrowings in which case it is considered level 2. During the year, there were no transfers between level 1, 2 and 3.

Unobservable inputs for level 2 and level 3 are the discounts rates for each class of borrowings. For level 3 borrowings, the valuation process used is amortised cost. Refer to note 18 Risk management for the sensitivity analysis performed.

The borrowings are all denominated in the company's functional currency.

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2015	2014
R	R

### 9. Other financial liabilities (continued)

The loan facility is secured as follows:

A guarantee provided by the following companies in the Ascendis Group:

- Ascendis Health Limited
- Ascendis Management Services Proprietary Limited
- Sportron International Proprietary Limited
- Efekto Care Proprietary Limited
- Avima Proprietary Limited
- Regal Nutrients Proprietary Limited
- Chempure Proprietary Limited
- One Vision Investments 381 Proprietary Limited
- Surgical Innovations Proprietary Limited
- Agro-Serve Proprietary Limited
- Zasvin Trading Proprietary Limited
- Nimue Skin Proprietary Limited
- Nimue Bioscience Proprietary Limited
- Bolus Distribution Proprietary Limited
- Dealcor Forty Proprietary Limited
- Dezzo Trading 392 Proprietary Limited
- K2012179240 (South Africa) Proprietary Limited
- Marltons Pets and Products Proprietary Limited
- Medicine Developers International Proprietary Limited
- Nimue Skin (Southern Africa) Proprietary Limited
- Pharmachem Proprietary Limited
- Pharmadyne Proprietary Limited
- PharmaNatura Proprietary Limited
- Respiratory Care Africa Proprietary Limited
- The Scientific Group Proprietary Limited

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	2015 R	2014 R
<b>9. Other financial liabilities (continued)</b>		
<p>A guarantee was provided by a security SPV (Special Purpose Vehicle) known as Ascendis Financial Services Security SPV (RF) Proprietary Limited.</p> <p>Various companies within the Ascendis Health Group (including Ascendis Financial Services Proprietary Limited) have subordinated their claims against other companies within the Ascendis Health Group (including Ascendis Financial Services Proprietary Limited) in favour of the finance partners.</p>		
<b>Standard Bank Limited</b>		
<p>The loan bore interest at Johannesburg Interbank Agreed Rate (JIBAR) plus a range of between 350 and 900 point over the term of the loan. The interest was payable quarterly in arrears, whereas the capital portion of the loan facility was repayable eighteen months from the date on which all the advance conditions for the loan were fulfilled. These conditions were fulfilled on the 4 July 2013 and as result, subject to the conditions outlined in the following paragraph, the capital was repaid on the 4th January 2015.</p> <p>The company had the option to extend the final repayment date for a portion of the loan capital for a further six months. The borrower may have requested the lender to extend the date for the repayment of a portion of the outstanding balances which was equal to 1.5 times the EBITDA of Ascendis in respect of the last financial covenant measurement period immediately preceding 4 July 2013. The maximum amount of which repayment may have been extended is R 300,000,000 and the repayment date may have been extended up until 4 July 2015.</p>		
<b>Stavros Vizirgianakis</b>		
<p>The loan bore interest at 13% per annum compounded monthly. The loan and accrued interest was repaid on 1 September 2014.</p> <p>The loan was secured as follows;</p> <ul style="list-style-type: none"> <li>• A cession by Coast2Coast Investments Proprietary Limited of 8,000,000 Ascendis shares to the lender. If at any time during the duration of the agreement, the value of the pledged shares when multiplied by the value of Ascendis Shares traded on the Johannesburg Stock Exchange, is less than 1.5 times the loan amount plus any accrued interest, a notice may be delivered to Coast2Coast Investments Proprietary to demand additional Ascendis Limited shares, as is necessary to restore the aggregate value of the Pledged Shares to R 80,000,000.</li> <li>• A limited guarantee provided by Coast2Coast Investments Proprietary Limited as security for due and punctual payment.</li> </ul>		
<b>Non-current liabilities</b>		
At amortised cost	771 479 326	300 000 000
<b>Current liabilities</b>		
At amortised cost	36 287 409	191 669 733
	<b>807 766 735</b>	<b>491 669 733</b>

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	2015 R	2014 R
<b>9. Other financial liabilities (continued)</b>		
<b>Fair value information</b>		
The table below analyses assets and liabilities carried at fair value, by valuation method. The different levels are defined as follows:		
Level 1 - Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.		
Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.		
Level 3 - Unobservable inputs for the asset or liability.		
The following table represents the company's financial assets and liabilities that are measured and disclosed at fair value:		
<b>Level 2</b>		
<b>Liabilities</b>		
Interest rate swap	8 420 434	-
Borrowings - bond	387 267 234	-
	-	-
<b>Assets</b>		
Interest rate swap	7 464 733	-
<b>Level 3</b>		
<b>Liabilities</b>		
Borrowings - other	420 499 502	491 669 733

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	<b>2015</b>	<b>2014</b>
	<b>R</b>	<b>R</b>
<b>10. Financial liabilities by categories</b>		
The accounting policies for financial instruments have been applied to the line items below:		
<b>2015</b>		
	<b>Financial liabilities at amortised cost</b>	<b>Derivatives used for hedging</b>
		<b>Total</b>
Derivative financial instruments	-	8 420 433
Loans from group companies	737 038 407	-
Other financial liabilities	807 766 735	-
Trade and other payables	638	-
	<b>1 544 805 780</b>	<b>8 420 433</b>
		<b>1 553 226 213</b>
<b>2014</b>		
	<b>Financial liabilities at amortised cost</b>	<b>Derivatives used for hedging</b>
		<b>Total</b>
Loans from group companies	303 190 594	-
Other financial liabilities	491 669 733	-
	<b>794 860 327</b>	<b>-</b>
		<b>794 860 327</b>
<b>11. Interest income</b>		
Interest received - bank		87 763
Interest received - related parties		89 812 984
		<b>89 900 747</b>
		<b>43 942 274</b>
<b>12. Interest expense</b>		
Long term interest bearing borrowings - bank		41 174 230
Related parties		6 460 504
Short term interest bearing borrowings		-
Total debt facilities		33 609 994
		<b>81 244 728</b>
		<b>43 053 674</b>

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	2015 R	2014 R
<b>13. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Local income tax - current period	1 068 221	247 194
<b>Reconciliation of the tax expense</b>		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	28,00 %	28,00 %
Unrecognised deferred taxation asset - assess loss brought/(carried) forward	- %	(0,06)%
	<b>28,00 %</b>	<b>27,94 %</b>
<b>14. Directors' emoluments</b>		
No emoluments were paid by the company to the directors or any individuals holding a prescribed office during the year.		
<b>15. Cash (used in) generated from operations</b>		
(Loss) profit before taxation	1 468 805	884 605
<b>Adjustments for:</b>		
Derivative financial instruments	6 698	-
<b>Changes in working capital:</b>		
Trade and other receivables	19 635	(37 635)
Trade and other payables	638	-
	<b>1 495 776</b>	<b>846 970</b>
<b>16. Tax paid</b>		
Balance at beginning of the year	53 171	-
Current tax for the year recognised in profit or loss	(1 068 221)	(247 194)
Balance at end of the year	873 887	(53 171)
	<b>(141 163)</b>	<b>(300 365)</b>
<b>17. Related parties</b>		
<b>Relationships</b>		
Holding company		Ascendis Health Limited
Fellow subsidiaries		Refer to note 3
Members of key management		Dr KUHH Wellner P van Niekerk B Harie RJ Taylor (resigned 11 May 2015)

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	2015 R	2014 R
<b>17. Related parties (continued)</b>		
<b>Related party balances</b>		
<b>Loan accounts - Owing by related parties</b>		
Ascendis Management Service Proprietary Limited	5 211 488	24 370 119
Ascendis Medical Proprietary Limited	1 212	-
Ascendis Pharma Proprietary Limited	6 675 771	-
Atka Trading 49 Proprietary Limited	4 166 875	1 574 262
Avima Proprietary Limited	34 099 103	1 231 801
Bolus Distribution Proprietary Limited	-	6 627 315
Chempure Proprietary Limited	431 691 426	260 292 659
Coast2Coast Distribution Proprietary Limited	-	5 337 734
Coast2Coast Investments Proprietary Limited	64 008 970	102 794 985
Dealcor Forty Proprietary Limited	19 008 416	-
Dezzo Trading 392 Proprietary Limited	128 131 623	-
Efekto Care Proprietary Limited	180 625 916	179 670 441
Efekto Holdings Proprietary Limited	68 624 696	75 642 945
Elxir Brands Proprietary Limited	34 010 724	24 010 724
Juniva Proprietary Limited	9 465 995	2 270 717
K2012021382 (South Africa) Proprietary Limited	1 212	-
K2013126193 (South Africa) Proprietary Limited	4 715	-
K2013179240 (South Africa) Proprietary Limited	14 582 811	12 518 921
K2013195936 (South Africa) Proprietary Limited	200	-
Marltons Pets and Products Proprietary Limited	42 963 017	5 433 640
Nimue Skin Proprietary Limited	26 319 094	-
Nimue Skin (Southern Africa) Proprietary Limited	10 920 507	12 145 507
One Vision Investments 381 Proprietary Limited	39 945 902	29 404 466
Pharmachem Proprietary Limited	71 368 064	19 201 755
Regal Nutrients Proprietary Limited	8 600 606	4 129 454
Respiratory Care Africa Proprietary Limited	200 119 714	-
Reviva Technology Proprietary Limited	-	4 658 733
Sportron International Proprietary Limited	16 133 941	24 075 672
Surgical Innovations Proprietary Limited	124 866 483	-
	<b>1 541 548 481</b>	<b>795 391 850</b>
<b>Loan accounts - Owing to related parties</b>		
Ascendis Health Limited	(598 048 420)	(247 318 879)
Avima Proprietary Limited	(34 967 045)	-
Chempure Proprietary Limited	(17 138 451)	-
Dealcor Forty Proprietary Limited	-	(14 267 881)
K2012021382 (South Africa) Proprietary Limited	-	(3 604 446)
K2012179383 (South Africa) Proprietary Limited	(5 673 108)	-
K2013195943 (South Africa) Proprietary Limited	-	(6 126 283)
Nimue Skin (Southern Africa) Proprietary Limited	(5 256 000)	-
Nimue Skin Proprietary Limited	(6 168 358)	-
PharmaNatura Proprietary Limited	(141 422)	(2 002 466)
Sportron Properties Proprietary Limited	(29 000 832)	(29 000 832)
Surgical Innovations Proprietary Limited	(24 662 000)	-
The Scientific Group Proprietary Limited	(15 112 964)	-
Toolworth Distribution Proprietary Limited	(327 702)	(327 702)
Zasvin Trading Proprietary Limited	(542 104)	(542 104)
	<b>(737 038 406)</b>	<b>(303 190 593)</b>

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	2015 R	2014 R
<b>17. Related parties (continued)</b>		
<b>Related party transactions</b>		
<b>Interest received from related parties</b>		
Atka Trading 46 Proprietary Limited	66 220	24 262
Avima Proprietary Limited	2 427 846	1 801 827
Chempure Proprietary Limited	21 302 540	17 888 717
Coast2Coast Investments Proprietary Limited	15 213 985	17 000 125
Dealcor Proprietary Limited	841 926	64 119
Dezzo Trading 392 Proprietary Limited	5 696 055	-
Efekto Care Proprietary Limited	14 060 395	-
Efekto Holdings Proprietary Limited	3 198 094	-
Elxir Brands Proprietary Limited	-	1 108 567
Juniva Proprietary Limited	92 513	35 737
K2013179240 (South Africa) Proprietary Limited	984 758	618 921
Marltons Pets and Products Proprietary Limited	1 654 075	183 198
Nimue Skin Proprietary Limited	1 729 761	1 234 203
Nimue Skin (Southern Africa) Proprietary Limited	777 537	642 970
One Vision Investments 381 Proprietary Limited	1 275 936	1 337 550
Pharmachem Proprietary Limited	2 928 006	372 800
Regal Nutrients Proprietary Limited	471 152	226 272
Respiratory Care South Africa Proprietary Limited	8 272 073	-
Reviva Technologies Proprietary Limited	-	224 271
Sportron International Proprietary Limited	1 381 346	1 112 954
Surgical Innovations Proprietary Limited	7 438 766	-
	<b>89 812 984</b>	<b>43 876 493</b>
<b>Interest paid to related parties</b>		
Avima Proprietary Limited	(2 827 588)	(715 136)
Chempure Proprietary Limited	(704 271)	(238 832)
K2012021382 (South Africa) Proprietary Limited	-	(105 662)
K2012179383 (South Africa) Proprietary Limited	(474 625)	-
K2013195943 (South Africa) Proprietary Limited	-	(246 542)
Nimue Skin Proprietary Limited	(480 695)	-
Nimue Skin (Southern Africa) Proprietary Limited	(450 763)	(371 885)
PharmaNatura Proprietary Limited	(438 956)	(16 443)
The Scientific Group Proprietary Limited	(112 964)	-
Surgical Innovations Proprietary Limited	(970 642)	-
	<b>(6 460 504)</b>	<b>(1 694 500)</b>
<b>Administration fees (paid to) / received from related parties</b>		
Ascendis Management Services Proprietary Limited	(4 020 000)	-

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## Notes to the Annual Financial Statements

	2015 R	2014 R	
<b>18. Risk management</b>			
<b>Capital risk management</b>			
The company's risk management policies are set at holding company level. The policies are established to identify, analyse and mitigate the risks faced by the company and the group as a whole. The policies and procedures set appropriate risk limits and implement controls to identify, mitigate and monitor risk and to ensure adherence with the risk limited imposed at holding company level. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and group activities. Risk exposure and management policies and procedures are consistent with those in the prior year.			
The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.			
The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 3 & 9 cash and cash equivalents disclosed in note 6, and equity as disclosed in the statement of financial position.			
In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.			
<b>Ratios</b>			
The gearing ratio at 2015 and 2014 respectively were as follows:			
<b>Total borrowings</b>			
Loans from group companies	3	737 038 407	303 190 594
Other financial liabilities	9	807 766 735	491 669 733
		<b>1 544 805 142</b>	<b>794 860 327</b>
Less: Cash and cash equivalents	6	5 156 228	13 431
Net debt		1 539 648 914	794 846 896
Total equity		87 342	635 760
<b>Total capital</b>		<b>1 539 736 256</b>	<b>795 482 656</b>
Gearing ratio		100 %	100 %

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R

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### 18. Risk management (continued)

#### Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk.

This note presents information about the company's exposure to the above risks, the group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The directors of the group has an overall responsibility for the establishment and oversight of the company'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 limiters and controls and to monitor risks and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the group activities. Risk exposure and management policies and procedures are consistent with those in the prior year.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months are equal to their carrying balances as the impact of discounting is not significant.

<b>At 30 June 2015</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Borrowings	36 287 408	(2 748 145)	774 227 471	-
Loans from group companies	737 038 407	-	-	-
Trade and other payables	638	-	-	-
Trading and net settled derivative financial instruments (interest rate swap)	3 530 288	4 890 145	-	-
<b>At 30 June 2014</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Borrowings	285 627 835	300 486 904	-	-
Loans from group companies	303 190 593	-	-	-

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	2015 R	2014 R
<b>18. Risk management (continued)</b>		
<b>Interest rate risk</b>		
The company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk which is partially offset by interest rate swaps.		
Borrowings issued at fixed rates expose the company to fair value interest rate risk. During 2015 and 2014, the company's borrowings at variable rate were denominated in the Rand.		
The company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.		
At 30 June 2015, if interest rates on Rand-denominated borrowings had been 0.1% higher/lower with all other variables held constant, post-tax profit for the year would have been R 563 798 (2014: R 61 846) (lower) / higher, mainly as a result of higher/lower interest expense on floating rate borrowings; other components of equity would have been R 683 190 (2014: R -) (lower) / higher mainly as a result of a higher/lower interest expense on floating rate borrowings.		
The company is exposed to interest rate risk as the following assets and liabilities carry interest at rates that vary in response to the lending rate in South Africa:		
<ul style="list-style-type: none"> <li>• Cash and cash equivalents which are subject to movements in the bank deposit rates, and</li> <li>• Fixed and variable interest rate borrowings.</li> </ul>		
<b>Credit risk</b>		
Credit risk is managed on a group basis.		
Credit risk consists mainly of cash deposits, cash equivalents. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.		
Financial assets exposed to credit risk at year end were as follows:		
<b>Cash at bank and short-term bank deposits (Moody's)</b>		
Baa1	5 156 228	13 431
The rating above was obtained from Moody's.		

### 19. Going concern

The annual financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the company will continue to receive the support of its holding company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

## **Notes to the Annual Financial Statements**

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### **20. Events after the reporting period**

Additional debt raised after year end until report signing date

On 1 July 2015 additional Senior Secured notes of R 125 million were issued under the Domestic Medium Term Note Programme ("DMTN"). R 62,5 million was used to reduce the existing Term Debt as was required in terms of the existing Term Facility Agreement.

In addition, new Term Facilities of R 200 million was raised on 14 August 2015 from Nedbank to fund bolt-on acquisitions and deferred vendor liabilities and additional working capital facilities of R 50 million were raised from Standard Bank for ongoing working capital needs.

The directors are not aware of any other material events which occurred after the reporting date and up to the date of this report.