ASCENDIS HEALTH LIMITED

(formerly Ascendis Health Proprietary Limited)
(formerly Nutrivest Health Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 2008/005856/06)
Share code on the JSE: ASC ISIN: ZAE000185005
('Ascendis' or 'the Company')

Annual Financial Statements
For the year ended 30 June 2014

Healthy home, healthy you

Index

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Notice in terms of section 29 of the Companies Act, Act 71 of 2008, as amended ("the Act")

Preparation of financial statements

These annual financial statements have been audited in compliance with the Act. These annual financial statements have been prepared under the supervision of PM van Niekerk CA(SA), Group Accountant, and reviewed by RJ Taylor CA(Z), Group Chief Financial Officer.

RJ Taylor
Group Chief Financial Officer
Cape Town 8 September 2014

Secretarial certification

In my capacity as the Company Secretary, I hereby confirm, in terms of the Companies Act, that for the year ended 30 June 2014, the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief true, correct and up to date.

AP Sims
Company Secretary
Cape Town 8 September 2014

Audit and Risk Committees' Report

The Audit and Risk Committees' Terms of Reference
The Audit and Risk Committees of Ascendis are both Sub-Committees reporting directly to the Board.
The Audit & Risk Committees have adopted formal Terms of Reference as incorporated in the Audit Committee and Risk Committee Charters which have been approved by the Board of Directors. The Terms of Reference are reviewed as necessary. The Committees have conducted their affairs in compliance with these Terms of Reference and have discharged their responsibilities contained therein.

The Audit and Risk Committee members and attendance at meetings
The Audit Committee is constituted as a statutory committee in terms of the provisions of section 94 of the Companies Act and has an independent role with accountability to both the Board and shareholders. In applying the recommendations of King III, the Audit Committee consists of three independent non-executive directors selected by the Board on the recommendation of the Nomination Committee. The Board elects the Chairman of the Audit Committee. The Chairman of the Audit Committee is Bharti Harie, and the members are John Bester and Phil Cunningham.

The Risk Committee is constituted as a Sub-Committee with accountability to the Board and shareholders.
In applying the recommendations of King III, the Risk Committee consists of two independent non-executive directors, one non-executive director and one executive director Directors are selected by the Board on the recommendation of the Nomination Committee. The Board elects the Chairman of the Risk Committee. The Chairman of the Risk Committee is Gary Shayne, and the other members are John Bester, Bharti Harie and Robbie Taylor.

The Chief Risk Officer, Chief Finance Officer, and representatives of the internal and external auditors attend both meetings of the Audit Committte and Risk Committe by invitation. The Chairman of the Board serves as a member of both the Audit and Risk Committees. From time-to-time other executives and directors of the Group attend meetings of the Audit and Risk Committees as requested. Both Committees have unrestricted access to the external and internal auditors.

In accordance with the Terms of Reference, both Committees attend their respective meetings. During the current financial year, both the Risk and Audit Committees met four times and all members attended all meetings. The minutes of these meetings are included in the quarterly Board papers. The Chairmen of the Audit and Risk Committees provide the Board with a report of the Committee's activities at each Board meeting.

The Chairmen of both the Audit and Risk Committees represent the committees at the annual general meeting.
The Company Secretary is also the Secretary of both the Committees.
The Nomination Committee through its nomination process, ensures that members of both the Audit and Risk Committees are sufficiently qualified and experienced in matters such as financial and sustainability reporting, internal financial controls, external and internal audit processes, corporate law, risk management, financial sustainability issues, IT governance as it relates to integrated reporting and governance processes.

Roles and responsibilities
The Audit and Risk Committees have an independent role with accountability to both the Board and shareholders. The Committees do not assume the functions of management, which remain the responsibility of the executive directors, officers and other senior members of management.
Both the Committees are, inter alia, responsible for assisting the Board in discharging its duties in respect of the safeguarding of assets, accounting systems and practices, internal control processes and the preparation of accurate Annual Financial Statements.

Statutory duties
In the conduct of its duties, the Audit Committee has performed the following statutory duties as prescribed by the Companies Act:
- nominated and recommended to shareholders the appointment of the external auditor of the Company and the Group who is a registered auditor and who, in the opinion of the Audit Committee, is independent of the Company and the Group;
- determined the fees to be paid to the auditor and the auditor's terms of engagement;
- ensured that the appointment of the auditor complies with the Companies Act, and any other legislation relating to the appointment of the auditor;
- determined the nature and extent of any non-audit services that the auditor may provide to the Group;
- pre-approved any proposed agreement with the auditor for the provision of non-audit services to the Group which are of a material nature as provided for in the Group's non-audit services policy;
- prepared this report in compliance with section 94(7)(f) of the Companies Act, which report has been included in the Annual Financial Statements by reference;
- received and dealt with any concerns or complaints relating to the accounting practices and internal audit of the Company and the Group, the content or auditing of the Company's and the Group's Annual Financial Statements, including the Summarised Group Annual Financial Statements, the internal financial controls of the Company and the Group or any related matter; and
- made submissions to the Board on any matter concerning the Company's and the Group's accounting policies, financial controls, records and reporting.

External auditor
The Audit Committee has satisfied itself that the external auditor was independent of the Group, as required by the Companies Act, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The Audit Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year ended 30 June 2014.

The external auditors are invited to and attend all Audit and Risk Committee meetings and are required to meet independently with the Audit Committee at least annually. Findings by the external auditors arising from their annual statutory audit are tabled and presented at the Audit Committee meeting following the audit. The Audit Committee endorses action plans for management to mitigate noted concerns. The external auditor has expressed an unqualified opinion on the Annual Financial Statements for the year ended 30 June 2014.

There is a formal procedure that governs the process whereby the external auditor is considered for non-audit services. The Audit Committee approved the terms of the service agreement for the provision of non-audit services by the external auditor, and approved the nature and extent of non-audit services that the external auditor provided in terms of the agreed pre-approval policy.

The Audit Committee has nominated, for election at the annual general meeting, PricewaterhouseCoopers Incorporated as the external audit firm. Louis Rossouw is the designated auditor responsible for performing the functions of auditor, for the 2014 financial year. The Audit Committee has satisfied itself that the audit firm and designated auditors are accredited as such on the JSE list of auditors and their advisers.

Internal financial controls
The key financial internal controls in operation for all significant operating businesses within the Group are documented in formalised financial internal control frameworks, and these frameworks are maintained and updated by the financial management during the course of the year or as part of the year end process.

Based on the results of the formal documented review of the design, implementation and effectiveness of the Company's system of internal financial controls conducted by KPMG, the approved outsourced internal audit service provider during the 2014 year and in addition, considering information and explanations given by management and discussions with the external auditor on the results of their audit, no material breakdowns in the functioning of the financial internal controls were noted during the year under review and the results of the audit tests indicate that the financial internal controls that were tested during the year were effective and appropriate for the preparation of financial statements.

Expertise and experience of the Chief Financial Officer and the finance function
The Audit Committee has considered and is satisfied with the expertise and experience of the Chief Financial Officer who performs the duties of the Company's Financial Director. Furthermore, the Audit Committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the Group's finance function and experience of the senior members of management responsible for the Group's finance function, including the Chief Financial Officer.

Audit and Risk Committees' Report

Annual Financial Statements
The Audit Committee assists the Board with all financial reporting and reviews the Annual Financial Statements as well as trading statements, preliminary results announcements and interim financial information.
The Audit Committee has reviewed the Annual Financial Statements of the Company and the Group and is satisfied that they comply with IFRS.

Going concern
The Audit Committee reviewed a documented assessment by management of the going concern premise of the Group before concluding to the Board that the Group is a going concern and will remain so for the foreseeable future.

Duties assigned by the Board
The duties and responsibilities of the members of the both Committees are set out in theTerms of Reference for the Audit Committee and Risk Committee included in the Board Charter, which is approved by the Board.
The Audit and Risk Committees fulfil an oversight role regarding the Group's Integrated Annual Report and the reporting process, including the system of internal financial controls. It is responsible for ensuring that the internal audit function is independent and has the necessary resources, standing and authority within the Group to enable it to discharge its duties. Furthermore, the Audit and the Risk Committees oversee co-operation between the internal and external auditors.
During the year, the Audit Committee met with the external auditors without management being present. No matters that required attention arose from these meetings.
The Risk Committee ensures that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities.
Both the Audit and Risk Committees are satisfied that they have complied with their respective legal, regulatory and other responsibilities.

Internal Audit
The Audit Committee is responsible for overseeing the internal audit function and has considered and approved the Internal Audit Charter and internal audit's annual risk-based audit plan. The internal audit function has been outsourced to KPMG.

Internal audit reports centrally, with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the Group's significant operations. The internal audit plan follows a three-year cycle and is revised regularly in accordance with the risk profiles as discussed and tabled at the Audit and Risk Committee meetings with any changes to the internal audit plan being approved by the Audit Committee.

Each internal audit that is conducted, is followed up by a detailed report to operational and senior management, including recommendations on aspects requiring improvement. KPMG is responsible for reporting the findings of their internal audit work against the agreed internal audit plan to the Audit Committe at each Audit Committee meeting. Copies of the detailed reports are also provided to both the members of the Audit and Risk Committees together with an overall summary of the audit result for each audit.

Whistle-blowing
The whistle-blowing arrangements are approved and monitored by the Audit and Risk Committees as well as the Social & Ethics Committee. KPMG receives and deals with any concerns or complaints, whether from within or outside the Group through an independent specialised tip-offs call centre and tables this information and the results of follow ups at each Social & Ethics Committee meeting. Financial related tip-offs are then also tabled at the Audit and Risk Committee meetings.

All Committees are satisfied that instances of whistle-blowing were appropriately dealt with.

Integrated and sustainability reporting
The Audit and Risk Committees considered the Group's Integrated Annual Report and the sustainability information as disclosed therein and in the Sustainability Report to evaluate the integrity of reported information and for consistency with the Annual Financial Statements. The Audit and Risk Committees have discussed the sustainability information with management.

Risk management
Oversight of the Group's risk management function has been assigned to the Risk Committee, and on an operational level, risk management is made up of the Chief Risk Officer and members of the executive including the Chief Executive Officer and Chief Financial Officer.

The Board considers risk management to be a key process in the responsible pursuit of strategic objectives and in the effective management of related material issues across the Group. Ascendis' management culture is underpinned by effective risk identification and mitigation activities which are applied, on a day-to-day basis, through a system of internal controls, monitoring mechanisms and relevant stakeholder engagement activities. In accordance with the Group's risk philosophy, business activities and business plans are aligned to the Group's governance, economic, environmental and social aspirations.

The Board of Directors is responsible for governance of risk across the Group, for setting the risk appetite and for monitoring the effectiveness of Ascendis' risk management processes. This responsibility is delegated to the Risk Committee, which reports to the Board.

The integrated risk management model considers strategic, operational, financial and compliance risks. Reputational risks and uncertain risks, which are inherent to Ascendis' business and to the health and care industry in general, are also identified, monitored, recorded and appropriately managed. Risk indicators and risk appetite are reviewed and approved by the Board on an annual basis or more frequently where required. Risk appetite represents the amount and type of risk an organisation is willing to accept in pursuit of its business objectives. The boards of directors at the subsidiary companies are responsible for oversight of the risk management processes and together with the Group's Chief Risk Officer, implemented at the relevant business units and for monitoring the effectiveness of the implemented risk management systems to ensure business continuity

A formal risk reporting process is in place. Evaluations of material risks and of the effectiveness of the risk management process were conducted twice during the year by the Risk Committee which reported on these evaluations to the Board. Following a comprehensive review of risks and mitigating controls at the Risk Committee meeting, the Risk Committee formulated an overall conclusion and submitted a formal risk review report to the Board. The Risk Committee's report included an opinion on the overall status of material inherent, residual, reputational and uncertain risks as well as the adequacy of related mitigating controls with reference to the approved risk appetite. The report also presented an opinion on the effectiveness of the risk management process implemented in the Group, supported by the Internal Audit opinion

In arriving at its opinion, the Risk Committee undertook the following activities:
monitored the implementation of the Group Risk Policy and Group Risk Plan as approved by the Board;
- reviewed and considered the activities and reports arising from the risk registers maintained in the subsidiaries of the Group;
- reviewed and considered business unit risk reports presented to the Risk Committee;
- reviewed and considered the positive report by Internal Audit on the integrity and robustness of the Group's risk management processes;
- reviewed and considered the status of financial, IT and internal controls, for the year under review, as reported by the Group's internal and external auditors; and
- reviewed and approved the adequacy of the Group's insurance cover.

At year-end, Ascendis' Board was satisfied with the status and effectiveness of risk governance in the Group and adequacy of mitigation plans for material risks. Internal Audit found the implemented risk management process to be effective and has made recommendations for improvement which will be implemented as part of the continuous improvement process.

Recommendation of the Integrated and Sustainability Reports for approval by the Board
On 8th September 2014, the Audit Committee reviewed and recommended the Annual Financial Statements for approval by the Board of Directors.

Bharti Harie
Audit Committee Chairman
Cape Town 8 September 2014

Gary Shayne
Risk Committee Chairman
Cape Town 8 September 2014

Directors' responsibilities and approval

The directors are responsible for the preparation, integrity and fair presentation of the Annual Financial Statements of Ascendis Health Limited and its subsidiaries.

The directors consider that in preparing the Annual Financial Statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the Annual Financial Statements fairly presents the results of operations for the year and the financial position of the Group at year-end. The directors also prepared the other information included in the Integrated Report and are responsible for both its accuracy and its consistency with the Annual Financial Statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group to enable the directors to ensure that the Annual Financial Statements comply with the relevant legislation.

The preparation of the Annual Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Annual Financial Statements and the reported expenses during the reporting period. Actual results could differ from those estimates.

Ascendis Health Limited and its subsidiaries operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. The Code of Conduct has been adhered to.

The going concern basis has been adopted in preparing the Annual Financial Statements. The directors have no reason to believe that the Group or any company within the Group will not be going concerns in the foreseeable future, based on forecasts and available cash resources. These Annual Financial Statements support the viability of the Company and the Group.

The Group's external auditors, PricewaterhouseCoopers Incorporated, audited the Annual Financial Statements, and their report is presented on pages 10 to 11.

The Annual Financial Statements, as set out on page 6 to 75, were prepared under the supervision of the Chief Financial Officer, RJ Taylor, CA(Z) and approved by the Board of Directors on 5 September 2014 and are signed on its behalf:

John Bester
Chairman

N. Wellner

Dr Karsten Wellner
Chief Executive Officer
Cape Town 8 September 2014

Directors report

for the year ended 30 June 2014

The directors have pleasure in presenting their report on the Annual Financial Statements of Ascendis Health Limited for the year ended 30 June 2014.

Review of operations

Ascendis operates and sells health and care products through three divisions across the full health spectrum, two of which cater for human health (Consumer Brands and Pharma-Med) and one for the plant and animal health sector (Phyto-Vet).

The three operating divisions are:

- Consumer Brands Division (human health), incorporating all of the Ascendis Over The Counter (OTC) and Complimentary and Alternative Medicines (CAMs) consumer brands products;
- Pharma-Med Division (human health), incorporating Ascendis' pharmaceutical business and its medical devices business; and
- Phyto-Vet Division (animal and plant health), incorporating all of the Ascendis animal and plant health and care products.

A review of operations by each operating segment can be found in the Group Segmental Analysis report (Note 40).

Private Placement on the Johannesburg Stock Exchange

On 22 November 2013 Ascendis Health Limited successfully listed on the Johannesburg Stock Exchange.
The Group listed in the Pharmaceutical sector and have since listing seen a rapid rise in its share price.
The group encourages a entrepreneurial environment, which provides freedom and guidelines for entrepreneurs to grow and develop their already highly successful brands to the next level. Ascendis plans to grow both through its healthy acquisition pipe line and also organically.

The group issued a listing bonus to employees during its listing year as a celebration for listing on the JSE and also as a token of gratitude, the details of this can be found in note 15 of the financial statements

Stated capital (Note 14)

The authorised share capital is 200 000 000 000 ordinary shares of no par value. On 30 June 2014 the issued share capital of the company was 239 367 785 ordinary shares of no par value. (2012: 166 616 000 ordinary shares of no par value).

Register of shareholders

The register of shareholders of the company is open for inspection to members and the public, during normal office hours, at the office of the company's transfer secretaries, Computer Share (Proprietary) Limited.

The current share holder spread can be found in note 36 this also discloses related party share holders in the group.

Directors' interest in share capital (Note 36)
Details of the beneficial holdings of directors of the company and their families in ordinary shares are given on the directors remuneration report.

Dividends
The Ascendis Board proposed a dividend of 15 cents for every ordinary share in issue, this will be the maiden dividend that the company will declare since reaching its mile stone of listing on the Johannesburg Stock Exchange on 22 November 2013 and achieving its targets as listed in in the Pre-Listing Statement.

Property, plant and equipment and Intangible assets (Note 3 and 4)

During the year, the group acquired through direct business combinations the assets and liabilities of various companies within the various divisions the total of this amounted to a total purchase consideration of R 1 146 858 763 and the disclosure thereof can be seen in the business combination note 35.

The group concluded both preliminary and final purchase price allocations of which the details can be found in note 35,

The group tests both its investments and Goodwill for impairment on an annual basis.

Capital Commitments (Note 34)

During the financial year, the group negotiated three deals with a combined purchase price of R323 685 000, namely:

1) Koi Country CC
Marltons Pets and Products Proprietary Limited has concluded a deal to acquire the business of Koi Country CC.
Koi Country is engaged in the importation and distribution of pet products.
This acquisition will form part of the Phyto-Vet division within the group.

2) Arctic Healthcare Proprietary Limited
The group has concluded a deal to acquire certain market leading brands from Arctic Healthcare.
The acquired products consist of six market-leading brands, namely Chela-Fer, Menacal7, Chela-Preg, Chela-Mag, Osteoflex and Supa Chewz.
This acquisition will form part of the Consumer Brands division within the group.

3) Respiratory Care Arica Proprietary Limited
Ascendis Health Proprietary Limited has concluded a deal to acquire the business of Respiratory Care Africa Proprietary Limited.
Respiratory Care Arica Proprietary Limited is engaged in the distribution of medical devices.
This acquisition will form part of the Pharma-Med division within the group.

Borrowings (Note 16)

In terms of the memorandum of incorporation (MOI), the directors are permitted to borrow, or raise for the purposes of the Group such sums as they deem fit for the operation of the business. At the close of business on 31 June 2014, the total borrowings less cash resources amounted to R651 988 861 (2013: R 202 008 903).

Business combinations (Note 35)

During the year the following businesses have been acquired per segment, Ascendis has a healthy acquisition pipe line and aims to show healthy growth both acquisitive and organic during the coming financial period

Consumer Brands

During the current financial year Ascendis Health Limited acquired 100% of the following businesses:
Solal Technologies Proprietary Limited and its subsidiaries (05 July 2013)
Nimue Skin Southern Africa Proprietary Limited (25 July 2013)
Bolus Distribution (01 October 2013)
Dealcor Forty Proprietary Limited T/a Evox (01 November 2013)
74% of SwissGarde Proprietary Limited (1 November 2013), and PharmaNatura Proprietary Limited (1 July 2013)
These acquisitions totalled a total consideration of R508 889 283 in this specific segment.

These companies possess exceptional brands further enhancing Ascendis' presence in the consumer brands market. Solal specialises in healthy ageing products, offering solutions to most health problems and anti-ageing needs, Nimue is a globally recognised brand, primarily available in leading skin care salons. Bolus Distribution t/a Muscle Tech and Dealcor Forty Proprietary Limited t/a Evox, both specialise in sports nutrition products for active lifestyle consumers and professional athletes. SwissGarde specialising in direct selling of nutraceutical and home care products with a strong network in South Africa and Nigeria.

The total addition to the segmental revenue due to these acquisitions is R 321 518 698.

Pharma Med

During the financial year Ascendis acquired the following businesses at a total consideration of R 608 154 145: On 1 November 2013 the group acquired 100% of Pharmachem Group which collectively consists of Dezzo, Pharmadyne and Pharmachem Pharmaceuticals. The company specialises in marketing and distribution of its own branded generic pharmaceuticals, nutraceuticals and OTC products. On 17 January 2014 the group received approval from the Competition Commission for the acquisition of Surgical Innovations Proprietary Limited imports, within the medical devices market, it markets and distributes surgical and medical devices, and gives the group a footprint.

These companies possess exceptional dossiers and medical devices that can be used as a base by Ascendis to broaden its footprint in the Pharma/Med division. The total additions to the segmental revenue due to these acquisitions amounted to R402 511 778.

Phyto Vet

On 1 October 2013 the group acquired 100% of Marlton's Pets and Products Proprietary Limited. The company specialises in pet care and accessories, distributing to its customers through retail and specialist vet and pet stores.
This company possesses exceptional relationships and a long legacy of quality products in the companion pet market.
The total addition to the segmental revenue due to these acquisitions is R 146 790 624.

Directors report

for the year ended 30 June 2014

Events occurring after the reporting date (Note 38)

The acquisition of Arctic Health Care and Respiratory Care Africa below was approved by the Competition Commission before the date of finalisation of the annual financial statements. At the report signing date, no formal fair value assessment have been performed due to the short time frame between the acquisition date and the date the annual financial statements were approved. As a result no fair value of the identifiable assets were disclosed.

Arctic Health Care
The Company has concluded an agreement in terms of which Ascendis Health acquired certain market leading brands ("Acquired Products") from Arctic for a consideration of R151 million.

Broad Based Black Economic Empowerment ("BBBEE") Transaction for Ascendis Health
The C2C directors' dealing (the "Transaction") concluded with the MIC Investment Holdings Proprietary Limited will increase the BEE ownership in Ascendis from R165 million currently to a potential R365 million over a three year period, excluding any further investment or disposal by existing or new BEE shareholders.

Respiratory Care Africa
Ascendis Health intends scaling its medical devices platform, which currently consists of Surgical Innovations Proprietary Limited operating within the Pharma-Med Division, to become a leading provider of medical devices throughout South Africa. RCA has been identified as a complementary distributor of medical devices which will enhance Ascendis' ability to service hospitals, clinics and government tenders on a turnkey basis within a growing market. Ascendis has thus pursued this acquisition with the intention of integrating RCA into its Pharma-Med Division whilst continuing to maintain the independence of RCA in terms of its business obligations.

Listing of a bond on the Johannesburg Stock Exchange
Ascendis Health Limited ("Ascendis") is in the process of refinancing all its existing term debt and working capital facilities into a single group facility. The purpose of this is to introduce a sustainable funding structure and to streamline the treasury management process of the group.

This debt consolidation process involves 2 steps:
1. "A Bond or High Yield Note Programme" funded by 2 institutions being Futuregrowth and Sanlam; and
2. "Term and Working Capital Facilities" funded by 3 banks, being Standard Bank, Nedbank and FNB.

In aggregate this process provides Ascendis with R1.05 billion in total facilities, as follows:
R400m in high yield notes via the establishment of a R2 billion Domestic Medium Term Note Programme ("DMTN"). The initial issuance will be R400 million and Ascendis will be in a position to issue further notes and "tap the market" as it requires expansion capital and on more competitive terms; and

R650m in term and working capital facilities, as follows,:
a. 5-year term debt facility of R200 million ("Term Debt");
b. Revolving credit facility of R250 million ("RCF");
c. General Banking facility (Overdraft) of R150 million ("GBF") ; and
d. Trade Finance facilities of R60m.

Bankers

The Standard Bank of South Africa Limited
Nedbank Limited
FirstRand Bank Limited

Directors

The following directors have held office during the year ended 30 June 2014 and to the date of this report:

Independent Non - Executive Directors
JA Bester (Chairman)
B Harie
OP Cunningham

Executive Directors
Dr KUHH Wellner (Chief Executive Officer)
RJ Taylor (Chief Financial Officer)

Non- Executive Directors
GJ Shayne
CD Dillon

Directors report
for the year ended 30 June 2014

Company secretary

The Group Company Secretary of Ascendis Health is Mr AP Sims.
1st Floor of the Ascenduplex
22 Sloane Street , Bryanston,
Gauteng

Auditors

PricewaterhouseCoopers Inc. was appointed at the annual general meeting of shareholders held 21 October 2013 with L Rossouw being the individual registered auditor who will undertake the audit." being the individual registered auditor who will undertake the audit.

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act. At the annual general meeting shareholders will be requested to reappoint PricewaterhouseCoopers Inc. as the group's auditors for the 2015 financial year and it is noted that L Rossouw will be the individual registered auditor who will undertake the audit.

Special resolutions passed by subsidiary companies

Notwithstanding the title of section 45 of the Companies Act, being "Loans or Other Financial Assistance to Directors" on an interpretation thereof, the body of the section also applies to financial assistance provided by the company to any related or inter-related company or corporation and a member of a related or inter-related corporation.

All the subsidiaries of the company passed special resolutions to authorise the companies to provide any direct or indirect financial assistance, including by way of lending money, guaranteeing a loan, or other obligations as it may be required or otherwise to any of its present or future related or inter-related companies or corporations for such amounts and such terms and conditions as the Board/s may determine.

Board statement of effectiveness of controls

Based on the recommendation of the Audit and Risk Committee, nothing has come to the attention of the Board that caused it to believe that the Group's system of internal control and risk management is not effective, or that the internal controls do not form a sound basis for the preparation of reliable financial statements.

Litigation statement

Ascendis Health is not involved in any material legal or arbitration proceedings or legal actions, nor are the directors aware of any proceedings that are pending or threatened, that may have, or have had, in the 12 month period preceding the date of this Report, a material effect on the Group's financial position.

Material changes

There have been no material changes in the financial or trading position of the company and its subsidiaries between the year ended 30 June 2014 and the date of the Annual Financial Statements.

Going concern

The directors consider that the Group has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the Group's financial statements. The directors have satisfied themselves that the Group is in sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ASCENDIS HEALTH LIMITED

We have audited the consolidated and separate financial statements of Ascendis Health Limited set out on pages 12 to 75, which comprise the statements of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statements of changes in equity and statements 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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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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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Ascendis Health Limited as at 30 June 2014, and its consolidated and separate financial performance and its consolidated and separate 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 consolidated and separate financial statements for the year ended 30 June 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: L Rossouw
Registered Auditor
8 September 2014

Statement of financial position

at 30 June 2014

	Notes	GROUP 2014 R	GROUP 2013 (Restated) R	Company 2014 R	Company 2013 R
ASSETS					
Non-current assets					
Property, plant and equipment	3	86 689 104	42 721 005	-	-
Goodwill	4	1 047 708 073	233 122 949	-	-
Intangible assets	4	251 337 101	86 968 419	-	-
Investments in subsidiaries	5.1	-	-	855 041 988	150 206 350
Investments accounted for using the equity method	5.2	48 133 354	-	-	-
Deferred income tax assets	6	1 945 246	3 174 413	-	-
Loans to related parties	9	-	42 258 317	-	142 231 966
Other financial assets	10	-	197 620	-	-
		1 435 812 877	**408 442 723**	**855 041 988**	**292 438 316**
Current assets					
Inventories	11	431 515 850	169 492 264	-	-
Trade and other receivables	12	475 559 081	172 785 528	65 481 016	31 464 692
Loans to related parties	9	102 794 985	52 110 789	307 586 528	42 258 314
Other financial assets	10	2 646 880	3 612 559	-	-
Current tax receivable		-	2 359 521	-	313 345
Cash and cash equivalents	13	94 882 573	134 983 928	20 740	108 281 206
Non-current assets held for sale	29	13 361 214	-	-	-
		1 120 760 583	**535 344 589**	**373 088 283**	**182 317 557**
Total assets		**2 556 573 461**	**943 787 312**	**1 228 130 271**	**474 755 873**
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Stated capital	14	1 108 035 688	378 980 824	1 120 129 380	378 980 824
Other reserves		(56 118 640)	(7 376 235)	-	-
Retained earnings		153 997 706	16 234 216	11 921 631	11 490 137
		1 205 914 754	**387 838 805**	**1 132 051 011**	**390 470 961**
Non-controlling interests		6 805 049	347 633	-	-
Total equity		**1 212 719 802**	**388 186 438**	**1 132 051 011**	**390 470 961**
Liabilities					
Non-current liabilities					
Borrowings and other financial liabilities	16	415 285 874	84 875 668	-	-
Deferred income tax liabilities	6	62 238 977	14 754 829	-	-
Deferred vendor liabilities	17	36 423 232	-	-	-
		513 948 083	**99 630 497**	**-**	**-**
Current liabilities					
Trade and other payables	18	395 477 457	128 785 616	24 286 398	1 014 709
Provision for onerous contracts	19	35 237 887	-	-	-
Derivative financial instruments	8	1 371 134	-	-	-
Current income tax liabilities		16 118 252	5 789 192	1 352 785	-
Borrowings and other financial liabilities	16	230 738 154	242 010 419	-	3 037 480
Bank overdraft	13	100 847 706	10 737 299	44 153 992	-
Loans from related parties	20	26 286 085	38 990 050	26 286 085	68 860 688
Deferred vendor liabilities	17	16 508 699	29 657 801	-	11 372 035
Non-current liabilities held for sale	29	7 320 201	-	-	-
		829 905 575	**455 970 377**	**96 079 260**	**84 284 912**
Total liabilities		**1 343 853 658**	**555 600 874**	**96 079 260**	**84 284 912**
Total equity and liabilities		**2 556 573 461**	**943 787 312**	**1 228 130 271**	**474 755 873**

The accompanying accounting policies and notes form an integral part of the annual financial statements.

Statements of comprehensive income

for the year ended 30 June 2014

	Notes	GROUP 2014 R	GROUP 2013 (Restated) R	Company 2014 R	Company 2013 R
Continuing operations					
Revenue	21	1 617 946 486	597 530 580	-	-
Cost of sales	22	(890 100 408)	(339 933 740)	-	-
Gross profit		727 846 078	257 596 840	-	-
Selling and distribution costs	25	(46 828 875)	(19 262 637)	-	-
Administrative expenses	25	(502 890 916)	(179 588 685)	(48 701 301)	(103 445 933)
Other operating expenses	25	(30 537 585)	(14 896 176)	-	-
Other income	23	68 351 499	8 828 949	48 302 274	124 821 981
Operating profit		215 940 201	52 678 290	(399 027)	21 376 048
Finance income	27	25 591 533	6 865 640	5 580 507	9 746 656
Finance costs	27	(54 729 936)	(52 983 697)	(3 397 199)	(9 958 426)
Share of profit of investments accounted for using the equity method	5	(683 000)	-	-	-
Profit before income tax		186 118 798	6 560 233	1 784 280	21 164 278
Income tax expense	28	(45 949 549)	(5 090 880)	(1 352 786)	(9 717 581)
Profit for the year from continuing operations		140 169 249	1 469 353	431 494	11 446 697
Discontinued operations					
Profit/(loss) for the year from discontinued operations (attributable to owners of the parent)	29	(181 035)	146 693	-	-
Profit for the year		139 988 214	1 616 046	431 494	11 446 697
Other comprehensive income/(loss) for the year					
Items that may subsequently be reclassified to profit or loss:					
Fair value adjustments to cash flow hedging reserve			671 551	-	-
		-	671 551	-	-
Movement on foreign currency translation reserve					
Currency translation differences (with no tax effect)		(483 139)	-	-	-
Items that will not be subsequently reclassified to profit or loss:					
Gain on property revaluation		-	1 955 489	-	-
Taxation related to gain on property revaluation		-	(547 537)	-	-
Total comprehensive income for the year		139 505 074	3 695 549	431 494	11 446 697
Profit/(loss) attributable to:					
Owners of the parent					
- For continuing operations		137 944 526	9 334 492	431 494	11 446 697
- For discontinued operations		(181 035)	146 693	-	-
Non-controlling interests					
- For continuing operations		2 224 723	(7 865 139)	-	-
		139 988 214	1 616 046	431 494	11 446 697
Total comprehensive income/(loss) attributable to:					
Owners of the parent					
- For continuing operations		137 461 386	10 982 035	431 494	11 446 697
- For discontinued operations		(181 035)	146 693	-	-
Non-controlling interests					
- For continuing operations		2 224 723	(7 433 179)	-	-
		139 505 074	3 695 549	431 494	11 446 697
Earnings per share	30				
Basic earnings per share (cents)					
- From continuing operations		65.00	9.07	-	-
- From discontinued operations		(0.09)	0.14	-	-
		64.91	9.21	-	-
Diluted earnings per share (cents)	30				
- From continuing operations		65.00	8.99	-	-
- From discontinued operations		(0.09)	0.14	-	-
		64.91	9.14	-	-

The accompanying accounting policies and notes form an integral part of the annual financial statements.

Statement of changes in equity

for the year ended 30 June 2014

	Notes	Preference Share	Ordinary shares	Stated Capital	Foreign Translation Reserve	Revaluation Reserve	Change in Ownership reserve	Share Based Payment Reserve	Accumulated (Loss)/Retained income	Total attributable to equity holders of the Group Company	Non Controlling Interest	Total Equity
Group												
Balance as at 1 July 2012		-	8 649 001	-	-	-	1 146 235	-	6 695 567	16 490 803	7 203 253	23 694 056
Profit/(loss) for the year		-	-	-	-	-	-	-	12 038 719	12 038 719	(7 433 179)	4 605 540
Other comprehensive income/(loss) for the year		-	-	-	-	975 992	-	-	-	975 992	-	975 992
Issue of shares		-	370 331 823	-	-	-	-	-	-	370 331 823	-	370 331 823
Exchange differences on translating foreign operations		-	-	-	671 551	-	-	-	-	671 551	-	671 551
Dividends		-	-	-	-	-	-	-	-	-	(679 800)	(679 800)
Changes in ownership interest - control not lost		-	-	-	-	-	(10 170 013)	-	-	(10 170 013)	(819 438)	(10 989 451)
Measurement period Adjustments (Note 37)		-	-	-	-	-	-	-	(2 500 070)	(2 500 070)	-	(2 500 070)
NCI allocation on acquisition		-	-	-	-	-	-	-	-	-	2 076 797	2 076 797
Balance as at 1 July 2013 (Restated)		-	**378 980 824**	-	**671 551**	**975 992**	**(9 023 778)**	-	**16 234 216**	**387 838 805**	**347 633**	**388 186 438**
Profit/(loss) for the year		-	-	-	-	-	-	-	137 763 490	137 763 490	2 224 723	139 988 213
Other comprehensive income/(loss) for the year		-	-	-	(483 139)	-	-	-	-	(483 139)	-	(483 139)
Transfer of ordinary shares to stated capital		-	(378 980 824)	378 980 824	-	-	-	-	-	-	-	-
Stated Capital Issued Upon Private Placement Vendor Loans		-	-	173 833 638	-	-	-	-	-	173 833 638	-	173 833 638
Stated Capital issued upon Private Placement		-	-	400 000 003	-	-	-	-	-	400 000 003	-	400 000 003
Capital Share Listing Costs Capitalised against Stated Capital		-	-	(19 036 740)	-	-	-	-	-	(19 036 740)	-	(19 036 740)
Treasury shares on hand at year end		-	-	(14 593 677)	-	-	-	-	-	(14 593 677)	-	(14 593 677)
Issue of ordinary shares related to business combination		-	-	188 851 640	-	-	-	-	-	188 851 640	-	188 851 640
Share Based Payment Reserve		-	-	-	-	-	-	13 233 000	-	13 233 000	-	13 233 000
Non-controlling interest arising on business combination		-	-	-	-	-	-	-	-	-	4 632 663	4 632 663
Total changes in ownership interests in subsidiaries that do not result in a loss of control		-	-	-	-	-	(61 492 266)	-	-	(61 492 266)	(399 970)	(61 892 236)
Balance as at 30 June 2014		-	-	**1 108 035 688**	**188 412**	**975 992**	**(70 516 044)**	**13 233 000**	**153 997 706**	**1 205 914 753**	**6 805 049**	**1 212 719 802**
Company												
Balance at 01 July 2012		11 499	8 637 502	-	-	-	-	-	43 440	8 692 441	-	8 692 441
Total Comprehensive Income for the year		-	-	-	-	-	-	-	11 446 697	11 446 697	-	11 446 697
Issue of shares		9 329	370 322 494	-	-	-	-	-	-	370 331 823	-	370 331 823
Balance at 1 July 2013		**20 828**	**378 959 996**	-	-	-	-	-	**11 490 137**	**390 470 961**	-	**390 470 961**
Transfer to Stated Capital		(20 828)	(378 959 996)	378 980 824	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year		-	-	-	-	-	-	-	431 494	431 494	-	431 494
Issue of shares		-	-	760 185 296	-	-	-	-	-	760 185 296	-	760 185 296
Capitalisation of Listing Fees		-	-	(19 036 740)	-	-	-	-	-	(19 036 740)	-	(19 036 740)
Balance at 30 June 2014		-	-	**1 120 129 380**	-	-	-	-	**11 921 631**	**1 132 051 011**	-	**1 132 051 011**

The accompanying accounting policies and notes form an integral part of the annual financial statements.

Statement of cash flows

for the year ended 30 June 2014

	Notes	GROUP 2014 R	GROUP 2013 R Restated	COMPANY 2014 R	COMPANY 2013 R
Cash flows from operating activities					
Cash generated from operations	31	176 520 032	7 734 353	(12 313 655)	(16 879 255)
Interest income		25 591 533	800 990	5 580 507	347 440
Interest paid		(54 729 936)	(52 428 892)	(3 397 199)	(9 958 426)
Dividends received/(paid)		-	(679 800)	48 120 756	-
Income tax paid	32	(43 679 815)	(10 678 995)	313 345	-
Net cash flows from operating activities: discontinued operations		(2 978 425)	(937 584)	-	-
Net cash generated from operating activities		**100 723 389**	**(56 189 928)**	**38 303 754**	**(26 490 241)**
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	35	(690 622 773)	(101 811 962)	(704 835 638)	(128 160 602)
Acquisition of investments in joint venture		(48 133 354)	-	-	-
Purchases of property, plant and equipment		(14 765 071)	(3 685 427)	-	(11 637)
Proceeds from sale of property, plant and equipment		36 500 813	326 076	-	56 459
Purchases of intangible assets		(1 749 703)	(1 840 657)	-	-
Loans granted to related parties		(20 997 388)	-	(212 621 611)	-
Loan repayments received from related parties		-	3 408 448	-	-
Repayment of deferred vendor liabilities		(33 549 102)	(10 867 534)	-	11 372 035
Proceeds from other financial assets		1 103 400	-	-	-
Dividends received		-	-	-	28 446 965
Net cash flows from investing activities: discontinued operations		(78 899)	(283 870)	-	-
Net cash used in investing activities		**(772 292 075)**	**(114 754 926)**	**(917 457 250)**	**(88 296 780)**
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		366 369 586	370 331 823	741 148 553	357 016 371
Acquisition of non-controlling interest		(61 492 266)	(10 989 450)	-	-
Movement in redeemable preference shares		-	(14 677 231)	-	-
Proceeds from borrowings		504 992 588	-	23 248 608	2 500 080
Repayments of borrowings		(271 651 175)	(6 756 849)	(37 658 123)	(10 510 180)
Cash movement from loans with related parties		-	(68 470 196)	-	(126 128 314)
Net cash flows from financing activities: discontinued operations		3 138 191	(1 159 114)	-	-
Net cash used in financing activities		**541 356 924**	**268 278 983**	**726 739 038**	**222 877 957**
Net (decrease)/increase in cash and cash equivalents		(130 211 762)	97 334 129	(152 414 458)	108 090 936
Cash and cash equivalents at beginning of year		124 246 629	26 912 500	108 281 206	190 270
Cash and cash equivalents at end of year (Note 13)		**(5 965 133)**	**124 246 629**	**(44 133 252)**	**108 281 206**

The accompanying accounting policies and notes form an integral part of the annual financial statements.

Accounting policies

for the year ended 30 June 2014

General Information

Ascendis Health is a health and care brands company operating in the human, plant and animal health care sectors. Its core divisions focus on consumer brands, pharmaceuticals, medical devices and plant and animal health care products.
The three primary divisions are Consumer Brands, Pharma-Med and Phyto-Vet. Ascendis' strategy is to create a synergistic group of health product brands and IP, across all LSM's, that cover the value chain from imports of raw materials, manufacturing, owning and acquiring new brands, through to distribution to consumers via retail and direct selling channels. The Group has a strong focus on acquisitive growth and via the subsidiaries which it has acquired to-date it now distributes and sells products in over 45 countries internationally and 23 countries in Africa.

Going Concern

The directors consider that the Group has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the Group's financial statements. The directors have satisfied themselves that the Group is in sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

1. Presentation of Annual Financial Statements

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the Companies Act of South Africa. IFRS comprise International Financial Reporting Standards, International Accounting Standards and Interpretations originated by the 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) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments and property, plant and equipment 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 financial statements are prepared on the going concern basis using accrual accounting.

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 Group 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 entity and the cost or fair value can be reliably measured.

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

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.
Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date and called "Deferred Vendor Liabilities"

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement (note 1.4).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d) Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 July 2013. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor.
The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 July 2013.

1.2 Significant judgements and sources of estimation uncertainty
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 judgement 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.

Significant judgements include:

Depreciation and amortisation rates and residual values

The Group depreciates or amortises its assets over their estimated useful lives, as more fully described in the accounting policies for property, plant and equipment and intangible assets.

The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product lifecycles and maintenance programmes.

Significant judgement is applied by management when determining the residual values for property, plant and equipment and intangible assets. In the event of contractual obligations in terms of which a termination consideration is payable to the Group, management will apply a residual value to the intangible asset. When determining the residual value for property, plant and equipment the following factors are taken into account:

- external residual value information (if available); and
- internal technical assessments for complex plant and machinery.

Indefinite useful life intangible assets

Judgement is applied when assessing whether an intangible asset has a finite or an indefinite useful life. Significant judgement is needed by management when determining the classification of intangible assets as indefinite useful life assets.

The following factors are taken into account when this classification is made:

- the ability to use the asset efficiently. Historical product sales, volume and profitability trends as well as the expected uses for the asset further evident from budgets, future growth and indefinite useful life intangible assets plans to invest in each of the assets over the long term are taken into account when this is being assessed;

- estimates of useful lives of similar assets – historical trends, market sentiment and/or the impact of any competitive activity will be taken into account;

- the strategy (budget, specific marketing plans, specific enhancement plans and the identification of new markets) for obtaining maximum economic benefit from the asset;

- rates of technical, technological or commercial obsolescence in the industry are very slow and evident in the fact that most of the reinvestment in technology is mainly expansion rather than replacement due to obsolescence;

- the stability of the industry and economy in which the asset will be deployed;

- expected actions by competitors and potential competitors;

- the willingness and ability of the entity to commit resources to maintain the performance of the asset;

- the period of the entity's control over the asset and any legal or other restrictions on its ability to use the asset;

- redundancy of a similar item due to changes in market preferences.

Impairment testing and allocation of cash generating units

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use and fair values less costs to sell. These calculations require the use of estimates and assumptions (note 4). It is reasonably possible that the assumption made may then impact our estimations and may require a material adjustment to the carrying value of tangible and intangible assets.

The Group reviews and tests the carrying values of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, intangible assets are tested on an annual basis for impairment.

Assets are grouped at the lowest level of which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows of each Group of assets. Expected future cash flows used to determine the value-in-use of tangible and intangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of economic factors.

Loans and receivables

The Group 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 Group 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 of 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 into account when considering 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.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock is made to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note.

Determination of net realisable value of inventories

Net realisable value is the estimate of the selling price of inventories in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Management is also required to exercise significant judgement in estimating the net realisable value. Such judgement would take into account the following:

- change in technology;
- regulatory requirements; and
- stock nearing expiry dates.

Fair value determination in business combinations

IFRS 3 Revised requires all assets, liabilities and contingent liabilities to be measured at fair value when accounting for business combinations. The Group makes use of various valuation methodologies in determining these fair values, including the use of reputable independent valuers. Valuations are inherently subjective, and require the use of judgement. Judgement is applied in determining the allocation of goodwill to different cash-generating units. The allocation is done based on the expected benefit arising from synergies due to the business combinations.

The initial accounting for specific business acquisitions in the current year have been reported on a provisional basis and will only be finalised in the year ending 30 June 2015.

Determination of average translation rates

Income and expenditure transactions are translated using the average rate of exchange for the year. Management considers the average rate to approximate the actual rates prevailing on the dates on which these transactions occur.

Fair value determination of short-term financial assets and liabilities

The carrying values of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.4. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 4).

Provisions

Provisions were raised and management determined an estimate based on the information available.

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 Group 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 Group 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 Group 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 Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Property, plant and equipment

(i) Recognition and measurement

Land and buildings are shown at fair value less subsequent depreciation for buildings.
Valuations are preformed with sufficient regularity to ensure that the fair value of revalued asset does not differ materially from its carrying amount.
Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the assets.
All other property plant and equipment is stated at historical cost minus depreciation.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

Borrowing costs related to the acquisition or construction of qualifying assets are capitalised in accordance with the Group's accounting policy on borrowing costs.

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from the disposal with the carrying amount of property, plant and equipment and are recognised within profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a systematic basis over the estimated useful lives of each part of an item of property, plant and equipment to their estimated residual value.

Leased assets are depreciated over the shorter of the lease term and their useful lives.

Land is not depreciated.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The depreciation rates applicable to each category of Property, Plant and Equipment are as follows:

Asset Category	Useful life
Land	Indefinite
Buildings	50 years
Lease hold improvements	10 years
Plant and equipment	5-12 years
Furniture and fittings	5-7 years
Office equipment	4-8 years
Motor vehicles	3-6 years
Computer equipment	3 years
Computer software	2 years
Stands and banners	3 years
Packaging moulds	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Items of property, plant and equipment are assessed for impairment as detailed in the accounting policy note on impairment of assets

1.4 Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and accumulated impairment losses. Intangible assets are not revalued.

Amortisation is included in other operating expenses in the statement of comprehensive income.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as

(i) Intangible assets within the Group includes the following:

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries 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.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Intellectual property

Expenditure on acquired patents, trademarks, dossiers, licences and know-how is capitalised. Expenditure incurred to extend the term of the patents or trademarks is capitalised. All other expenditure is charged to the statement of comprehensive income when incurred.

Subsequent measurement

Intellectual property is recognised at cost and amortised on a straight-line basis over their estimated remaining useful lives. Estimated useful lives are reviewed annually. In addition, some intangible assets included in this category are classified as indefinite life intangible assets. Indefinite life intangible assets are not amortised, but are tested annually for impairment.

(c) Research and development

Research expenditure is charged to the statement of comprehensive income when incurred. Development costs directly attributable to the production of new or substantially improved products or processes controlled by the Group are capitalised if the costs can be measured reliably, the products and processes are technically feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. All the remaining development costs are charged to the statement of comprehensive income.

The amounts that are recognised as intangible assets consist of all direct costs relating to the intellectual property and also include the cost of intellectual property development employees and an approximate portion of relevant overheads.

Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Subsequent measurement

Development costs are capitalised until the date of commercial production and are amortised from the commencement of the commercial sale of the product to which they relate, being the date at which all regulatory requirements necessary to commercialise the product are met, on a straight-line basis over the remaining useful lives.

(d) Product participation and other contractual rights

Rights acquired to co-market or manufacture certain third party products are capitalised to intangible assets and the corresponding liabilities are recognised as deferred-payables where applicable. The cost of the product participation rights is determined as equating to the gross values of the corresponding liabilities, discounted to their present values using an appropriate discount rate on initial measurement.

Subsequent measurement

These rights are subsequently carried at amortised cost and are amortised on the straight-line basis over the financial years of the agreements. This amortisation method is chosen to reflect the pattern in which the benefits relating to the rights are expected to flow to the Group.

(e) Drug master files

Drug master files include technical know-how relating to the drug master files acquired in business combinations and are carried at cost less accumulated amortisation and accumulated impairment losses.

Subsequent measurement

Drug master files are amortised over their expected remaining useful lives, which are estimated to be five years.

(f) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated remaining useful lives.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets if they meet the following criteria:

- the costs can be measured reliably;
- the software is technically feasible;
- future economic benefits are probable;
- the Group intends to and has sufficient resources to complete development; and
- the Group intends to use or sell the asset.

Subsequent measurement

Direct costs include the cost of software development employees and an approximate portion of relevant overheads. Computer software development costs recognised as asset are amortised over their estimated useful lives.

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(g) Technology-based intangible assets

Technology-based intangibles consist of software acquired as part of business combinations and are capitalised at its fair value at the date of acquisition, as determined by an independent valuer. The fair value is determined by utilizing a method which calculates the cost involved in creation of the software.

Subsequent measurement

Purchased software is amortised on a straight-line basis over its estimated useful life. The estimated life is re-evaluated on an annual basis.

(h) Customer relationships and contracts

Customer relationships and contracts acquired as part of a business combination are capitalised at their fair value, represented by the estimated net present value of the future cash flows from the relevant relationships and contracts acquired at the date of acquisition.

Subsequent measurement

Customer relationships and contracts are amortised on a straight-line basis over their estimated useful lives. The estimated life is re-evaluated on an annual basis.

(i) Trade names

The Group capitalises marketing-related trade names acquired through business combinations. Trade names are words, names or symbols used in trade to indicate the source of a product and to distinguish it from the service or products of other entities. Trade names are capitalised at the date of acquisition at the fair value determined by an independent valuer. The fair values are determined by a relief-from-royalty method which entails quantifying royalty payments, which would be required if the trade name were owned by a third party and licenced to the company.

Subsequent measurement

Trade names are amortised on a straight-line basis over their estimated economically beneficial lives. The estimated life is re-evaluated on an annual basis.

(ii) Amortisation and useful lives

The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired.

For all other intangible assets amortisation is provided on a straight-line basis over their useful life which is as follows:

Asset Category	**Useful life**
Brand names and trademarks	5-10 years
License agreements	5-10 years
Client relations	5-10 years
Drug Master Files	25 years
Contractual Agreements	5 years
Technology based	2-5 years
Intellectual property (that does not fall in the categories above)	Indefinite

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

1.5 Investments in subsidiaries

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus

- any costs directly attributable to the purchase of the subsidiary.

1.6 Investment in joint venture

The cost of an investment in a joint venture is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus

- any costs directly attributable to the purchase of the joint venture.

1.7 Financial instruments

Classification

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

- Loans and receivables
- 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.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise of 'trade and other receivables', 'cash and cash equivalents' and 'loans to related parties' in the statement of financial position (note 7).

Initial recognition and measurement

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

The Group 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.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

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

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Loans and receivables 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.

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.

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 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 other financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest 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 Group's accounting policy for borrowing costs.

Preference shares, which are mandatorily redeemable on a specific date, are classified as other financial liabilities carried at amortised cost. The dividends on these preference shares are recognised in profit or loss as interest expense.

1.8 Taxes

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.

Deferred tax assets and liabilities

A deferred taxation 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 assets and liabilities which affect neither accounting nor taxable profits or losses and investments in subsidiaries and joint ventures where the Group controls the timing of the reversal of temporary differences and it is 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 anticipated 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).

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.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted. Any contingent rents are expensed in the period they are incurred.

Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged to profit or loss in the period in which they are incurred.

1.10 Inventories

Inventories are stated at the lower of cost or net realisable value, except in the Pharma division where standard costing is used.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The carrying values of finished goods and work-in-progress include raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but exclude borrowing costs.

The cost of inventories is assigned using the Weighted Average Cost Formula. The same cost formula is used for all inventories having a similar nature and use to an entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Non-current assets held for sale (disposal Groups) and discontinued operations

(i) Non-current assets held for sale

Non-current assets and disposal Groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than continuing use. This classification is only met if the sale is highly probable and the assets or disposal Groups are available for immediate sale in its current condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held for sale, the measurement (carrying amount) of assets and liabilities in relation to a disposal Group is recognised based upon the appropriate IFRS standards.

On initial recognition as held for sale, the non-current assets and liabilities are recognised at the lower of carrying amount and fair value less costs to sell.

Any impairment losses on initial classification as held for sale are recognised in profit or loss.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal Group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal Group classified as held for sale are recognised in profit or loss.

The non-current assets and disposal Groups held for sale will be reclassified immediately when there is a change in intention to sell. Subsequent measurement of the asset or disposal Group at that date will be the lower of:

(a) its carrying amount before the asset or disposal Group was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal Group not been classified as held for sale; and
(b) its recoverable amount at the date of the subsequent decision not to sell.

(ii) Discontinued operations

The profit or loss on the disposal or abandonment of a discontinued operation is determined from the date when the entity enters into a binding sale agreement or when there is a formal plan and it is announced. The profit or loss includes operating results from this date as well as all costs and expenses directly associated with the disposal.

If a loss is expected, full provision is made from the discontinuance date. If a profit is expected, it is recognised only when realised. Profits or losses in respect of the discontinued operations are included in attributable profits of the Group until date of discontinuance.

The results of discontinued operations are presented separately in the financial statements.

1.12 Impairment of assets

The carrying amounts of the Group's assets are reviewed on an annual basis to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Financial assets carried at amortised cost

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. Objective evidence that a financial asset or Group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

(i) Significant financial difficulty of the issuer or debtor;
(ii) A breach of contract, such as a default or delinquency in payments;
(iii) It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
(iv) The disappearance of an active market for that financial asset because of financial difficulties; or
(v) Observable data indicating that there is a measurable decrease in the estimated future cash flow from a Group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:

- adverse changes in the payment status of issuers or debtors in the Group; or
- national or local economic conditions that correlate with defaults on the assets in the Group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for Groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improved credit rating), the previously recognised impairment loss is reversed in profit or loss.

Goodwill

Goodwill is allocated to cash-generating units (CGU) being the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Groups of assets. Each CGU containing goodwill is tested annually for impairment. An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to a CGU and then to reduce the carrying amount of the other assets on a pro rata basis. Impairment losses relating to goodwill are not reversed.

Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss immediately when incurred for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Derivative financial instruments and hedging activities

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.

1.14 Share capital

Stated Capital

Stated Capital 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 stated capital 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.

Treasury shares

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is on consolidation deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity. Any net income in relation to treasury shares (both fair value movements and dividends) is eliminated from Group profit for the year. The number of shares in the earnings per share calculation is reduced for treasury shares held during the period on a weighted average basis.

1.15 Preference shares

Preference shares are classified as liabilities if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are charged to the income statement as a finance expense based on the effective interest rate method.

1.16 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

1.17 Share-based payments

The Group operates a equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

1.18 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  * the business or part of a business concerned;
  * the principal locations affected;
  * the location, function, and approximate number of employees who will be compensated for terminating their services;
  * the expenditures that will be undertaken; and
  * when the plan will be implemented; and

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognized separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in separate note to the financial statements.

1.19 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods – wholesale

The Group manufactures and sells a range of products in the wholesale market. Sales of goods are recognised when a Group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with volume discounts, customers have a right to return faulty products in the wholesale market. Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present as the sales are made with a credit term, which is consistent with the market practice.

1.20 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing goods recognised as revenue in the current period is included in cost of sales.

1.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.22 Translation of foreign currencies

The presentation and functional currency of the group and parent company financial statements is the South African Rand. Certain individual companies in the group have different functional currencies, and are translated upon consolidation.

Foreign currency transactions are recorded at the exchange rates ruling on the transaction dates. Monetary assets and liabilities designated in foreign currencies are subsequently translated at rates of exchange ruling at the reporting date, gains and losses thereon are recognised in profit or loss. Upon settlement, foreign currency monetary assets and liabilities are translated at the rates of exchange ruling at the settlement date and resulting gains and losses are recognised in profit or loss. Non-monetary assets and liabilities are consistently translated at rates of exchange ruling at acquisition date.

Foreign operations are translated from their functional currency into rand at the rates of exchange ruling at the reporting date in respect of statement of financial position items and at an average rate per month in respect of statement of comprehensive income items. Gains and losses on the translation of foreign operations are recognised in other comprehensive income.

Translation gains and losses arising on loans which form part of the net investment in the foreign operations are reported in profit or loss in the company extending or receiving the loan. In the consolidated financial statements they are carried in equity until realised, and thereafter are recognised in profit or loss.

1.23 Dividend distribution

Dividend distribution to the company's ordinary shareholders is recognised as a liability in the Group's financial statements in the period in which, in terms of the authority granted by the shareholders, the dividends are approved by the company's directors.

1.24 Segment information

Reporting segments

The Group has three main reportable segments that comprise the structure used by the Group executive committee to make key operating decisions and assess performance. The Group's reportable segments are operating segments that are differentiated by the activities that each undertakes and the products they manufacture and market (referred to as business segments). Each business utilises different technology, manufacturing and marketing strategies.

The Group evaluates the performance of its reportable segments based on operating profit after remeasurement items. The Group accounts for inter-segment sales and transfers as if the sales and transfers were entered into under the same terms and conditions as would have been entered into in a market related transaction.

The financial information of the Group's reportable segments is reported to the Group executive committee for purposes of making decisions about allocating resources to the segment and assessing its performance.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, reports to the Group executive committee who make are responsible for strategic decisions.

1.25 Offsetting

Assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.26 Investment income and finance costs

Investment income for the Group comprises interest and dividends.

Dividends are recognised when the right to receive payment is established.

Interest income and expenses for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, are recognised within investment income and finance costs in profit or loss using the effective interest rate method.

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

1.27 Earnings per share, Diluted earnings per share and Headline earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares.
Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue.
Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue for the dilutive effects of all share options granted to employees.
The calculation of headline earnings per share is based on the profit attributable to equity holders of the parent, after excluding all items of a non-trading nature, divided by the weighted average number of ordinary shares in issue during the year. The presentation of headline earnings is not an IFRS requirement, but is required by JSE Listings Requirements and Circular 3 of 2012.

An itemised reconciliation of the adjustments to profit attributable to equity holders of the parent is provided in note 30 and 40 of the Group Annual Financial Statements.

Notes to the annual financial statements
for the year ended 30 June 2014

2. New standards and interpretations

2.1 Standards, interpretations and amendments effective and adopted in the current year

During the current financial year, the following new accounting standards, interpretations and amendments to published accounting standards were adopted prior to their effective dates:

Amendment to IFRS 1, 'First time adoption' on government loans - effective date 1 January 2013

This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.

Amendment to IFRS 7 Financial Instruments: Disclosures – Asset and Liability offsetting - effective date 1 January 2013

The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

IAS 19, "Employee benefits" - effective date 1 January 2013

The IASB has issued an amendment to IAS 19, 'Employee benefits', which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.

IFRS 10 – Consolidated financial statements - effective date 1 January 2013

This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.

IFRS 11 – Joint arrangements - effective date 1 January 2013

This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

IFRS 12 – Disclosures of interests in other entities - effective date 1 January 2013

This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13 – Fair value measurement - effective date 1 January 2013

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP.

The adoption of this amendment has not had a material impact on the results of the Group, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

IAS 27 (revised 2011) – Separate financial statements - effective date 1 January 2013

This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

IAS 28 (revised 2011) – Associates and joint ventures - effective date 1 January 2013

This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12, 'Disclosure of interests in other entities' - effective date 1 January 2013

The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted – for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment.

The amendment also requires certain comparative disclosures under IFRS 12 upon transition.

Annual Improvements Issued May 2012

Improvements to IFRS (Issued May 2012) was issued by the IASB as part the 'annual improvements process' resulting in the following amendments to standards issued, and effective for the first time for 30 June 2014 year-ends:

Amendments to IFRS 1, 'First time adoption of IFRS' - effective date 1 January 2013

The amendment clarifies that an entity may apply IFRS 1 more than once under certain circumstances.
The amendment clarifies that an entity can choose to adopt IAS 23, 'Borrowing costs', either from its date of transition or from an earlier date.
The consequential amendment (as a result of the amendment to IAS 1 discussed below) clarifies that a first-time adopter should provide the supporting notes for all statements presented.
This did not have a significant effect on the results of the group.

Amendment to IAS 1, 'Presentation of financial statements' - effective date 1 January 2013

The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors', or voluntarily.

Amendment to IAS 16, 'Property, plant and equipment' - effective date 1 January 2013

The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.

Amendment to IAS 32, 'Financial instruments: Presentation' - effective date 1 January 2013

The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity.

Amendment to IAS 34, 'Interim financial reporting' - effective date 1 January 2013

The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements.
All these standards and interpretations did not have a significant effect on the results of the groups or financial position of the group.

2.2 Standards, interpretations and amendments not yet effective

The following accounting standards, interpretations and amendments to published accounting standards which are relevant to Ascendis Health but not yet effective, have not been adopted in the current year:
These standards are not expected to have any significant effect on the results of operations or financial position of the group.

IFRS 9 – Financial Instruments (2009) - 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.

IFRS 9 – Financial Instruments (2010) - effective 1 January 2018

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.

Amendments to IFRS 9 – Financial Instruments (2011) - effective 1 January 2018

The IASB has published an amendment to IFRS 9, 'Financial instruments' that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.

Amendments to IAS 32 – Financial Instruments: Presentation - 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.

Amendment to IAS 39 on novation of derivatives - 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'.

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.

Amendments to IFRS 10, consolidated financial statements', IFRS 12 and IAS 27 for investment entities - effective 1 January 2014

The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make.

IFRS 14 - effective 1 January 2016

The IASB has issued IFRS 14, 'Regulatory deferral accounts' ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.

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 3, 'Business combinations' - effective 1 July 2014

The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39.

Amendment to IFRS 8, 'Operating segments' - effective 1 July 2014

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

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.

IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets' - effective 1 July 2014

Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
- the accumulated depreciation is eliminated against the gross

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')

IFRIC 21 – Accounting for 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.

Notes to the annual financial statements

for the year ended 30 June 2014

3. Property, plant and equipment

	Land and buildings R	Plant and machinery - owned R	Plant and machinery - leased R	Vehicles - owned R	Vehicles - leased R	Office furniture R	Computers R	Leasehold improvements R	Capital WIP R	Total R
At 1 June 2013										
Cost or valuation	25 311 401	3 109 181	-	2 703 919	-	7 026 622	2 460 335	144 655	-	40 756 093
Accumulated depreciation	(51 250)	(908 581)	-	(347 572)	-	(973 779)	(836 026)	(6 023)	-	(3 123 211)
Net book amount	25 260 151	2 200 600	-	2 356 347	-	6 052 843	1 624 309	138 632	-	37 632 882
Year ended 30 June 2013										
Opening net book amount	25 260 151	2 200 600	-	2 356 347	-	6 052 843	1 624 309	138 632	-	37 632 882
Revaluation surplus	1 955 490	-	-	-	-	-	-	-	-	1 955 490
Acquisition of subsidiary	-	983 626	-	793 407	-	1 270 449	152 035	279 206	-	3 478 723
Additions	-	901 198	-	921 729	-	1 425 880	896 895	46 953	-	4 192 655
Disposals	-	(18 491)	-	(255 000)	(11 443)	(41 142)	-	-	-	(326 076)
Depreciation charge	(139 836)	(824 136)	-	(567 447)	-	(1 672 525)	(907 957)	(100 768)	-	(4 212 669)
Closing net book amount	27 075 805	3 242 797	-	3 249 036	(11 443)	7 035 505	1 765 282	364 023	-	42 721 005
At 30 June 2013										
Cost or valuation	27 266 891	4 791 933	-	2 477 327	1 523 821	10 487 834	3 596 446	776 756	-	50 921 008
Accumulated depreciation	(191 086)	(1 549 137)	-	(576 760)	(175 351)	(3 422 898)	(1 872 306)	(412 465)	-	(8 200 003)
Net book amount	27 075 805	3 242 796	-	1 900 567	1 348 470	7 064 936	1 724 140	364 291	-	42 721 005
Year ended 30 June 2014										
Opening net book amount	27 075 805	3 242 796	-	1 900 567	1 348 470	7 064 936	1 724 140	364 291	-	42 721 005
Acquisition of subsidiary	-	50 276 024	157 106	5 636 740	2 247 989	5 202 679	1 909 429	5 564 242	5 429 220	76 423 428
Additions	640 964	6 044 840	3 866	1 348 035	292 510	1 705 676	2 647 889	769 909	1 111 381	14 765 071
Disposals	-	(34 355 481)	-	(740 841)	(857 149)	(181 732)	(46 981)	-	(511 494)	(36 693 677)
Depreciation charge	(356 799)	(1 367 105)	(62 760)	(2 058 351)	(1 015 426)	(2 938 648)	(2 073 320)	(372 847)	-	(10 245 257)
Transferred to disposal group classified as held for sale	-	(25 504)	-	-	-	(205 464)	(50 498)	-	-	(281 466)
Closing net book amount	27 359 970	23 815 571	98 212	6 086 151	2 016 394	10 647 448	4 310 658	6 325 595	6 029 107	86 689 104
At 30 June 2014										
Cost or valuation	27 907 855	25 631 907	160 972	8 276 527	2 911 772	16 013 030	8 031 297	7 111 174	6 029 107	102 073 640
Accumulated depreciation	(547 885)	(1 816 336)	(62 760)	(2 190 376)	(895 379)	(5 365 582)	(3 720 639)	(785 579)	-	(15 384 536)
Net book amount	27 359 970	23 815 571	98 212	6 086 151	2 016 394	10 647 448	4 310 658	6 325 595	6 029 107	86 689 104

Details of properties

Gauteng

Title Deed T13122/2010, Isando, Gauteng (Erf 649)

	R
At 30 June 2013	
Acquisition from business combination - 1 October 2013	21 720 765
Addition since purchase	450 109
Depreciation	(191 086)
Revaluation	1 955 490
Net Book Value	23 935 278
At 30 June 2014	
Carrying Value	23 935 278
Addition since purchase	640 964
Depreciation	(356 799)
Revaluation	-
Net Book Value	24 219 443
At 30 June 2013	
Pretoria	
Erf 514, Brooklyn, Pretoria	3 140 527
Net Book Value	3 140 527

At 30 June 2014	R
Pretoria	
Erf 514, Brooklyn, Pretoria	3 140 527
Net Book Value	**3 140 527**

Pledged as security

Land and buildings situated in Isando have been pledged as security for the mortgage bond with the Land and Agricultural Development Bank of South Africa as disclosed in note 16. It is further encumbered by a notarial bond in favour of The Land and Agricultural Bank of South Africa in the amount of R 20,000,000. A register containing information required by Regulation 25(3) of the Companies Regulations 2011, is available for inspection at the registered office of Efekto Care Proprietary Limited ("Efekto Care").

The carrying value of the building situated in Pretoria was pledged as security for the loan with The Standard Bank of South Africa Limited to the value of R 1,600,000. Refer to note 16.

Revaluations

A valuation of property, Erf 649 situated on 15 Diesel Road, Isando, Gauteng was performed on 7 March 2013 by an independent valuer, Errol B Ansara, a professional associated valuer (Reg 635/8) and appraiser appointed in terms of provision of sec 6(1) of the Estate Act (Act 66 of 1965). The valuation was performed using the discounted cash flow approach, using a discount rate of 9.9%. The discount rate was agreed to the Rhodes report for industrial buildings in the East Rand.

No external revaluation has been performed for property Erf 514, Brooklyn, Pretoria as the directors assessed that the fair value of the property is correctly reflected in the carrying value thereof.

Fair value of land and buildings

An independent valuation of the group's other land and buildings was performed by valuers to determine the fair value of the land and buildings. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'other reserves' in shareholders equity. The following table analyses the non- financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Fair value measurements at 30 June 2013		
	Quoted prices in active markets for identical assets (Level 1) R	**Significant other observable inputs (Level 2)** R	**Significant unobservable inputs (Level 3)** R
Recurring fair value adjustments			
Land and buildings - Efekto (Fair Value less Accumulated Depreciation)	-	-	27 075 805

	Fair value measurements at 30 June 2014		
	Quoted prices in active markets for identical assets (Level 1) R	**Significant other observable inputs (Level 2)** R	**Significant unobservable inputs (Level 3)** R
Recurring fair value adjustments			
Land and buildings - Efekto (Fair Value less Accumulated Depreciation)	-	-	27 359 970

There were no transfers between levels 1,2 and 3 during the year.

Valuation processes of the group

The group's finance department includes a team that performs the valuations of land and buildings required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every quarter, in line with the group's quarterly reporting dates.

The valuation takes into account the occupancy rate and rental per square metre.
The only unobservable input is the discount rate used in the free cash flow valuation model.

The discount rate applied was derived using an appropriate capitalisation rate and adding a growth rate based on market-related rentals, testing this for reasonableness to the sum of the risk free rate and an appropriate premium for liquidity and property risk.
Over the 12 months to 30 June 2014, the range of discount rates utilised in the valuation of the Group's portfolio of properties has decreased due to the risk free rate, based on 10-year government bond yields, falling 80 basis points over the same period.

A 1% point movement in the capitalisation rate will yield the following movements in the fair value of the buildings disclosed:

	2014		2013	
	1% up	1% Down	1% up	1% Down
IFRS 13 disclosure Sensitivity	(237 552)	242 381	(230 430)	240 151

4. Intangible assets

	Goodwill R	Brand names and Trademarks R	Client relation-ships R	Contractual agreements R	License agree-ments R	Drug master files R	Technology-based R	Total R
Cost								
At 1 June 2013	179 367 148	16 061 299	11 973 527	-	14 770 277	-	1 071 316	223 243 567
Exchange differences	-	-	-	-	424 051	-	-	424 051
Additions	-	1 145 803	-	-	234 076	-	36 727	1 416 606
Acquisition of subsidiary	92 955 234	1 207 699	-	-	-	-	-	94 162 933
Measurement period adjustment	(39 199 433)	19 197 498	35 246 159	-	-	-	-	15 244 224
As at 30 June 2013	**233 122 949**	**37 612 299**	**47 219 686**	-	**15 428 404**	-	**1 108 043**	**334 491 381**
Additions	-	-	-	-	-	-	1 749 703	1 749 703
Acquisition of subsidiary	814 585 123	43 063 980	74 739 003	12 937 906	-	52 389 717	-	997 715 730
Disposals	-	-	-	-	(156 115)	-	-	(156 115)
As at 30 June 2014	**1 047 708 073**	**80 676 279**	**121 958 689**	**12 937 906**	**15 272 289**	**52 389 717**	**2 857 746**	**1 333 800 698**
Accumulated amortisation and impairment								
At 1 June 2013	-	(1 642 553)	(939 673)	-	(2 480 413)	-	(367 884)	(5 430 523)
Impairment charge	-	-	-	-	(208 907)	-	-	(208 907)
Amortisation charge	-	(1 761 761)	(1 271 654)	-	(1 820 605)	-	(434 244)	(5 288 264)
Additional amortisation charge due to measurement period adjustment	-	(756 094)	(2 716 225)	-	-	-	-	(3 472 319)
As at 30 June 2013	-	**(4 160 408)**	**(4 927 552)**	-	**(4 509 925)**	-	**(802 128)**	**(14 400 013)**
Amortisation charge	-	(7 347 080)	(9 342 813)	(107 816)	(1 331 771)	(1 397 059)	(828 972)	(20 355 512)
As at 30 June 2014	-	**(11 507 488)**	**(14 270 365)**	**(107 816)**	**(5 841 696)**	**(1 397 059)**	**(1 631 100)**	**(34 755 525)**
Net book value								
Cost	233 122 949	34 314 242	50 517 743	-	15 428 404	-	1 108 043	334 491 381
Accumulated amortisation and impairment	-	(4 160 408)	(4 927 552)	-	(4 509 925)	-	(802 128)	(14 400 013)
As at 30 June 2013	**233 122 949**	**30 153 834**	**45 590 191**	-	**10 918 479**	-	**305 915**	**320 091 368**
Cost	1 047 708 073	80 676 279	121 958 689	12 937 906	15 272 289	52 389 717	2 857 746	1 333 800 698
Accumulated amortisation and impairment	-	(11 507 488)	(14 270 365)	(107 816)	(5 841 696)	(1 397 059)	(1 631 100)	(34 755 525)
As at 30 June 2014	**1 047 708 073**	**69 168 791**	**107 688 324**	**12 830 090**	**9 430 593**	**50 992 658**	**1 226 646**	**1 299 045 174**

Impairment testing

The carrying value of goodwill for each entity where it exists, is reviewed for impairment annually by the board of directors.
The current year's valuation is based on a combination of the carrying value of intangibles and goodwill, of cash generating units and projected sustainable free cash flows calculation, taking into account the views of future performance of the respective companies.

While the valuation is based on projected sustainable free cash flows methodology the latest budgets and forecasts are utilised. A 5-year time horizon is used to project the cash flows. Cash flows are discounted using a discounting factor, which was determined taking into account both systematic and unsystematic risks. The key assumptions for the value-in-use calculations are based on past experience of management regarding entity performance and market variables.

Based on the above valuation methods, the directors assessed the carrying value of the goodwill to be less than the expected benefits from future performance or net asset value of the cash generating units. As a result the goodwill is not deemed to be impaired.

Significant judgements applied in the fair value estimation:

Valuation date: 30 June 2014
Inflation: 6%
Terminal Growth Rate: 6%
Discount rate: 11.88%

Impairment tests for goodwill

Management reviews the business performance based on type of business and products. The carrying value of goodwill where it exists, is reviewed for impairment annually by the directors. It has identified Consumer Brands, Phyto-Vet, Pharma-Med and Information Technology (internet) main segments. Goodwill is monitored by the management at the operating segment level. The following is a summary of goodwill allocation for each operating segment:

	Opening R	Additions R	Disposals R	Impairment R	Transfer to other intangible assets R	Closing R
2014						
Consumer Brands	134 050 742	352 752 991	-	-	(73 418 415)	413 385 318
Phyto-Vet	138 268 390	19 344 106	-	-	(17 436 236)	140 176 260
Pharma-Med	3 250	625 618 633	-	-	(131 482 484)	494 139 399
Total	272 322 382	909 692 678	-	-	(222 337 134)	1 047 700 977

	Opening R	Additions R	Disposals R	Impairment R	Transfer to other intangible assets R	Closing R
2013						
Consumer Brands	41 098 759	92 951 983	-	-	(39 199 433)	94 851 309
Phyto-Vet	138 268 390	-	-	-	-	138 268 390
Pharma-Med	-	3 250	-	-	-	3 250
Total	179 367 148	92 955 234	-	-	(39 199 433)	233 122 949

The key assumptions used for value-in-use calculations in 2014 are as follows:

	Consumer Brands	Phyto-Vet	Pharma-Med
Terminal Growth Rate	7.8% to 8%	7.7% to 8.2%	8.2% to 8.5%
Revenue Growth Rate	8% to 6.5%	7.5% to 8%	8% to 8.5%
Inflation	8.2%	8.0%	7.8%
Discount rate	11.68% to 11.90%	11.20% to 11.88%	11.9% to 12.2%

The key assumptions used for value-in-use calculations in 2013 are as follows:

	Consumer Brands	Phyto-Vet	Pharma-Med
Terminal Growth Rate	5%	5%	5%
Inflation	5% to 10%	5% to 10%	5% to 10%
Discount rate	14% to 18.14%	14% to 18.14%	14% to 18.14%

These assumptions have been used for the analysis of each CGU within the operating segment.
The CGU's are individually operating subsidiaries and grouped per operating segment. Goodwill was allocated to each individual operating subsidiary (CGU) and grouped per operating segment.

	2014 R	2013 R	2014 R	2013 R
Sensitivity analysis	1% INCREASE		1% DECREASE	
Change in terminal growth rate	58 551 887	17 459 486	(56 374 227)	(16 914 191)

An impairment charge will need to be raised for a few operating subsidiaries (CGU) once the determined growth rate drops below 5% when the carrying value becomes more than the calculated recoverable amount.

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6.1 Principal subsidiaries

The group had the following subsidiaries at 30 June 2014:

Name of entity	Place of business/ country of incorporation	Nature of business	2014 Proportion of ordinary shares held by the group (%)	2014 Proportion of ordinary shares held by non-controlling interest (%)	2013 Proportion of ordinary shares held by the group (%)	2013 Proportion of ordinary shares held by non-controlling interest (%)	2014 R Investment value for group (direct and indirect investments)	2013 R Investment value for group (direct and indirect investments)	2014 R Investment value for Ascendis (direct investments)	2013 R Investment value for Ascendis (direct investments)
Agro-Serve Proprietary Limited	Republic of South Africa	Phyto-Vet: Retail, wholesale and distribution of home and garden care products and related services	100%	n/a	n/a	n/a	5 348 239	5 348 239	-	-
Agro-Serve Namibia Proprietary Limited	Namibia	Phyto-Vet: Retail, wholesale and distribution of home and garden care products and related services	100%	n/a	n/a	n/a	4 000	4 000	-	-
Anti-aging Technologies Proprietary Limited	Republic of South Africa	Consumer Brands: Import and export of health products	100%	n/a	n/a	n/a	100	-	-	-
Ascendis Management Services Proprietary Limited	Republic of South Africa	Management services	100%	n/a	100%	n/a	3 965	3 965	3 965	3 965
Ascendis Financial Services Proprietary Limited	Republic of South Africa	Financial services and related activities	100%	n/a	100%	n/a	3 370	3 370	3 370	3 370
ATKA Trading 46 Proprietary Limited	Republic of South Africa	Consumer Brands: Manufacture, marketing and distribution of superior health products made from natural ingredients	50%	50%	n/a	n/a	48 816 353	-	48 816 353	-
Avima Proprietary Limited	Republic of South Africa	Phyto-Vet: Manufacturing and distribution of crop protection and public health pesticides and equipment	100%	n/a	85%	n/a	54 821 140	54 821 140	-	-
Bo[illegible] Distribution Proprietary Limited	Republic of South Africa	Consumer Brands: Importing and distributing of nutritional supplements	100%	n/a	n/a	n/a	18 011 725	-	-	-
Coast2Coast Distribution Proprietary Limited	Republic of South Africa	General Trading and Manufacturing	100%	n/a	100%	n/a	36 510 000	10 000	36 510 000	10 000
Chempure Proprietary Limited	Republic of South Africa	Consumer Brands: Ingredient supplier to Ascendis Consumer Brands Division and the health products and skincare industry	100%	n/a	79.43%	20.57%	83 209 938	61 488 688	83 209 938	61 488 588
Dealcor Forty Proprietary Limited	Republic of South Africa	Consumer Brands: Supplier of sports nutrition	100%	n/a	n/a	n/a	50 200 052	-	-	-
Dezzo Trading 392 Proprietary Limited	Republic of South Africa	Pharma-Med: Generic pharmaceutical tender business to Government and importer and exporter of pharmaceutical products	100%	n/a	n/a	n/a	200	-	-	-
Efekto Care Proprietary Limited	Republic of South Africa	Phyto-Vet: Retail, wholesale and distribution of home and garden care products and related services	100%	n/a	n/a	n/a	456 906	-	-	-
Efekto Holdings Proprietary Limited	Republic of South Africa	Phyto-Vet: Holding of investments	100%	n/a	85%	15%	70 159 307	30 612 228	70 159 307	30 612 228
Elur Brands Proprietary Limited	Republic of South Africa	Consumer Brands: Retail industry	100%	n/a	100%	n/a	39 000	39 000	39 000	39 000
Halstrin Trading Proprietary Limited	Republic of South Africa	Phyto-Vet: General Trading	100%	n/a	100%	n/a	441			
Heritage Resources Proprietary Limited	Isle of Man	Consumer Brands: Holding of registered trademarks	100%	n/a	100%	n/a	14 542	14 542	14 542	14 542
Innovative Pest Management Proprietary Limited	Republic of South Africa	Phyto-Vet: Pest Management	100%	n/a	n/a	n/a	100	100	-	-
Integrative Health Publications Proprietary Limited	Republic of South Africa	Consumer Brands: Publications	100%	n/a	n/a	n/a	120	120	-	-
Juniva Proprietary Limited	Republic of South Africa	Consumer Brands: Information Technology	78.4%	21.60%	n/a	n/a	2 970		2 970	
K2013021382 Proprietary Limited	Republic of South Africa	Consumer Brands: General trading and manufacturing	100%	n/a	100%	n/a	26 158 340	3 370	26 158 340	3 370
K2013021486 Proprietary Limited	Republic of South Africa	Pharma-Med: General trading and manufacturing	100%	n/a	100%	n/a	143 303 370	3 370	143 303 370	3 370
K2013179211 Proprietary Limited	Republic of South Africa	Consumer Brands: Holding of investments	100%	n/a	n/a	n/a	74 423 271	-	79 106 653	-
K2013179240 Proprietary Limited	Republic of South Africa	Consumer Brands:	100%	n/a	n/a	n/a	6 734 553	-	3 370	-

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Name of entity	Place of business/ country of incorporation	Nature of business	2014 Proportion of ordinary shares held by the group (%)	2014 Proportion of ordinary shares held by Minorities (%)	2013 Proportion of ordinary shares held by the group (%)	2013 Proportion of ordinary shares held by Minorities (%)	2014 R Investment value for group (direct and indirect investments)	2013 R Investment value for group (direct and indirect investments)	2014 R Investment value for Ascendis (direct investments)	2013 R Investment value for Ascendis (direct investments)
K2013179383 Proprietary Limited	Republic of South Africa	Consumer Brands: International network marketing company specialising in health and beauty products	74%	26.00%	n/a	n/a	6 503 490	-	3 370	
K2013195936 Proprietary Limited	Republic of South Africa	Consumer Brands: Supplier of sports nutrition	100%	n/a	n/a	n/a	3 880	-	3 880	-
K2013195943 Proprietary Limited	Republic of South Africa	Pharma-Med: Manufacturing and distribution of medical devices	100%	n/a	n/a	n/a	3 880	-	3 880	-
K2013195969 Proprietary Limited	Republic of South Africa	Pharma-Med: Holding of investments	100%	n/a	n/a	n/a	309 662 083	-	309 662 083	-
K2013197816 Proprietary Limited	Republic of South Africa	Consumer Brands: Retail industry	100%	n/a	n/a	n/a	3 880	-	3 880	-
K2013126231 Proprietary Limited	Republic of South Africa	Consumer Brands: Retail industry	100%	n/a	n/a	n/a	2 850	-	2 850	-
K2013197766 Proprietary Limited	Republic of South Africa	Consumer Brands: Retail industry	100%	n/a	n/a	n/a	2 850	-	2 850	-
Lavient Trading Proprietary Limited	Republic of South Africa	Consumer Brands: Retail industry	100%	n/a	79.43%	20.57%	50 206	50 206	50 206	50 206
Marltons Pets and Products Proprietary Limited	Republic of South Africa	Phyto-Vet: Manufacturers, wholesalers and distributors of pet food and products	100%	n/a	n/a	n/a	100	-	-	-
Medicine Developers International Proprietary Limited	Republic of South Africa	Pharma-Med: Seller of generic pharmaceutical products	100%	n/a	n/a	n/a	200	-	-	-
Nimue Bioscience Proprietary Limited	Republic of South Africa	Consumer Brands: Manufacture and marketing of skin care and cosmetic products	100%	n/a	100%	n/a	32 000 001	32 000 001	32 000 001	32 000 001
Nimue Skin Proprietary Limited	Republic of South Africa	Consumer Brands: Retail and wholesale agents and distributors of cosmetic products	100%	n/a	100%	n/a	100	100	100	100
Nimue South Africa Proprietary Limited	Republic of South Africa	Consumer Brands: Skin Care Distribution	100%	n/a	n/a	n/a	100	-	100	-
One Vision Investments 381 Proprietary Limited (SSN)	Republic of South Africa	Consumer Brands: Manufacturing and distribution of nutritional and ancillary products for sports nutation industry	100%	n/a	n/a	n/a	1	-	1	1
Pharmachem Proprietary Limited	Republic of South Africa	Pharma-Med: Marketing and distribution of its own branded generic pharmaceuticals, nutraceuticals and OTC products	100%	n/a	n/a	n/a	1 000	-	-	-
Pharmadyne Proprietary Limited	Republic of South Africa	Pharma-Med: Manufacture, import, export and distribution of vitamins and minerals.	100%	n/a	n/a	n/a	200	-	-	-
Pharma Natura Proprietary Limited	Republic of South Africa	Consumer Brands: Trading in vitamins and health products	100%	n/a	n/a	n/a	80 005 940	-	-	-
Regal Nutrients Proprietary Limited	Republic of South Africa	Consumer Brands: Trading in vitamins and health products	100%	n/a	100%	n/a	14 162 344	14 162 344	14 162 344	14 162 344
Reviva Technology Proprietary Limited	Republic of South Africa	Consumer Brands: Importer of footwear for resale	100%	n/a	n/a	n/a	3 318 959	-	-	-
Small Pack Solutions Proprietary Limited	Republic of South Africa	Packaging	100%	n/a	n/a	n/a	120	-	-	-
Solal Africa Technologies Distributors Proprietary Limited	Republic of South Africa	Consumer Brands: Health Products	100%	n/a	n/a	n/a	100	-	-	-
Solal Technologies Fine Pharmaceuticals Proprietary Limited	Republic of South Africa	Consumer Brands: Health Products	100%	n/a	n/a	n/a	3 000	-	-	-
Southern African Academy of Healthy Ageing and Integrative Medicine Proprietary Limited	Republic of South Africa	Consumer Brands: Health Products	100%	n/a	n/a	n/a	120	-	-	-
Sportron International Proprietary Limited	Republic of South Africa	Consumer Brands: Direct Marketing of health products	100%	n/a	100%	n/a	4 886 113	4 886 113	4 886 113	4 886 113
Sportron International (Namibia) (Pty) Ltd	Namibia	Consumer Brands: Direct Marketing of health products								
Sportron Properties Proprietary Limited	Republic of South Africa	Consumer Brands: Property Investment	100%	n/a	100%	n/a	6 249 083	6 249 083	6 249 083	6 249 083
Surgical Innovations Proprietary Limited	Republic of South Africa	Pharma-Med: Manufacturing and distribution	100%	n/a	n/a	n/a	339 000 000	-	-	-
The Integrative Medical Centre Proprietary Limited	Republic of South Africa	Consumer Brands: Wholesale distribution and marketing of vitamin and health supplements	100%	n/a	n/a	n/a	100	-	-	-

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Name of entity	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares held by the group (%) 2014	Proportion of ordinary shares held by Minorities (%) 2014	Proportion of ordinary shares held by the group (%) 2013	Proportion of ordinary shares held by Minorities (%) 2013	Investment value for group (direct and indirect investments) 2014 R	Investment value for group (direct and indirect investments) 2013 R	Investment value for Ascendis (direct investments) 2014 R	Investment value for Ascendis (direct investments) 2013 R
Toolworth Distribution Proprietary Limited	Republic of South Africa	Consumer Brands: Trading in vitamins and health products	100%	n/a	100%	n/a	679 070	679 070	679 070	679 070
Tronitype Proprietary Limited	Republic of South Africa	Phyto-Vet: Logistics, warehousing and distribution	100%	n/a	100%	n/a	100	100	-	-
Zasvin Trading Proprietary Limited	Republic of South Africa	Consumer Brands: Trading in vitamins and health products	100%	n/a	100%	n/a	1 000	1 000	1 000	1 000
			-	-	-	-	1 414 762 871	210 380 148	855 041 988	150 206 360

Certain of the investments in subsidiaries have been used to secure borrowings granted to the group as disclosed in note 20.

Various facilities were settled in full subsequent to year end, resulting in cancellation of security provided.

5.2. Investments accounted for using the equity method	Group		Company	
	2014	2013	2014	2013
The amounts recognised in the statement of financial position is as follows:	R	R	R	R
Joint ventures	48 816 353	-	-	-
At 30 June	**48 816 353**	-	-	-

The amounts recognised in the statement of comprehensive income	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Joint ventures	(683 000)	-	-	-
At 30 June	**(683 000)**	-	-	-

Investment in joint venture	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
At 1 July	-	-	-	-
Investment made in Joint Venture	48 816 353	-	-	-
Share of profit/(Loss)	(683 000)	-	-	-
At 30 June	**48 133 354**	-	-	-

The joint venture listed below has share capital consisting solely of ordinary shares, which is held directly by the group.

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Atka Trading 46 Proprietary Limited	RSA	50	Note 1	Equity

Note 1: Atka Trading 46 Proprietary Limited trades in health products made from natural ingredients. The joint venture is a strategic partnership for the group as it provides access to new markets and customers.

The Group acquired 50% of the shares in Atka Trading 46 Proprietary Limited during the current financial year on 18 December 2013 for a total value of R 48 816 353.

Atka Trading 46 Proprietary Limited is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the group's interest in the joint venture.

Summarised financial information for joint ventures

Set out below is the summarised financial information for Atka Trading 46 Proprietary Limited which is accounted for using the equity method.

Summarised statement of financial position	Group		Company	
	Atka Trading 46 Proprietary Limited At 30 June		At 30 June	
	2014	2013	2014	2013
	R	R	R	R
Current				
Cash and cash equivalents	2 447 934	-	-	-
Other current assets (excluding cash)	8 581 514	-	-	-
Total current assets	**11 029 448**	-	-	-
Financial liabilities (excluding trade payables)	1 503 812	-	-	-
Other current liabilities (including trade payables)	9 564 098	-	-	-
Total current liabilities	**11 067 910**	-	-	-
Non-current				
Assets	4 952 702	-	-	-
Financial liabilities	1 150 242	-	-	-
Other liabilities	-	-	-	-
Total non-current liabilities	**1 150 242**	-	-	-
Net liabilities	**3 763 998**	-	-	-

Summarised statement of comprehensive income	Group		Company	
	Atka Trading 46 Proprietary Limited For the year end 30 June		For the year end 30 June	
	2014	2013	2014	2013
	R	R	R	R
Revenue	22 862 625	-	-	-
Cost of sales	(10 191 905)	-	-	-
Depreciation and amortisation	(242 230)	-	-	-
Other operating expenses	(14 479 290)	-	-	-
Other income	428 005	-	-	-
Interest income	(49 749)	-	-	-
Interest expense	(50 884)	-	-	-
Profit/(loss)	(1 723 429)	-	-	-
Income tax expense	357 429	-	-	-
Post-tax profit/loss	(1 366 000)	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	**(1 366 000)**	-	-	-

The information above reflects the amounts presented in the financial statements for the joint venture.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented below reflects the carrying amount of interest in the joint venture:

Atka Trading 46 Proprietary Limited	Group		Company	
	2014	2013	2014	2013
Summarised financial information	R	R	R	R
Opening net assets 1 July	-	-	-	-
Acquisition of interest in joint venture	48 816 353	-	-	-
Profit/(loss) for the year	(683 000)	-	-	-
Other comprehensive income	-	-	-	-
Foreign exchange differences	-	-	-	-
Closing interest in Joint Venture	48 133 354	-	-	-

6. Deferred income tax

	Group		Company	
	2014	2013	2014	2013
The analysis of deferred tax assets and deferred tax liabilities is as follows:	R	R	R	R
Deferred tax assets:				
- Deferred tax assets to be recovered after more than 12 months	6 502 653	3 174 413	-	-
- Deferred tax assets to be recovered within 12 months	1 945 246	-	-	-
- Reclassification to Deferred Tax Liabilities	(6 502 653)	-	-	-
	1 945 246	3 174 413	-	-
Deferred tax liabilities:				
- Deferred tax liabilities to be recovered after more than 12 months	(60 003 031)	(14 754 829)	-	-
- Deferred tax liabilities to be recovered within 12 months	(8 738 599)	-	-	-
- Reclassification from Deferred Tax Assets	6 502 653	-	-	-
	(62 238 977)	(14 754 829)	-	-
Deferred tax liabilities (net)	(60 293 731)	(11 580 416)	-	-
Unrecognised deferred tax asset				
Deductible temporary differences not recognised as deferred tax assets	-	-	-	16 157 190
Unused tax losses not recognised as deferred tax assets	-	5 550 844	-	201 677
	-	5 550 844	-	16 358 867

The company has not recognised the deferred tax asset on its assessed losses as it is unlikely that the company will generate taxable profits in the near future, against which the assets could be utilised. No deferred tax asset has been raised on the impairment of investments in subsidiaries in the company as the company does not expect to recover these tax losses through the sale of its investments in the foreseeable future.

Deferred tax assets have been recognised on the assessed losses for some of the subsidiaries due to the following reasons:

Efekto Care Proprietary Limited

Deferred tax asset recognised limited to the deferred tax liabilities raised limited to a net deferred tax position of zero.

Sportron International Proprietary Limited and Reviva Technology Proprietary Limited

The companies are expected to make future taxable profits as they are making consistent profits from the prior year utilising the assessed losses.

Nimue Bioscience Proprietary Limited

The company is expected to make future taxable income after acquisition of new operations.

The gross movement on the deferred income tax account is as follows:	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
At 1 July	(11 580 416)	(1 357 666)	-	9 717 581
Acquisition of subsidiary	(2 306 862)	(15 244 224)	-	-
Acquired trademarks and other intangibles	(51 276 570)	-	-	-
Income statement charge	5 353 063	4 431 321	-	-
Tax charge/(credit) relating to components of other comprehensive income	-	-	-	-
Measurement period adjustment	-	972 250	-	-
Non-current asset held for sale	(482 946)	-	-	-
Derecognition of deferred tax asset	-	(382 097)	-	(9 717 581)
At 30 June	(60 293 731)	(11 580 416)	-	-

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

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Deferred tax liabilities	Group Capital allowances R	Intangibles R	Acquired intangibles R	Other R	Total R	Company 2014 R	2013 R
At 1 July 2012	(2 013 344)	(9 872 629)	-	(172 683)	(12 058 656)	-	-
Charged to the income statement	(1 525 332)	1 153 179	-	(5 173)	(377 326)	-	-
Charged/(credited) to other comprehensive income	-	-	-	-	-	-	-
Measurement period adjustments	-	-	972 250	-	972 250	-	-
Exchange difference	-	-	-	-	-	-	-
At 30 June 2013	(3 538 676)	(8 719 450)	972 250	(177 856)	(11 463 732)	-	-
Charged/(credited) to the income statement	3 008 210	(1 791 881)	-	-	1 216 329	-	-
Charged/(credited) to other comprehensive income	-	-	-	-	-	-	-
Charged directly to equity	-	-	-	-	-	-	-
Acquisition of subsidiary	-	(18 830 461)	(31 119 502)	-	(49 949 964)	-	-
Goodwill Adjustment	-	-	-	-	-	-	-
IFRS 5 held for sale	20 320	-	-	-	20 320	-	-
Exchange difference	-	-	-	-	-	-	-
At 30 June 2014	(510 146)	(29 341 792)	(30 147 252)	(177 856)	(60 177 047)	-	-

Deferred tax assets	Group Provisions R	Impairment losses R	Tax losses R	Other R	Total R	Company 2014 R	2013 R
At 1 July 2012	2 439 353	-	8 039 602	222 035	10 700 990	-	-
Charged/(credited) to income statement	1 196 812	-	3 772 049	32 988	5 001 849	-	-
Charged/(credited) to other comprehensive income	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	-	-
Derecognition of deferred tax asset	-	-	(182 282)	-	(182 282)	-	-
At 30 June 2013	3 636 165	-	11 629 369	255 023	15 520 557	-	-
Charged/(credited) to the income statement	(3 636 165)	-	(11 215 389)	8 282 163	(6 569 392)	-	-
Charged/(credited) to other comprehensive income	-	-	-	-	-	-	-
Charged directly to equity	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-
IFRS 5 held for sale	-	-	-	(503 266)	(503 266)	-	-
At 30 June 2014	-	-	413 980	8 033 920	8 447 899	-	-

7. Financial instruments

7(a) Financial instruments by category

	At 30 June 2014 Group Loans and receivables R	Total R	Company Loans and receivables R	Total R
Assets as per balance sheet				
Trade and other receivables excluding pre-payments and VAT	456 316 183	456 316 183	65 481 016	65 481 016
Other financial assets	2 646 880	2 646 880	-	-
Investments in subsidiaries/Preference Shares	-	-	-	-
Loans to group companies	102 794 985	102 794 985	307 597 648	307 194 289
Cash and cash equivalents	94 882 573	94 882 573	20 740	20 740
Total	656 640 621	656 640 621	373 099 403	372 696 044

	At 30 June 2014 Group Liabilities at fair value through profit and loss R	Other financial liabilities at amortised cost R	Total R	Company Other financial liabilities at amortised cost R	Total R
Liabilities as per balance sheet					
Other financial liabilities (excluding finance lease liabilities)	-	640 001 629	640 001 629	-	-
Deferred vendor liabilities	-	52 931 931	52 931 931	-	-
Loans from group companies	-	26 286 085	26 286 085	26 297 205	26 297 205
Finance lease liabilities	-	6 022 398	6 022 398	-	-
Bank overdraft	-	100 847 706	100 847 706	44 153 992	44 153 992
Derivative financial instruments	1 371 134	-	1 371 134	-	-
Trade and other payables excluding non-financial liabilities	-	378 792 999	378 792 999	24 286 398	24 286 398
Total	1 371 134	1 204 882 749	1 206 253 882	94 737 595	94 737 595

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for the year ended 30 June 2014

	At 30 June 2013			
	Group		Company	
	Loans and receivables R	Total R	Loans and receivables R	Total R
Assets as per balance sheet				
Trade and other receivables			31 464 692	31 464 692
excluding pre-payments	162 474 544	162 474 544	-	-
Loans to related parties	94 369 103	94 369 103	26 477 231	26 477 231
Other financial assets	3 810 179	3 810 179	184 490 280	184 490 280
Cash and cash equivalents	134 983 928	134 983 928	108 281 206	108 281 206
Total	395 637 754	395 637 754	350 713 409	350 713 409

	At 30 June 2013			
	Group		Company	
	Other financial liabilities at amortised cost R	Total R	Other financial liabilities at amortised cost R	Total R
Liabilities as per balance sheet				
Other financial liabilities (excluding finance lease liabilities)	326 210 532	326 210 532	3 037 477	3 037 477
Deferred vendor liabilities	29 657 801	29 657 801	11 372 035	11 372 035
Loans from related parties	38 990 050	38 990 050	68 860 688	68 860 688
Finance lease liabilities	247 405	247 405	-	-
Bank overdraft	10 737 299	10 737 299	-	44 153 992
Trade and other payables excluding non-financial liabilities	122 158 837	122 158 837	237 139	24 286 398
Total	528 001 924	528 001 924	83 507 339	151 710 590

7(b) Credit quality of financial assets

The credit quality of the financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	Group		Company	
	2014 R	2013 R	2014 R	2013 R
Cash at bank and short-term bank deposits (Moody's)				
Baa1	94 882 573	134 983 928	20 740	108 281 206
	94 882 573	134 983 928	20 740	108 281 206
Counterparties with external credit ratings	-	-	-	-
Counterparties without external credit ratings	561 758 048	260 653 826	373 078 663	242 432 203
Total	561 758 048	260 653 826	373 078 663	242 432 203

8. Derivative financial instruments	Group				Company	
	2014 R		2013 R		2014 R	2013 R
	Assets	Liabilities	Assets	Liabilities	2014	2013
Forward foreign exchange contracts - held-for-trading	-	1 371 134	-	-	-	-
Total	-	1 371 134	-	-	-	-
Less non-current portion:						
Forward foreign exchange contracts - held-for trading		-				
	-	-	-	-	-	-
Current portion	-	1 371 134	-	-	-	-

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.

(a) Forward foreign exchange contracts

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 30 June 2014 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement. This is generally within 12 months of the end of the reporting period unless the gain or loss is included in the initial amount recognised for the purchase of inventory.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

9. Loans to related parties	Group		Company	
	2014 R	2013 R	2014 R	2013 R
Coast2Coast Investments Proprietary Limited	102 794 985	94 369 103	-	94 369 103
Total loans receivable	102 794 985	94 369 103	-	94 369 103
Short-term portion included in current assets	(102 794 985)	(52 110 789)	-	(52 110 789)
Non-current loans receivable	-	42 258 314	-	42 258 314

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for the year ended 30 June 2014

The loan to Coast2Coast Investments Proprietary Limited is unsecured, carries interest of 18% and has no fixed repayment terms.

Loans to related parties on company level (eliminates on consolidation)	Group		Company	
	2014	2013	2014	2013
Related Party Receivables	R	R	R	R
Sportron International Proprietary Limited	-	-	-	9 822 062
Ascendis Financial Services Proprietary Limited	-	-	227 102 773	-
K2013126193 Proprietary Limited	-	-	62 152 233	-
K2013197776 Proprietary Limited	-	-	10 000 000	-
Efekto Holdings Proprietary Limited	-	-	-	40 459 286
Elixr Brands Proprietary Limited	-	-	-	3 368 017
Reviva Technologies Proprietary Limited	-	-	-	375 000
Chempure Proprietary Limited	-	-	-	15 590
Efekto Care Proprietary Limited	-	-	-	1 914
Coast2Coast Distribution Proprietary Limited	-	-	-	49 699
One Vision Investments 381 Proprietary Limited	-	-	-	23 040 670
Ascendis Management Services Proprietary Limited	-	-	443 427	4 914 050
K2012021382 Proprietary Limited	-	-	-	1 735
K2012021393 Proprietary Limited	-	-	-	2 035
K2012021486 Proprietary Limited	-	-	7 295 334	1 535
Nimue Bioscience Proprietary Limited	-	-	-	8 057 394
Avima Proprietary Limited	-	-	-	12 190
K2012179211 Proprietary Limited	-	-	603 880	-
Total related Party Receivables	-	-	307 597 648	90 121 177
Related Party Payables				
Sportron Properties Proprietary Limited	-	-	-	(29 000 832)
Toolworth Distribution Proprietary Limited	-	-	-	(327 702)
Zasvin Trading Proprietary Limited	-	-	-	(542 104)
K2013197816 Proprietary Limited	-	-	(11 120)	-
Total related Party Payables	-	-	(11 120)	(29 870 638)
Total intercompany loans on company level	-	-	307 586 528	60 250 539
Non-current assets	-	-	-	142 231 966
Current assets	-	-	307 586 528	42 258 314
	-	-	307 586 528	184 490 280

Loans to subsidiaries has no fixed repayments terms and bears interest at 9.5%.

Loans to group companies - non-current	-	-	-	42 258 314
Loans to group companies - current	-	-	307 586 528	142 231 966
Loans from group companies - current (Note 20)	-	-	(26 286 085)	(68 860 688)
	-	-	281 300 443	115 629 592

Credit quality of loans to group company

The credit quality of the loan to the group company has been assessed with reference to a review of the net asset value and future profit forecasts for the company. Management assesses the ability of the company to repay as high.

The maximum exposure to credit risk at the reporting date is the carrying value of the loan mentioned above. The group does not hold any collateral as security.

Fair value of loans to related parties

The fair value of the loans are assessed as the face value of the amounts receivable on demand (shown as current assets being the same as the carrying value.)

10. Other financial assets	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Loans and receivables				
The asset of R2.6 million relates to a loan account to the sellers of One Vision Investments 381 Proprietary Limited (SSN), the loan relates to R2.6 million of trade receivables which the previous shareholders feel as being collectable and Ascendis does not deem this to be the case. The loan is carried at cost due to there being no fixed repayment terms and it is interest free.	2 646 880	-	-	-
ABSA Bank Limited - Debtor Financing	-	2 274 696	-	-

A confidential invoice discounting facility has been entered into by One Vision Investments 381 Proprietary Limited (SSN) with ABSA Debtor Finance Proprietary Limited, a division of ABSA Bank Limited. An invoice discount facility with recourse, with a limit of R 5 000 000 and a retention value of 30% of fundable debtors.

Trade debtors to the amount of R5,059,648 have been ceded.

The securities for the above mentioned facility are as follows:

- Unlimited surety ship by C Fitzpatrick and M van Biljon
- Limited suretyship by Mario van Biljon Trust incorporating cession of loan funds limited to R2 500 000

This agreement was terminated subsequent to year end on 31 July 2013 with all funds due being repaid.

	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Scientific Sports Nutrition Proprietary Limited	-	1 293 440	-	-
The loan is unsecured and interest free. The loan was repaid within one year of the effective date of acquisition of One Vision Investments 381 Proprietary Limited (26 April 2013).				
D Maphanga	-	242 043	-	-
The loan is secured by a motor vehicle with a book value of R 241,969 and bears interest at prime bank overdraft rate less 0.5% per annum. The loan is repayable in monthly instalments, inclusive of capital and interest, of R5,637 over 5 years with the final instalment on 30 April 2018, but repaid during the current year.				
Alcin Proprietary Limited	-	1 226 648	-	-
The loan is unsecured, interest free and has no fixed terms of repayment. The loan was repaid during the current year.				
	2 646 880	5 036 827	-	-
Impairments	-	(1 226 648)	-	-
Total	2 646 880	3 810 179	-	-
Non-current assets				
Loan receivables	-	197 620	-	-
Current assets				
Loan receivables	2 646 880	3 612 559	-	-
	2 646 880	3 810 179	-	-

The carrying amounts of the loans and receivables are denominated in South African Rand.

Credit quality of other financial assets

The credit quality of the amount receivable from ABSA Bank Limited has been assessed with reference to independent credit ratings. ABSA Bank Limited is considered to have a Baa1 credit rating.

The maximum exposure to credit risk at the reporting date is the carrying value of each of the loans mentioned above.
The group does not hold any collateral as security.

11. Inventories	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Raw materials	72 413 391	42 933 677	-	-
Work in progress	6 280 970	1 774 050	-	-
Goods in transit	12 553 865	21 907 598	-	-
Finished goods	352 928 096	106 647 103	-	-
Less: Provision for obsolescence	(12 660 472)	(3 770 164)	-	-
	431 515 850	169 492 264	-	-

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to R 890 100 408 (2013: R 339 933 740).

12. Trade and other receivables	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Trade receivables	411 631 813	137 649 193	41 000 749	228 000
Less: provision for impairment of trade receivables	(3 500 744)	(5 636 490)	-	-
Trade receivables - net	408 131 069	132 012 703	41 000 749	228 000
Other receivables	29 700 181	27 367 457	24 480 266	31 236 692
Prepayments	12 990 249	4 051 826	-	-
Deposits	18 484 934	3 094 384	-	-
VAT	6 252 649	6 259 158	-	-
Current portion	475 559 081	172 785 528	65 481 016	31 464 692

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired are evaluated by management on an on-going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the credit quality of the customer is assessed, taking into account its financial position, past experience and other factors.

Fair value of trade and other receivables

Trade and other receivables are carried at amortised cost, with the fair value being approximated by such carrying value.

The fair values of trade and other receivables are as follows:	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Trade receivables - net	408 131 069	132 012 703	65 481 016	31 464 692
	408 131 069	132 012 703	65 481 016	31 464 692

As of 30 June 2014, trade receivables of R 120 038 287 (2013: R 17 461 103) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014 R	2013 R	2014 R	2013 R
Up to 3 months	65 874 307	15 469 143	-	-
3 to 6 months	54 163 981	1 991 960	-	-
	120 038 287	17 461 103	-	-

As of 30 June 2014, trade receivables of R 3,500,744 (2013: R 5,636,490) were impaired and provided for. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	Group		Company	
	2014 R	2013 R	2014 R	2013 R
3 to 6 months	3 500 744	5 636 490	-	-
Over 6 months	-	-	-	-
	3 500 744	5 636 490	-	-

The carrying amounts of the group's net trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014 R	2013 R	2014 R	2013 R
UK pound	186 252	42 544	-	-
Euros	27 552 788	2 263 461	-	-
US dollar	46 886 829	36 156 975	-	-
ZAR	333 505 200	93 549 723	41 000 749	228 000
	408 131 069	132 012 703	41 000 749	228 000

Movements on the group provision for impairment of trade receivables are as follows:	Group		Company	
	2014 R	2013 R	2014 R	2013 R
At 1 July	5 636 489	2 600 637	-	-
Provision for receivables impairment	3 500 744	6 677 225	-	-
Acquired through business combinations	-	456 388	-	-
Receivables written off during the year as uncollectible	(3 081 548)	(1 704 355)	-	-
Reversal of impairment	(2 554 941)	(2 393 406)	-	-
At 30 June	3 500 744	5 636 489	-	-

The creation and release of provision for impaired receivables has been included in 'other operating expenses' in the income statement (note 25). The unwind of the discount is included in 'finance costs' in the income statement (note 27). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The group does not hold any collateral as security.

13. Cash and cash equivalents	Group		Company	
	2014 R	2013 R	2014 R	2013 R
Cash at bank and on hand	75 672 276	88 690 522	20 740	62 286 070
Short term bank deposits	19 210 297	46 293 406	-	45 995 136
Cash and cash equivalents (excluding bank overdrafts)	94 882 573	134 983 928	20 740	108 281 206

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2014 R	2013 R	2014 R	2013 R
Cash and cash equivalents	94 882 573	134 983 928	20 740	108 281 206
Bank overdrafts	(100 847 706)	(10 737 299)	(44 153 992)	-
Cash and cash equivalents	(5 965 133)	124 246 629	(44 133 252)	108 281 206

Credit quality of cash and cash equivalents

The credit quality of cash and cash equivalents, excluding cash on hand, can be assessed by the high credit standing of The Standard Bank of South Africa Limited, Nedbank Limited, ABSA Bank Limited and FirstRand Bank Limited.

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14. Ordinary shares

Authorised share capital for Ascendis Health Limited amounts to 2 000 000 000.

	Group					Company	
	Unspecified preference share R	Ordinary shares R	Share premium R	Stated Capital R	Total R	2014 R	2013 R
At 1 July 2013	-	11 498	8 637 502	-	378 980 824	-	-
Capital Raised	-	9 329	370 322 494	-	-	-	-
At 30 June 2013	-	20 827	378 959 996	-	378 980 824	378 980 824	378 980 824
Transfer to Stated Capital	-	(20 827)	(378 959 996)	378 980 824	-	-	-
Cancelation of Preference share	-	-	-	-	-	-	-
Stated Capital Issued during the year	-	-	-	-	-	760 185 296	-
Stated Capital Issued Pre-Private Placement	-	-	-	173 833 638	173 833 638		-
Stated Capital Issued upon Private Placement	-	-	-	400 000 003	400 000 003		-
Listing Fees Capitalised against Stated Capital	-	-	-	(19 036 740)	(19 036 740)	(19 036 740)	-
Treasury shares on hand at year end	-	-	-	(14 593 677)	(14 593 677)	-	-
Issue of ordinary shares related to business combination	-	-	-	188 851 640	188 851 640	-	-
At 30 June 2014	-	-	-	**1 108 035 688**	**1 108 035 688**	**1 120 129 380**	**378 980 824**

During the financial year, Ascendis Health acquired the minority interest of Vantage Capital including the preference share. This resulted in the cancellation of the preference share.

The company acquired 95 596 of its own shares through purchases on the Johannesburg Stock Exchange. The total amount paid to acquire the shares was R 1 360 675. The shares are held as 'treasury shares'. The company has the right to re-issue these shares at a later date. All shares issued by the company were fully paid.

The company entered into a share-based payment scheme with its employees as compensation for a listing bonus. Refer to note 15 for further detail pertaining to the treasury shares held for this purpose.

The group issued 72 847 381 shares during the financial year (this amounted to 30% of the total ordinary share capital in issue) to investors during the financial year. 38 338 305 shares issued (at R 11 per share in additional share capital) on 22 November 2013 during the Private Placement on the JSE and 17 592 954 shares issued (at R11 per share in share capital) on the same date to extinguish vendor loans. An additional 9 727 852 at R 10.50 per share was issued in relation to the Surgical Innovations acquisition and the remaining amount of 7 188 270 shares was issued before listing in various capital raises.

Shares issued have the same rights as the other shares in issue.

The related transaction costs amounting to R 19 036 740 relating to the listing of new shares, have been netted off with the deemed proceeds.

Reconciliation of number of shares issued

On the 29 July 2013, the directors of the group authorised a 8000:1 share split. The disclosure for the shares in issue in the prior year has been adjusted to make the prior year and current year disclosure comparable.

	Group		Company	
	2014 R	2013 R	2014 R	2013 R
Number of shares prior to the share split				
Reported at the beginning of the period	-	11 498	-	-
Issue of ordinary shares	-	9 329	-	-
Number of shares after the share split	-	20 827	-	-
Reported at beginning of period	166 616 000	91 984 000	-	-
Issue of Ordinary Shares	72 847 381	74 632 000	-	-
Less: Treasury Shares in Issue	(95 596)	-	-	-
	239 367 785	166 616 000	-	-

15. Share-based payments

The group elected to put a share-based payment arrangement in place for executives and certain employees of the company and its subsidiaries during its first year of listing. The group distributed shares to certain employees that were present on listing date. It was the intention of the group to declare these shares as a token of appreciation for the work performed during the listing of the company.

The total fair value charge in respect of all the Ascendis share awards granted is as follows:	Group		Company	
	2014 R	2013 R	2014 R	2013 R
Listing Bonus Rights (LBR)	13 233 000	-	-	-
Discontinued operations	(137 500)	-	-	-
Total share-based payment expense	13 095 500	-	-	-

The fair value of the awards was deemed to be the value at the date of listing (R 11 per share), due to this being the event that caused management to make the decision to award the shares to staff.

Management elected to view the share price of the event that triggered the decision to award the shares to employees to be the fair value of that specific share based payment expense. The vesting date is seen to be the same as the event date, therefore no suspensive conditions are attached to the shares. The expense is disclosed under employee related expenses.

			Group		Company	
			2014 R	2013 R	2014 R	2013 R
Date and nature of the event that triggered the share-based payment	**Amount of shares**	**Price**	**Total**	**Total**	**Total**	**Total**
22 November 2013 - Listing Date	1 203 000	11.00	13 233 000	-	-	-
			13 233 000	-	-	-

Reconciliation of shares in the LBR share-based payment:	Group		Company	
	2014 R	2013 R	2014 R	2013 R
Balance on 1 July	-	-	-	-
Shares unconditionally awarded during the year	1 203 000	-	-	-
Shares vested during the year	(1 203 000)	-	-	-
Balance on 30 June	-	-	-	-

16. Borrowings and other financial liabilities	Group		Company	
	2014 R	2013 R	2014 R	2013 R
Non-current				
Bank borrowings	410 908 545	84 047 030	-	-
Collateralised borrowings	-	-	-	-
Other loans	-	-	-	-
Operating lease liabilities	-	828 638	-	-
Reclassification from Prior year (Note 37)	-	-	-	-
Finance lease liabilities	4 377 329	-	-	-
	415 285 874	84 875 668	-	-
Current				
Collateralised borrowings	-	-	-	-
Bank borrowings	229 093 084	241 763 014	-	-
Other loans	-	-	-	3 037 480
Finance lease liabilities	1 645 070	247 405	-	-
	230 738 154	242 010 419	-	3 037 480
Total borrowings	646 024 028	326 886 087	-	3 037 480

(a) Borrowings

Held at amortised cost	Group		Company	
	2014 R	2013 R	2014 R	2013 R
Vantage Mezzanine Fund II	-	110 384 231	-	-
The Land and Agricultural Bank of South Africa - Loan A	-	16 399 336	-	-
The Land and Agricultural Bank of South Africa - Loan B	-	9 338 059	-	-
The Land and Agricultural Bank of South Africa - Overdraft	-	64 999 707	-	-
The Land and Agricultural Bank of South Africa - Mortgage Bond	-	13 114 280	-	-
The Land and Agricultural Bank of South Africa - Other	10 694 003	44 999 503	-	-
Instalment Sale Agreements	6 022 398	657 961	-	-
Chester Finance Group	-	1 277 999	-	-
The Standard Bank of South Africa Limited	450 000 000	32 806 262	-	-
The Combrelum Family Trust	-	595 312	-	-
The Pentagon Family Trust	-	594 880	-	-
Penta Pacific Industrial Enterprise Proprietary Limited	-	38 791	-	-
Puttable instrument - JB Tomlinson	-	1 790 452	-	1 790 452
Puttable instrument - Isolex Proprietary Limited	-	1 247 025	-	1 247 028
Innu-Science SA Proprietary Limited	-	64 841	-	-
First National Bank Limited	26 729 348	28 577 448	-	-
Stavros Vizirgianakis	41 669 733	-	-	-
Nedbank - Loan A	70 578 165	-	-	-
Nedbank - Loan B	40 330 380	-	-	-
	646 024 028	326 886 087	-	3 037 480
Non-current liabilities				
At amortised cost	415 285 874	84 875 668	-	-
Current liabilities				
At amortised cost	230 738 154	242 010 419	-	3 037 480
	646 024 028	326 886 087	-	3 037 480

Debt Refinance

Debt was restructured after the year ended 30 June 2013 and refinanced by Standard Bank with a Bridge to Bond facility mentioned below.

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Vantage Mezzanin Fund II ("Vantage")

Long term loan A of R63,964,723 bore interest at 30% per annum. The loan was repayable in full when the facility was due to expire in 4 October 2018. The loan was fully repaid during the year. Long term loan B of R23,162,749 bore interest at 12.5% above the JIBAR rate per annum. The loan was repayable in full when the facility was due to expire on 4 October 2017.
The loan was fully repaid during the year.

Long term loan C of R 23,256,617 bore interest at 15% above the JIBAR rate per annum.
The loan was fully repaid during the year.

Security relating to all Vantage facilities were during the year in conjunction with the above mentioned settlement of debt.

The Land and Agricultural Bank of South Africa ("The Land Bank")

Long term loan A of R16,399,336 bore interest at 3% per annum above the prime lending rate and is repayable in monthly instalments of R 348,224. The facility expires on 30 September 2018.
The loan was fully repaid during the year.

Long term loan B of R9,338,059 bore interest at 1% per annum above the prime lending rate and is repayable in monthly instalments of R 280,151. The facility expires on 30 September 2016.
The loan was fully repaid during the year.

Long term overdraft facility (revolving working capital facilities) of R64,999,707 bore interest at 0.50% per annum below the prime lending rate. The loan was repayable in full when the facility was due to expire on 31 March 2015.
The loan was fully repaid during the year.

Long term mortgage loan of R13 114 280 bore interest at the prime lending rate and is repayable in monthly instalments of R119 499. The facility expires on 30 April 2031 and has been secured by fixed property as indicated in note 3 and as indicated below.
The loan was fully repaid during the year.

The long term loan of R 11,917,498 bore interest at the prime bank overdraft rate per annum.
The loans was repayable in equal monthly instalments of R 123 381.35 (2013: R 119 449.01) and expires on 30 April 2031.
The loan was subsequently repaid fully after year end.

R15 000 000 loan facility, limited to the security value, was granted to Avima Proprietary Limited ("Avima") on 26 September 2012. The loan facility bore interest at the prime bank overdraft rate per annum. Interest is payable monthly with the capital amount being repayable on 30 September 2015.
The loan was fully repaid during the year.

The various rates of interest as indicated above applicable to the Land Bank are subject to the company maintaining a gearing ratio of at least 1.50 and interest cover, calculated as the result of EBITDA (Earnings before interest, taxation, depreciation and amortisation) divided by the total interest paid, of at least 2.00. In terms of these agreements Efekto Care is further restricted from declaring dividends until such time as the cumulative amount owing does not exceed R22,500,000.

The cumulative Land Bank facilities were jointly secured as follows:
- The first covering mortgage bonds for R20,000,000 over Erf 649 Diesel Road, Isando by Agro-Serve;
- First general notarial covering bond for an amount of R25,000,000 over all movable assets in Avima (2012: Halstrin Trading Proprietary Limited ("Halstrin");
- Cession and security of all amounts owing by Avima (2012: Halstrin);
- Cession of either separate or comprehensive insurance policies over property, plant and equipment and inventoriesby Avima;
- Unlimited suretyship by Avima;
- Cession and pledge of all Trademark and Registration owned by Avima;
- The notarial covering bonds for R20,000,000 by Agro-Serve and Efekto Care;
- The notarial covering bonds for R45,000,000 by Agro-Serve and Efekto Care;
- Cession of Efekto Care's entire debtors book to The Land Bank in a form acceptable to The Land Bank;
- Cession and pledge of insurance policies by the borrower to The Land Bank in a form acceptable to The Land Bank;
- Execution of a joint and several suretyships from the company, limited to an amount of R100,000,000 in a form that is acceptable to The Land Bank;
- Cession and pledge of shares in Efekto Care to The Land Bank.
- Subordination of all Vantage loans in favour of The Land Bank with respect to capital as well as capital and cash interest payments, in respect of which interest shall accrue and no payments shall be made until The Land Bank is satisfied that the financial covenants are not in danger of being breached both before and after any payment and issues a written consent therefore, which consent shall not be unreasonably withheld (based on forecasts and calculations performed by the financial director of the borrower.)

ABSA Bank Limited

- Old instalment sale agreements bears interest as 1% above prime per annum. Repayments are payable monthly, instalments ranging between R5,888 and R8,693. Motor vehicles with a book value of R483,415 have been given as security as disclosed in note 3.

- New instalment sales entered into during the year bears interest at the prime lending rate per annum. Repayments are payable monthly at R 6,359 per month. Motor vehicles with a book value of R 274,228 have been given as security as disclosed in note 3.

Chester Finance Group

All advances that were made to Reviva, a subsidiary of the group, or on behalf of Reviva, had to be repaid within 120 days from the date of the advance or the payment made. Interest was payable on the South African Rand balance at 13% per annum above the prime rate of Standard Bank, as determined on the date of the advance. Interest was payable on all other currencies at 15.5% per annum above the higher of the base rate of Barclays Bank Plc. or Libor, on all overdue amounts.

The facility was fully repaid during the year, with the security being released.

The Standard Bank of South Africa Limited

Loan A of R2 200 000 bore interest at prime plus 2.5% per annum. The capital portion of the loan was repayable in monthly instalments of R50 000 (2012: R50 000) over a period of 5 years.
The loan was fully repaid during the year.

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for the year ended 30 June 2014

Loan B of R9 316 678 bore interest at the prime overdraft rate plus 2.5% per annum. The loan was repayable in monthly instalments, inclusive of capital and interest, of R216 666 with the final instalment being payable on 31 May 2016. The loan was fully repaid during the year.

Loan C of R18 000 000 bore interest at the prime overdraft rate plus 1% per annum. R16 000 000 of the loan was repayable in monthly instalments of R333 334 over 4 years with the final instalment of R 333 302 on 31 May 2017. R2 000 000 of the loan was repayable 4 years after the date of the first drawdown, being 31 May 2017.

The loan was fully repaid during the year.

Loan D of R1 644 432 bore interest at the prime overdraft rate plus 1.5% per annum. The loan was repayable in monthly instalments, inclusive of capital and interest, of R16 138 over 20 years with a final instalment on 30 June 2032.
The loan was fully repaid during the year.

Instalment sale agreements of R562 181 bearing interest at 0.5% (2012: 0.5%) above prime overdraft rate per annum. Repayments were payable monthly, and ranged between R7 368 and R10 562. Motor vehicles with a book value of R723 238 were given as security as disclosed in note 3. The liability was settled in full during the year.

Instalment sale agreements of R209 058 bearing interest at 0.75% below prime overdraft rate per annum. The liability was repayable in monthly instalments of R7 166 with the final instalment on 5 March 2016. Motor vehicles with a book value of R254 109 were given as security as disclosed in note 3.
The liability was settled in full during the year.

Instalment sale agreements of R198 357 bearing interest at 0.5% below prime overdraft rate per annum. The liability was repayable in monthly instalments of R7 166 with the final instalment on 5 May 2018. Motor vehicles with a book value of R241 969 were given as security as disclosed in note 3.
The liability was settled in full during the year.

The Standard Bank facilities were secured as follows:
Loan A is secured as follows:
- Unrestricted cession of the book of debts of Regal Nutrients Proprietary Limited ("Regal");
- General notarial bond in an amount of R3 500 000;
- Unrestricted cession of the material damage insurance policy over the movable assets;
- Waiver of landlord's hypothec in respect of movable assets;
- Suretyships limited to the amount of R3 000 000 together with an undertaking by the company to fund all the shortfalls in the borrower's cash flow requirements;
- An undertaking to fund losses limited to the amount of R3 000 000 of whatsoever nature suffered by the bank, as a result of the borrower being placed under business rescue in terms of the Companies Act;
- Pledge and cession by the company of all its shares in Regal.

Loan B is secured as follows:
- Unrestricted cession of the book of debts of Sportron International Proprietary Limited ("Sportron");
- Notarial general bond in an amount of R9 900 000 over all movable assets;
- Unrestricted cession of the material damage insurance policy;
- Waiver of landlord's hypothec in respect of movable assets;
- Suretyships limited to the amount of R13 000 000 together with -
  * and undertaking in terms of which the company undertakes to fund all;
  * an undertaking in terms of which the company undertakes to fund losses of whatsoever nature suffered by the bank;
- Pledge and cession by the company of all its shares in Sportron;
- Subordination of the company loan together with an undertaking not to reduce the balance of such shareholder loan below an amount of R10 400 000.

Loan C is secured as follows:
- Unrestricted cession of debtors;
- R8,500,000 bond over all movable property;
- Waiver of landlords hypothec over the movable assets;
- Suretyship from Coast2Coast Investments to fund all losses of whatsoever nature suffered by Standard Bank SA Limited as a result of Nimue Bioscience Proprietary Limited ("NBS") being placed under business rescue in accordance with the Companies Act.

Loans A - C were fully repaid after year end, with the security being released.

Loan D is secured as follows:

- Land and buildings with a carrying value of R3 140 527 in Sportron;
- Limited suretyship of R2 240 000 from Coast2Coast Investments;

The securities were released with the repayment of the facilities during the year.

The capital portion of the loan facility of R450 000 000 is payable one year and six months from the date on which the advance conditions were fulfilled, which took place on 4 July 2013.

The borrower has the option to extend the final repayment date for a portion of the loan capital for a further six months on the following terms: at any time on or before a date which is one year and three months from 4 July 2014, the borrower may request the Lenders to extend the date for the repayment of a portion of the outstanding balances which is 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 be extended is R 300 000 000 and the repayment date may be extended up until 4 July 2015.

- Interest is payable quarterly in arrears at JIBAR plus a range of 350 and 900 basis points over the term of the loan.

The facility is secured as follows:

The current and future trademarks registered in the name of the following companies in the Ascendis group of companies, is ceded:

- Ascendis Financial Services Proprietary Limited
- Ascendis Health Limited,
- Reviva Technologies Proprietary Limited
- Sportron International Proprietary Limited
- Efekto Care Proprietary Limited
- Avima Proprietary Limited
- Regal Nutrients Proprietary Limited
- Chempure Proprietary Limited
- Nimue Bioscience Proprietary Limited
- Coast2Coast Distribution Proprietary Limited
- One Vision Investments 381 Proprietary Limited
- Heritage Resources Limited
- Agro-Serve Proprietary Limited
- Zasvin Trading Proprietary Limited
- Nimue Skin Proprietary Limited

Guarantee was provided by the following companies:

- Ascendis Health Limited
- Reviva Technologies Proprietary Limited
- Sportron International Proprietary Limited
- Efekto Care Proprietary Limited
- Avima Proprietary Limited
- Regal Nutrients Proprietary Limited,
- Chempure Proprietary Limited
- Nimue Bioscience Proprietary Limited
- Coast2Coast Distribution Proprietary Limited
- One Vision Investments 381 Proprietary Limited

Guarantee was provided by a security SPV known as Subzone Proprietary Limited.

The following parties shall indemnify the security SPV with respect to its said guarantee:

- Ascendis Financial Services Proprietary Limited
- Ascendis Health Limited,
- Reviva Technologies Proprietary Limited
- Sportron International Proprietary Limited
- Efekto Care Proprietary Limited
- Avima Proprietary Limited
- Regal Nutrients Proprietary Limited
- Chempure Proprietary Limited
- Nimue Bioscience Proprietary Limited
- Coast2Coast Distribution Proprietary Limited
- One Vision Investments 381 Proprietary Limited
- Heritage Resources Limited
- Agro-Serve Proprietary Limited
- Zasvin Trading Proprietary Limited
- Nimue Skin Proprietary Limited

Ascendis Health Limited must comply with the following covenants:

	Sep-13	Dec-13	Mar-13	Jun-14
Total Debt to EBITDA Ratio	<3 3 times	<3.3 times	<3.3 times	<3.0 times
EBITDA rolling 12 Months	>150million	>150 Million	>150Million	>165 Million

Ascendis Group Complied with all covenant requirements during the reporting period.

First National Bank

Loan "A" (2013)
The loan bore interest at a rate linked to the prime bank overdraft rate, current prime plus 75 basis points. The loan was repayable in monthly instalments of R 691 055 over a 50 month period. Subsequent to the 2013 financial year end the directors successfully concluded a loan agreement with another financial institution to refinance the loan at more favourable terms and conditions.

Loan "B" (2014)
The loan of R24 000 000 made to Dealcor Forty Proprietary Limited on 31 May 2014 bears interest at the prime lending rate plus 190 basis points and is repayable in equal monthly instalments, with the final payment due on 7 June 2019. If the company fails to pay any amount which becomes payable within 3 business days of receipt of written notice from the Bank, the interest rate shall be increased by 300 basis points for the period which commences on the due date and which terminates on the day before such amount is actually paid.
The interest rate will also be increased with 300 basis points for the period during which the company remains in breach of any of the standard undertakings, warranties or financial covenants.

The loan was secured as follows:

- A suretyship limited to R 30,000,000 by Coast2Coast plus further amounts for interest, costs, fees and/or such other monies or amounts as may be provided for in suretyship;
- Cession by Dealcor Forty Proprietary Limited of any and all rights to its debtors from time to time;
- A general notarial bond for R 12,000,000 over the movable assets of Dealcor Forty Proprietary Limited together with a cession of short term insurance for an adequate amount of cover over the relevant movable property and noting of the Bank's interest with the insurer.
- Cession and pledge given by the Holdco of any and all rights in and to the shares it owns in K201315936 Proprietary Limited (being 100% of the shares in the share capital of K201315936 Proprietary Limited);
- An unlimited cession of credit balances held at the Bank.

Puttable Instruments

The company issued 48 and 66 ordinary R1 shares to Isolex Proprietary Limited and JB Tomlinson respectively ("the Parties"). The Parties were also issued with put options to require the company to buy their shares back at a pre- determined price by 30 June 2014 (total estimated liability at 30 June has been calculated as R3 619 148).
The equity instruments were therefore classified as debt in accordance with IAS 32. The total estimated liability as at 30 June 2013 toward the Parties with regards to the exercise of their put options, using a blended interest rate on these debt instruments of 10% per annum, has been calculated as R3 037 477. The options were exercised at year end and therefore no further liability existed at 30 June 2014.

- The Combretum Family Trust
- The Pentagon Family Trust
- Innu-Science SA Proprietary Limited
- Penta Pacific Industrial Enterprise Proprietary Limited

The loans were unsecured, interest free and had no fixed repayment terms. The loans were recorded at cost as there was uncertainty as to the timing of future payments. The loans were fully repaid during the year.

Nedbank Limited

Loan A of R 70,000,000 bears interest at the three-month JIBAR plus 3.65%, compounded quarterly. The loan is repayable at the end of each completed six month period after the original advance date starting with the first payment being due at the end of the first six months and thereafter repayments continuing at six monthly intervals up until the last payment being due at the end of the 60th month. The instalments are as follows: 4%, 8%, 8%, 9%, 9%, 11%, 11%, 12.5%, 12.5% and 15%.

Loan B of R 40,000,000 bears interest at the three-month JIBAR plus 4.5%, compounded quarterly. The loan is repayable at that same time and at the same six month intervals as the loan A payments except the percentages of capital which are repayable are afollows: 0%, 0%, 0%, 0%, 0%, 5%, 5%, 12.5%, 12.5% and 65%.

The loans were secured as follows:

- Cession of its respective rights and claims to its debtors, insurances and bank accounts by Pharmachem.
- A security deed (deed of pledge and hypothecation) by Pharmachem in respect of dossiers and intellectual property rights (including but not limited to trademarks).
- Cession and pledge of all shares in the Pharmachem companies.
- First ranking general notarial bond/s over the material moveable assets of Pharmachem and the subordination of all shareholder loans or other shareholder instruments.
- Guarantees provided by Pharmachem (excluding Dezzo)

Pharmachem must comply with the following covenants:

	Year 1	Year 2	Year 3	Year 4	Year 5
Senior Debt Service Cover Ratio	1.30x	1.30x	1.30x	1.30x	1.30x
Interest Cover Ratio	3.5x	3.75x	4.0x	4.0x	4.0x
Net debt/EBITDA	3.25x	2.50x	1.75x	1.25x	1.0x

Ascendis Group Complied with all covenant requirements during the reporting period

Stavros Vizirgianakis

The loan of R 40,000,000 bears interest at 13% per annum, compounded monthly. The loan capital and accrued interest is payable on 1 September 2014.

The loan is secured as follows:

- A cession by Coast2Coast of 8 000 000 Ascendis shares. 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 JSE, is less than 1.5 times the loan amount plus any accrued interest, a notice may be delivered to Coast 2Coast to demand additional Ascendis Shares, as is necessary to restore the aggregate value of the Pledged Shares to R 80 000 000 and
- A limited guarantee provided by Coast2Coast Investments Proprietary Limited as a security for due and punctual payment.

Fair value of borrowings

Other financial liabilities are carried at amortised cost, with the fair value being approximated by such carrying value as the interest rate is mostly limited to a floating market rate and the counterparties already discounted the group credit risk.

(b) Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	Group		Company	
	2014	2013	2014	2013
Gross finance lease liabilities– minimum lease payments:	R	R	R	R
No later than 1 year	1 710 104	265 053	-	-
Later than 1 year and no later than 5 years	2 082 703	-	-	-
Later than 5 years	3 162 662	-	-	-
	6 955 469	265 053	-	-
Future finance charges on finance lease liabilities	(933 070)	(17 648)	-	-
Present value of finance lease liabilities	**6 022 398**	**247 405**	-	-

The present value of finance lease liabilities is as follows:	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
No later than 1 year	1 645 070	247 405	-	-
Later than 1 year and no later than 5 years	1 912 529	-	-	-
Later than 5 years	2 464 800	-	-	-
	6 022 398	**247 405**	-	-

The remaining finance lease obligation is repayable over a period of time that ranges up to 60 months, bearing interest at a rate linked to the prime overdraft rate and is secured by plant and machinery to the value of R2 114 606 (2013: R175 514).

Interest rates are fixed at the contract date. All leases have fixed repayments.

The obligations under finance leases are secured by the lessor's charge over leased assets.

Fair value of finance lease obligations

The fair value of the finance lease obligation approximates its carrying amount as it bears interest at a market related rate.

17. Deferred vendor liabilities	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Ifula Holdings Proprietary Limited	-	-	-	0
Kajima Famille Trust	-	738 750	-	738 750
JWB Swanepoel	-	276 000	-	276 000
P A Bimray	-	161 250	-	161 250
Combretum Family Trust	-	9 142 883	-	-
Pentagon Family Trust	-	9 142 883	-	-
Scientific Sports Nutrition Proprietary Limited	-	10 196 035	-	10 196 035
Surgical Innovations Proprietary Limited	36 000 000	-	-	-
Swissgarde Proprietary Limited	6 423 232	-	-	-
Evox Proprietary Limited	3 842 032	-	-	-
Pharmachem Proprietary Limited	6 666 667	-	-	-
	52 931 931	29 657 801	-	11 372 035
Non-current liabilities	36 423 232	-	-	-
Current liabilities	16 508 699	29 657 801	-	11 372 035
	52 931 931	29 657 801	-	11 372 035

Ifula Holdings Proprietary Limited, PA Bimray, Kajima Famille Trust and J W B Swanepoel, Combretum Family Trust and Pentagon Family Trust Scientific Sports Nutrition Proprietary Limited (SSN)

The liability was settled in full during the current financial year.

Surgical Innovations Proprietary Limited

The company purchased equity from Surgical Innovations on 22 January 2014. The balance due on the purchase price (R36 000 000) shall be paid as follows:
- R 6 million if Surgical Innovation's turnover is more than R300 million for the 12 months ended February 2014.
- R 15 million is payable within 10 business days of finalising the 2016 annual financial statements of Ascendis Health and the EBIT of Surgical Innovations in 2016 is greater than or equal to R70 million. If it is between R61.55 million and R 70 million then the payment will be in line with a specific formula, and if it is below R 61.55 million, no amount is paid.
- There is also a top-up mechanism in 2016 if the aggregate EBIT for 2015 and 2016 exceeds R 130 million and if the R 15 million payable in 2016 is less than R 15 million, it will be topped up to reflect R 15 million.

Swissgarde Proprietary Limited

The company has purchased the equity from Swissgarde on 1 November 2013.
The balance due on the purchase price shall be paid to Swissgarde through the issue of ordinary shares in the company 10 days after the signed annual financial statements for 31 December 2015 are delivered to Ascendis. The amount of shares will be based on a percentage of Swissgarde's earnings before interest and tax.

Dealcor Forty Proprietary Limited

The company purchased equity (members contribution) from Dealcor Forty on 1 November 2013.
The balance due on the purchase price shall be paid in cash to Dealcor Forty in quarterly payments of R 300 000 with the final payment due on 1 January 2016. If any of these instalments are not paid within the due date and if the buyer remains in default for a period of 7 calendar months after receiving written demand from the seller then the entire remaining balance of the R 2 500 000 payment will be payable immediately.

Pharmachem

The company purchased the equity from Pharmachem on 1 November 2013.
The balance due on the purchase price shall be paid to Pharmachem will be settled on 30 November 2014

Fair value of vendor liabilities

The deferred vendor liabilities are carried at fair value.

18. Trade and other payables	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Trade payables	273 833 544	103 400 432	24 286 398	204 583
Accrued payroll expenses	34 173 916	4 142 882	-	-
Accrued expenses	56 708 092	12 196 809	-	32 554
Other payables	14 077 447	7 208 902	-	442 040
VAT	16 684 458	1 836 591	-	335 532
	395 477 457	128 785 616	24 286 398	1 014 709

Fair value of trade and other payables

Trade and other payables are carried at amortised cost, with the fair value being approximated by such carrying value.
Foreign currency trade payables have been disclosed in note 39 that deals with risk management.

19. Provisions for onerous contracts

Dezzo and Pharmachem were acquired by the Group in November 2013 with the intention to create a pharmaceutical platform from which the group could build its Pharma segment. During the due diligence process that preceded the purchase of these companies it was noted that the open tenders in these companies were onerous in nature due to the fluctuating Rand volatility against the US Dollar during the financial reporting period. Ascendis management valued these onerous liabilities during the Purchase Price Allocation process as part of the assets and liabilities acquired during the purchase of the companies. The onerous contracts relate to two tenders, namely the Anti-Biotics and Tablet tenders. Ascendis assessed the liabilities over the period remaining in the contract and have applied Rand/Dollar estimates as determined by the Group's Foreign Exchange Committee. Based on the nature and timing of the activities, Ascendis used a discount rate of 6.04% to discount the liabilities unutilised during the year, being the lowest cost of opportunity forfeited by the group to acquire the two onerous contracts as part of the purchase of the two companies. The liability for the contracts is expected to unwind within the next 12 months. Corrective actions have been taken by the group by implementing a Group Foreign Exchange committee and ensuring that appropriate hedging is applied against these specific revenue streams within the group.

	Group		Company	
	2014	2013	2014	2013
Onerous Contracts	R	R	R	R
At 1 July 2013	-	-	-	-
Acquisitions	74 367 310	-	-	-
Utilization	(39 129 422)	-	-	-
At 30 June 2014	35 237 887	-		
Current	35 237 887	-	-	-
Non-Current	-	-	-	-

20. Loans from related parties

	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Bounty Brands Proprietary Limited	26 286 085	38 990 050	26 286 085	38 990 050
	26 286 085	38 990 050	26 286 085	38 990 050

This loan is unsecured, interest-free and has no fixed terms of repayment. The loan is recorded at cost as there is uncertainty as to the timing of future cash flows.

Fair value of loans from related parties

The fair value of these loans are assessed as the face value of the amounts payable on demand (shown as current liabilities) being the same as the carrying amounts.

21. Revenue

The breakdown of revenue from all services is as follows:	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Analysis of revenue by category:				
- Sale of goods local	1 449 485 167	534 256 179	-	-
- Sale of goods international	186 781 418	78 700 854	-	-
- Sale of goods attributable to discontinued operations	(18 320 100)	(15 917 222)	-	-
- Rental income	-	399 401	-	-
- Recoveries	-	91 368	-	-
Total	1 617 946 485	597 530 580	-	-

The group is domiciled in South Africa.

22. Cost of sales

	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Cost of goods sold	902 224 743	350 249 250	-	-
Cost of goods sold attributable to discontinued operations	(12 124 335)	(10 315 510)	-	-
	890 100 408	339 933 740	-	-

23. Other income

	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Preference share dividends	-	-	-	2 884 925
Dividend income from related parties	-	-	48 120 756	121 937 056
Management fee income	12 704 978	-	-	-
Royalty income	2 301 519	-	-	-
Commission earned	3 583 052	-	-	-
Other income	47 840 405	8 828 949	181 518	-
Exchange gains	1 921 545	-	-	-
Total	68 351 499	8 828 949	48 302 274	124 821 981

25. Expenses by nature

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Administration and management fees	18 910 959	199 108	103 872	-
Advertising and marketing expenses	46 828 875	17 427 239	-	-
Auditors remuneration	9 567 938	-	178 638	374 860
Bad debts	2 973 501	2 504 856	-	-
Bank charges	5 434 829	2 694 243	16 211	-
Commission	24 107 781	14 882 786	-	-
Consulting, legal and professional fees	12 057 323	9 112 324	200 000	-
Depreciation, amortisation and impairment charges (notes 3 and 4)	30 600 768	12 789 247	46 950 763	103 067 661
Directors remuneration	7 270 607	4 933 233	-	-
Employee benefit expense (note 26)	230 991 666	79 498 146	-	-
Insurance/Property cost	4 767 165	-	-	-
Loss on disposal of assets	192 864	-	-	-
Loss on exchange differences	2 229 322	790 700	-	-
Motor vehicle expenses	9 055 499	-	-	-
Operating lease payments	30 037 624	8 639 945	-	-
Other expenses	30 537 585	14 896 176	1 251 817	-
Other production expenses and utilities	6 849 096	-	-	-
Regulatory expenses	1 270 998	987 225	-	-
Repairs and maintenance expenditure on property, plant and equipment	2 119 593	1 567 871	-	3 412
Research and development costs	1 837 204	-	-	-
Settlement of product litigation	-	-	-	-
Share-based payment expense (note 15)	13 095 500	-	-	-
Staff welfare and training expenses	4 176 026	-	-	-
Transport and warehousing costs	72 252 104	42 824 398	-	-
Travel costs	13 092 547	-	-	-
	580 257 375	213 747 499	48 701 301	103 445 933

Expenses by function

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Cost of sales	890 100 408	339 933 740	-	-
Selling and distribution expenses	46 828 875	19 262 637	-	-
Administrative expenses	502 890 916	179 588 685	48 701 301	103 445 933
Other operating expenses	30 537 585	14 896 176	-	-
	1 470 357 784	553 681 239	48 701 301	103 445 933

26. Employee benefit expense

	Group 2014 R	Group 2013 R	Company 2014 R	Company 2013 R
Wages and salaries	230 991 666	79 498 146	-	-
Directors Emoluments	7 270 607	4 933 233	-	-
Share options granted to directors and employees (note 14)	13 095 500	-	-	-
	251 357 773	84 431 379	-	-

Directors Emoluments	Basic salary R	Travel allowances R	Bonus and incentives R	Medical Aid Contributions R	Commission R	Fair value of shares issued on listing R	Total R
30 June 2013							
Executive directors							
KUHH Wellner (26 July 2011)	2 106 966	-	450 000	35 134	-	-	2 592 100
RJ Taylor (1 May 2012)	1 358 333	-	-	30 000	952 800	-	2 341 133
Total executive directors	3 465 299	-	450 000	65 134	952 800	-	4 933 233
Non-executive directors							
CD Dillon (5 March 2008)	-	-	-	-	-	-	-
GJ Shayne (5 March 2008)	-	-	-	-	-	-	-
Total non-executive directors	-	-	-	-	-	-	-
Total directors	3 465 299	-	450 000	65 134	952 800	-	4 933 233

For the year ended 30 June 2013 no remuneration and benefits were paid to the non-executive directors.

Directors Emoluments	Basic salary R	Travel allowances R	Bonus and incentives R	Medical Aid Contributions R	Directors fees R	Fair value of shares issued on listing R	Total R
30 June 2014							
Executive directors							
KUHH Wellner (26 July 2011)	2 700 000	40 130	621 667	58 467	-	15 000	3 435 264
RJ Taylor (1 May 2012)	2 600 000	18 176	516 667	30 000	-	15 000	3 179 843
Total executive directors	5 300 000	58 306	1 138 334	88 467	-	30 000	6 615 107
Non-executive directors							
JA Bester (21 October 2013)*	-	-	-	-	247 500	11 000	258 500
OP Cunningham (21 October 2013)*	-	-	-	-	-	-	-
B Harie (21 October 2013)*	-	-	-	-	187 500	11 000	198 500
CD Dillon (5 March 2008)	-	-	-	-	187 500	11 000	198 500
GJ Shayne (5 March 2008)	-	-	-	-	-	-	-
Total non-executive directors	-	-	-	-	622 500	33 000	655 500
Total directors	5 300 000	58 306	1 138 334	88 467	622 500	63 000	7 270 607

Notes to the annual financial statements
for the year ended 30 June 2014

Directors interests in shares

The direct and indirect interests of the directors in the issued share capital of the Company are reflected in the table below:

	Number of shares			
	Direct	Indirect	Total	% of issued ordinary share capital
30 June 2013				
KUHH Wellner (26 July 2011)	1 912 000	-	1 912 000	1.14%
RJ Taylor (1 May 2012)	1 608 000	-	1 608 000	0.96%
B Harie (21 October 2013)*	-	80 000	80 000	0.05%
CD Dillon (5 March 2008)	2 568 000	19 248 000	21 816 000	13.04%
GJ Shayne (5 March 2008)	2 432 000	109 696 000	112 128 000	67.00%
	8 520 000	129 024 000	137 544 000	82.19%

Notes:
* *Appointed during the year*

	Number of shares			
	Direct	Indirect	Total	% of issued ordinary share capital
30 June 2014				
KUHH Wellner (26 July 2011)	2 133 080	-	2 133 080	0.89%
RJ Taylor (1 May 2012)	1 609 500	20 000	1 629 500	0.68%
JA Bester (21 October 2013)*	1 000	-	1 000	0.00%
OP Cunningham (21 October 2013)*	41 000	-	41 000	0.02%
B Harie (21 October 2013)*	4 000	80 000	84 000	0.04%
CD Dillon (5 March 2008)	976 000	19 727 533	20 703 533	8.65%
GJ Shayne (5 March 2008)	214 500	106 181 351	106 395 851	44.43%
	4 979 080	126 008 884	130 987 964	54.70%

Notes:
The independent non-executive directors interests in the issued share capital of the Company represent less than 0.1% of the total issued share capital of the Company.
Additionally, interests held by the independent non executive directors are immaterial in relation to their respective overall investment portfolios.
This is disclosed to the board on a quarterly basis.
Accordingly, their continued participation as directors is deemed not to be impaired.

Remuneration of key management and prescribed officers

	Basic salary R	Travel allowances R	Bonus and incentives R	Other Benefits R	Fair value of deemed options granted BBBEE equity transaction R	Commission R	Total R
30 June 2013							
Prescribed Officers	540 000	-	137 500	-	-	-	677 500
Key managers	262 500	-	-	-	-	-	262 500
Total key managers and prescribed officers	262 500	-	-	-	-	-	262 500

Notes:
Date of Appointment - key managers and prescribed officers

	Basic salary R	Travel allowances R	Bonus and incentives R	Other Benefits R	Fair value of deemed options granted BBBEE equity transaction R	Commission R	Total R
30 June 2014							
Prescribed Officers	6 991 159	192 000	1 101 897	340 694	60 000	-	8 685 750
Key managers	925 400	18 000	-	40 595	30 000	-	1 013 995
Total key managers and prescribed officers	7 916 559	210 000	1 101 897	381 289	90 000	-	9 699 745

Name	Title	Date of Appointment
Prescribed Officers		
Richard Crouse	Group COO	1 April 2013
Marion Burgess	MD - Consumer Brands	8 July 2013
Jayen Pather	MD - Phyto-Vet	1 July 2013
Stavros Vizigianakis	MD - Medical Devices	21 January 2014
Imtiaz Mohamed	MD - Pharmaceuticals	1 November 2013
Key managers		
Andrew Sims	Company Secretary	1 April 2014
Pieter van Niekerk	Assistant to Group CFO	1 February 2013

27. Finance income and costs

	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Interest expense:				
- Bank borrowings	2 141 703	2 884 267	-	-
- Borrowings (note 16)	49 781 530	49 548 516	3 397 199	9 955 014
- Finance lease liabilities	417 041	144 154	-	-
- SARS	1 134	48 730	-	-
- Trade and other payables	-	554 805	-	3 412
- Other	1 488 471	228 728	-	-
- Discontinued operation	(119 800)	(425 503)	-	-
- Realised foreign exchange losses	1 019 857	-	-	-
Total finance costs	54 729 936	52 983 697	3 397 199	9 958 426
Finance costs	54 729 936	52 983 697	3 397 199	9 958 426
Finance income:				
- Interest income on short-term bank deposits				
- Interest income on short-term bank deposits	8 354 854	-	-	120 682
- Interest income attributable to discontinued operations	(123)	-	-	-
- Interest income on trade and other receivables	-	-	-	-
- Interest income on loans to related parties	17 000 125	6 865 640	5 580 507	9 625 974
- Interest income - sundry	236 677	-	-	-
Finance income	25 591 533	6 865 640	5 580 507	9 746 656
Net finance costs	29 138 403	46 118 057	(2 183 308)	211 770

28. Income tax expense

	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Current tax:				
Current tax on profits for the year	53 467 623	10 547 573	1 352 786	-
Under/over provisions relating to prior years	(2 194 444)	4 342	-	-
Total current tax	51 273 179	10 551 915	1 352 786	-
Deferred tax (note 6)				
Reversal of temporary differences on intangibles	-	-	-	-
Origination and reversal of temporary differences	(5 353 063)	(4 431 321)	-	9 717 581
Measurement Period Adjustments	-	(972 250)	-	-
Deferred tax attributable to discontinued operations	29 433	(57 464)	-	-
Total deferred tax	(5 323 630)	(5 461 035)	-	9 717 581
Income tax expense	45 949 549	5 090 880	1 352 786	9 717 581

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Group		Company	
	2014	2013	2014	2013
Profit before tax				
Tax calculated at applicable tax rates:	28.00%	28.00%	28%	28%
Tax effects of:				
- Income not subject to tax	0.00%	(16.09%)	(755.14%)	(178.02%)
- Pre-acquisition profits	0.00%	(14.73%)	0.00%	0.00%
- Utilisation of assessed losses	(3.46%)	(19.14%)	(11.30%)	0.00%
- Foreign tax	0.13%	4.75%	0.00%	0.00%
- Disallowable charges	0.80%	36.93%	814.26%	13.68%
- Utilisation of previously unrecognised tax losses	0.00%	0.00%	0.00%	0.00%
- Reversal of prior years deferred tax assets	0.33%	4.90%	0.00%	0.00%
- Tax losses for which no deferred income tax asset was recognised	0.00%	32.07%	0.00%	136.35%
- Discontinued operations	0.08%	0.00%	0.00%	0.00%
- Adjustment in respect of prior years	(1.18%)	(5.95%)	0.00%	45.92%
- Measurement period adjustments	0.00%	26.86%	0.00%	0.00%
Tax charge	24.69%	77.60%	75.82%	45.93%

29. Non-Current Assets Held for Sale

Reviva Technology Proprietary Limited were held for sale at year end and all the conditions precedent relating to the sale of group's 100% shareholding (indirect through Elixir Brands) were met after year end. Reviva Technology Proprietary Limited forms part of the Consumer Brands segment.

Financial information relating to the discontinued operations for the year to the date of disposal is set out below:

	Group		Company	
	Year ended 30 June			
	2014 R	2013 R	2014 R	2013 R
Revenue	18 320 100	15 917 222	-	-
Operating income/(expenses)	(18 410 891)	(15 287 562)	-	-
Net operating profit	**(90 791)**	**629 660**	-	-
Interest income	123	376	-	-
Interest expense	(119 800)	(425 879)	-	-
Profit/(loss) before tax	**(210 468)**	**204 157**	-	-
Income tax expense	29 433	(57 464)	-	-
Profit/(loss) for the year from discontinued operations	**(181 035)**	**146 693**	-	-
Cash flows from discontinued operations				
Cash flows attributable to operating activities	(2 978 425)	(937 584)	-	-
Cash flows attributable to investing activities	(78 899)	(283 870)	-	-
Cash flows attributable to financing activities	3 138 191	(1 159 114)	-	-
Cash flow attributable to discontinued operations	**80 867**	**(2 380 568)**	-	-
Discontinued operations Statement of Financial Position				
Property, plant and equipment	281 466	-	-	-
Deferred Tax	482 946	-	-	-
Inventory	9 728 299	-	-	-
Receivables and prepayments	2 868 503	-	-	-
Non-current assets held for sale	**13 361 214**	-	-	-
Trade and other payables	6 410 373	-	-	-
Trade payable intercompany	132 456	-	-	-
Overdraft	777 372	-	-	-
Non-current liabilities held for sale	**7 320 201**	-	-	-

30. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as treasury shares.

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the profit of the group. Shares which are held by a subsidiary company as treasury shares have been adjusted on a time basis when determining the weighted average number of shares in issue.

	Group		Company	
	2014 R	2013 R	2014 R	2013 R
Profit from continuing operations attributable to owners of the parent	137 944 526	9 334 492	-	-
Profit from discontinued operations attributable to owners of the parent	(181 035)	146 693	-	-
Total	**137 763 491**	**9 481 185**	-	-
Weighted average number of ordinary shares in issue	212 227 595	102 952 000	-	-
Earnings per share (cents) Continuing Operations	**65.00**	**9.07**	-	-
Earnings per share (cents) Discontinued Operations	**-0.09**	**0.14**	-	-

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has three categories of dilutive potential ordinary shares: share options, share appreciation rights and convertible preference shares. The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The closing price is used for share appreciation rights, as these are classified as contingently issuable shares in terms of IAS 33 – Earnings per share. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Group		Company	
	2014 R	2013 R	2014 R	2013 R
Earnings				
Profit from continuing operations attributable to owners of the parent	137 944 526	9 334 492	-	-
Profit used to determine diluted earnings per share	137 944 526	9 334 492	-	-
Profit from discontinued operations attributable to owners of the parent	(181 035)	146 693	-	-
	137 763 491	9 481 185	-	-
Weighted average number of ordinary shares in issue	212 227 595	102 952 000	-	-
Weighted average number of ordinary shares for diluted earnings per share	212 227 595	103 792 000	-	-
Earnings per share (cents) Continuing Operations	**65.00**	**8.99**	-	-
Earnings per share (cents) Discontinued Operations	**-0.09**	**0.14**	-	-

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for the year ended 30 June 2014

31. Cash generated from operations	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Profit before income tax from continuing operations	186 118 798	10 032 555	1 784 280	21 164 278
Adjustments for:				
Depreciation and amortisation	30 600 768	9 292 039	-	3 412
Loss (Profit) on sale of assets	192 864	(223 359)	-	-
Loss (profit) foreign exchange	2 229 322	671 551	-	-
Share of profit of investments accounted for using the equity method	683 000	-	-	-
Dividends received	-	-	(48 120 756)	(28 446 964)
Dividends accrued	-	-	-	(2 884 924)
Divided in specie	-	-	-	(93 483 334)
Interest received	(25 591 533)	(6 865 640)	(5 580 507)	(9 746 657)
Finance costs	54 729 936	52 983 697	3 397 199	9 958 424
Discontinued Operations	(181 035)	-	-	-
Movement in provisions	35 237 887	-	-	-
Derivative	1 371 134	-	-	-
Share options	13 233 000	-	-	-
Impairment loss	-	208 907	46 950 763	103 067 661
Movements in operation lease assets and accruals	-	227 609	-	-
Movements in Working Capital				
- Inventories	13 613 012	(17 815 677)	-	(16 311 225)
- Trade and other receivables	(64 697 899)	(50 128 783)	(34 016 324)	-
- Financial assets at fair value through profit or loss	-	-	-	-
- Trade and other payables	(71 620 731)	9 351 453	23 271 689	(199 926)
Cash generated from operations	**175 918 524**	**7 734 353**	**(12 313 655)**	**(16 879 255)**
Profit before income tax from discontinued operations	(210 469)	204 155	-	-
Adjustments for:				
Depreciation and amortisation	(179 306)	208 894	-	-
Loss (Profit) on sale of assets	23 756	-	-	-
Loss (profit) foreign exchange	416 404	-	-	-
Share options	137 500	-	-	-
Interest received	(123)	-	-	-
Finance costs	344 072	425 503	-	-
- Inventories	(3 450 346)	(2 182 961)	-	-
- Trade and other receivables	(777 987)	(543 431)	-	-
- Trade and other payables	1 343 340	1 375 760	-	-
Cash generated from operations	**(2 353 158)**	**(512 081)**	-	-

Refer to note 3 to the financial statements for more information regarding the disposal of property, plant and equipment as per the cash flow statement.

Non-cash transactions

The principal non-cash transaction is the issue of shares as consideration for the acquisition discussed in note 35.

32. Tax (paid) refunded	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Balance at the beginning of the period	(3 429 671)	(607 143)	-	313 345
Current tax for the period recognised in profit or loss	(53 467 623)	(10 494 451)	1 352 786	-
Adjustment in respect of businesses sold and acquired during the period including	(2 900 773)	-	-	-
exchange rate movements	-	(3 007 072)	-	-
Balance at the end of the period	16 118 252	3 429 671	(1 352 786)	(313 345)
	(43 679 815)	**(10 678 995)**	-	-

33. Contingencies

The group has been defending an action relating to Chempure T/A Solal Technologies.
The group has disclaimed the liability.

No provision in relation to these claims has been recognised in these consolidated financial statements, as legal advice indicates that it is not probable that a significant liability will arise.

34. Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Acquisitions	312 080 000	240 000 000	-	-
Property, plant and equipment	11 605 000	-	-	-
Intangible assets	-	-	-	-
Total	**323 685 000**	**240 000 000**	-	-

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During the financial year, the group negotiated three deals with a combined purchase price of R323 685 000, namely:

1) Koi Country CC

Marltons Pets and Products Proprietary Limited has concluded a deal to acquire the business of Koi Country CC.
Koi Country is engaged in the importation and distribution of pet products.
This acquisition will form part of the Phyto-Vet division within the group.

2) Arctic Healthcare Proprietary Limited

The group has concluded a deal to acquire certain market leading brands from Arctic Healthcare.
The acquired products consist of six market-leading brands, namely Chela-Fer, Menacal7, Chela-Preg, Chela-Mag, Osteoflex and Supa Chewz.
This acquisition will form part of the Consumer Brands division within the group.

3) Respiratory Care Arica Proprietary Limited

Ascendis Health Proprietary Limited has concluded a deal to acquire the business of Respiratory Care Africa Proprietary Limited.
Respiratory Care Arica Proprietary Limited is engaged in the distribution of medical devices.
This acquisition will form part of the Pharma-Med division within the group.

(b) Operating lease commitments – group company as lessee

The group has various non-cancellable operating lease agreements for property, vehicles and software maintenance and support that have varying market related terms and escalation clauses. Options to renew the lease contracts vary between 3 and 10 years.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:	Group		Company	
	2014 R	2013 R	2014 R	2013 R
No later than 1 year	18 775 267	5 104 268	-	-
Later than 1 year and no later than 5 years	51 614 915	8 990 060	-	-
Later than 5 years	7 274 825	1 553 135	-	-
Total	**77 665 007**	**15 647 463**	-	-

35. Business combinations

	Group					Company	
	2014 R				2013 R	2014 R	2013 R
	Consumer brands	Pharma Med	Phyto Vet	Total	Total	Total	Total
Cash	424 690 794	288 302 506	14 356 954	727 350 253	103 141 606	-	-
Equity instruments	73 385 257	273 851 640	15 448 382	362 685 278	53 111 061	-	-
Vendor loans	10 823 232	46 000 000	-	56 823 232	29 657 801	-	-
Total consideration transferred	**508 899 283**	**608 154 145**	**29 805 335**	**1 146 858 763**	**185 910 468**	-	-
Recognised amounts of identifiable assets acquired and liabilities assumed							
Cash and cash equivalents	39 358 576	12 541 016	(15 172 112)	36 727 480	1 329 644	-	-
Property, plant and equipment (note 3)	26 488 613	44 088 181	5 846 634	76 423 428	3 478 723	-	-
Existing intangible assets within the acquiree	-	-	-	-	1 207 699	-	-
Other financial assets	4 857	(64 755)	-	(59 899)	7 218 627	-	-
Inventories	100 845 585	159 171 759	25 347 553	285 364 897	45 202 394	-	-
Trade and other receivables	69 342 773	140 219 247	31 382 137	240 944 157	40 152 887	-	-
Trade and other payables	(17 391 518)	(296 677 265)	(29 949 175)	(344 017 957)	(15 108 711)	-	-
Borrowings	(56 888 433)	(76 297 267)	(7 845 739)	(141 031 439)	(19 305 836)	-	-
Current tax payable	(3 341 151)	859 801	(419 422)	(2 900 773)	(2 361 586)	-	-
Contingent liability	-	-	-	-	(50 761 896)	-	-
Deferred tax liabilities (note 6)	(2 273 010)	(1 305 205)	1 271 353	(2 306 862)	3 525	-	-
Total identifiable net assets	**156 146 291**	**(17 464 488)**	**10 461 229**	**149 143 033**	**11 055 470**	-	-
Initial Resultant Goodwill	**352 752 991**	**625 618 633**	**19 344 106**	**997 715 730**	**174 854 998**	-	-

The Initial Resultant Goodwill was allocated as follows:

	Consumer brands	Pharma Med	Phyto Vet	Total	2013 Total	2014 Company	2013 Company
Total Intangibles on acquisition (Note 4)	103 896 957	61 174 211	18 059 438	183 130 606	54 443 657	-	-
Deferred tax (Note 6)	(29 091 148)	(17 128 779)	(5 056 643)	(51 276 570)	(15 244 224)	-	-
Non-controlling interest	4 632 663	-	-	4 632 663	2 076 797	-	-
Initial Resultant Goodwill	352 752 991	625 618 633	19 344 106	997 715 730			
Less: Intangibles assets identified from the business combination (note 4)	103 896 957	61 174 211	18 059 438	183 130 606			
Remaining Goodwill (note 4)	**248 856 034**	**564 444 422**	**1 284 668**	**814 585 123**			

Intangibles assets identified from the business combination (note 4):	
- Brand names and Trademarks	43 063 980
- Client relationships	74 739 003
- Contractual agreements	12 937 906
- Drug master files	52 389 717
	183 130 606

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	Group					Company	
	2014 R				2013 R	2014 R	2013 R
	Consumer brands	Pharma Med	Phyto Vet	Total	Total	Total	Total
Acquisition date fair value of consideration paid							
Cash	424 690 794	288 302 506	14 356 954	727 350 253	103 141 606	-	-
Cash flow on business combinations							
Cash consideration paid	(424 690 794)	(288 302 506)	(14 356 954)	(727 350 253)	(103 141 606)	-	-
Cash acquired	39 358 576	12 541 016	(15 172 112)	36 727 480	1 329 644	-	-
	(385 332 218)	(275 761 490)	(29 529 065)	(690 622 773)	(101 811 962)	-	-

Vendor loan repayment Reconciliation	2014 R	2013 R
Total Vendor Loans per above	56 823 232	29 657 801
Repayments during the year	(3 891 301)	-
Total Vendor Loans (note 17)	52 931 931	29 657 801

Break down of major acquisitions within specific segments as disclosed above

As described below and included in the Consumer Brands division above, the acquisition of the assets in Solal Group of Companies was concluded during the year.

Management's main assumptions in evaluating this as a business acquisition and not as an asset group were made on the basis that a business consists of inputs and processes applied to those inputs that have the ability to create outputs.

(a) The inputs acquired include:
- Tangible items: Equipment, infrastructure and working capital necessary for trade within the business acquired;
- Intangible items: Computer software, software licenses, and trademarks;
- Other items not necessarily included in the financial statements: A management team, the process and know-how of the business, studies and test results, market knowledge, relationships with the licensing body and management knowledge of the industry.

(b) The processes acquired include: management processes, corporate governance, organisational structures, strategic goal-setting, operational processes and human and financial resource management.

(c) The outputs acquired include: access to research results, access to management's strategic plans, revenue from customers, access to new markets, increased efficiency, synergies, customer satisfaction and reputation.

	2014 R
Purchase Price	267 360 789
Property, plant and equipment	2 323 700
Inventory	46 874 505
Receivables and prepayments	17 560 937
Cash	22 128 622
Assumed Trade Payables during the transaction	-13 887 764
Total Identifiable Net Assets	75 000 000
Initial Resultant Goodwill Acquired	192 360 789
Total intangible assets identified	-54 117 848
Deferred tax on valuation of intangible assets identified	15 152 997
Initial Contribution to Goodwill	153 395 938

Consumer Brands

During the financial year Ascendis acquired 100% of the following businesses (with effective dates):

Bolus Distribution (01 October 2013)
The company contributed revenues of R 27 661 693 and net loss of R 711 950 for the period from 1 October 2013 to 30 June 2014. If the acquisition had occurred on 1 July 2013, contributions to group revenue would have been R 41 000 930 and net profit of R 1 617 900.

Nimue Skin Southern Africa Proprietary Limited (25 July 2013)
The company contributed revenues of R 45 853 204 and net profit of R 23 463 583 for the period from 25 July 2013 to 30 June 2014. If the acquisition had occurred on 1 July 2013, contributions to group revenue would have been R 50 796 993 and net loss of R 3 180 877.

Dealcor Forty Proprietary Limited T/a Evox (01 November 2013)
The company contributed revenues of R 53 281 109 and net profit of R 11 562 282 for the period from 1 November 2013 to 30 June 2014. If the acquisition had occurred on 1 July 2013, contributions to group revenue would have been R 84 043 762 and net profit of R 843 583.

74% of Swissgarde Proprietary Limited (1 November 2013)
The company contributed revenues of R 29 669 580 and net profit of R 4 110 779 for the period from 1 November 2013 to 30 June 2014. If the acquisition had occurred on 1 July 2013, contributions to group revenue would have been R 53 796 390 and net profit of R 8 986 026.

PharmaNatura Proprietary Limited (1 June 2014)
The company contributed revenues of R 9 379 624 and net loss of R 570 568 for the period from 1 June 2014 to 30 June 2014. If the acquisition had occurred on 1 July 2013, contributions to group revenue would have been R 132 605 085 and net profit of R 8 948 564 .

Solal Technologies Proprietary Limited and its Subsidiaries (05 July 2013)
The company and its subsidiaries contributed revenues of R 188 823 053 and net profit of R 36 775 311 for the period from 5 July 2013 to 30 June 2014. Due to the acquisition date being so close to 1 July 2013, the difference in contributed revenues and profit will not be significantly different to the above.

These acquisitions amounted to a total consideration of R 508 889 283 in this specific segment.

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These companies poses exceptional brands further enhancing Ascendis' presence in the consumer brands market. Solal specialises in preventive and healthy ageing products, offering solutions to most health problems and anti-ageing needs. Nimue is a globally recognised brand, that is available in leading skin care salons. Bolus Distribution t/a Muscle Tech and Dealcor Forty Proprietary Limited t/a Evox, specialise in sports nutrition products for active lifestyle consumers and professional athletes. Swissgarde is specialising in direct selling of nutraceutical and home care products with a strong network in South Africa and Nigeria.

The total addition to the segmental revenue due to these acquisitions is R 354 668 263.

Pharma Med

During the financial year Ascendis acquired the following businesses at a total consideration of R 608 154 145:

On 1 November 2013 the group acquired 100% of the Pharmachem Group which collectively consists of: Dezzo, MDI, Pharmadyne and Pharmachem Pharmaceuticals. The Pharmachem Group specialises in marketing and distribution of its own branded generic pharmaceuticals, nutraceuticals and OTC products. On 22 January 2014 the group got approval from the Competition Commission for the acquisition of Surgical Innovations Proprietary Limited, that falls within the medical devices market.

These companies poses exceptional dossiers and medical devices that can be used as a base by Ascendis to broaden its footprint in the Pharma Med division. The total addition to the segmental revenue due to these acquisitions is R 410 639 136.

The Pharmachem Group contributed revenues of R 268 505 570 and net profit of R 58 188 432 for the period from 1 November 2013 to 30 June 2014. If the acquisition had occurred on 1 July 2013, contributions to group revenue would have been R 411 715 345 and net profit of R 68 011 778.

The Surgical Innovations contributed revenues of R 142 133 566 and net profit of R 22 390 304 for the period from 22 January 2014 to 30 June 2014. If the acquisition had occurred on 1 July 2013, contributions to group revenue would have been R 321 798 825 and net profit of R 47 467 658.

Phyto Vet

On 1 October 2013 the group acquired 100% of Marlton's Pets and Products Proprietary Limited. The company specialises in pet care and accessories, expanding into retail chains and pet/vet stores.

These companies poses exceptional relationships and a long legacy of quality products in the Phyto-Vet division.

The company contributed revenues of R 146 790 625 and net profit of R 9 450 899 for the period from 1 November 2013 to 30 June 2014. If the acquisition had occurred on 1 July 2013, contributions to group revenue would have been R 193 154 140 and net profit of R 8 164 374,55.

The total addition to the segmental revenue due to these acquisitions is R 146 790 624.

Purchase Price Allocations

Purchase Price Allocations have been performed on all new acquisitions and have been finalised, except for the purchases of Pharma Natura Proprietary Limited and Surgical Innovations Proprietary Limited. The purchase price allocation was not yet completed at year end due to the acquisition dates being close to year end and therefore a provisional allocation was performed. None of the identifiable assets and liabilities have been finalised. Management expects to complete this process within the first quarter of the new financial year.

Management performed a full Purchase Price allocation for assets not identified during the prior reporting period, and not yet allocated during the prior year.
These allocations are within the 12 month allocation period in line with IFRS 3, Business Combinations.

The prior period was adjusted for the measurement period adjustments as follows:

Recognition of assets from goodwill	Group		Company	
	2014	2013	2014	2013
	R	R	R	R
Brands and Trade Marks	-	19 197 498	-	-
Client Relationships	-	35 246 159	-	-
Deferred Tax	-	(15 244 224)	-	-
	-	39 199 433	-	-
Amortisation	-	3 472 319	-	-
Deferred tax on Amortisation	-	(972 250)	-	-
	-	2 500 069	-	-

Refer to note 37 for the restatement.

Transaction costs relating to acquisitions

All transaction costs relating to acquisitions were paid by Coast2Coast Investments.

Transactions with non-controlling interests

(a) Acquisition of additional interest in subsidiary

During July 2013 and November 2013, the Group acquired the remaining 15% of Efekto Holdings Proprietary Limited and its subsidiaries and 20% of Chempure Proprietary Limited for a purchase consideration of R39 770 917 and R21 721 349 respectively. The group now holds 100% of the equity share capital of Efekto Holdings and its Subsidiaries and Chempure. The carrying amount of the non-controlling interest in Efekto Holdings and Chempure on the date of acquisition was (R4 398 502) and R 3 998 532. The group derecognised non-controlling interests of and recorded a decrease in equity attributable to owners of the parent. The effect of changes in the ownership interest in Efekto Holdings and Chempure on the equity attributable to owners of the company during the period is summarised as follows:

During the prior year the Group acquired the remaining 5% of Sportron Proprietary Limited, Regal Nutrients Proprietary Limited and its associated subsidiaries, and also acquired an additional 13.68% of Efekto Holdings. The group now holds 100% of the equity share capital of Sportron, Regal and its associated subsidiaries and 85% of Efekto Holdings and its subsidiaries. The carrying amount of the non-controlling interest in these companies on the date of acquisition was R 819 438. The effect of changes in the ownership interest in the acquisition of companies can be summarized as follows:

	Group		Company	
	2014 R	2013 R	2014 R	2013 R
Carrying amount of non-controlling interests acquired/ beginning of the year	399 970	819 438	-	-
Consideration paid to non-controlling interests	61 492 266	10 170 013	-	-
Carrying amount of non-controlling interests acquired/ end of the year	61 892 236	10 989 451	-	-

36. Related parties

The group is controlled by Bounty Brands Proprietary Limited (incorporated in South Africa), which owns 50.32% of the company's shares. The remaining 49.68% of the shares are widely held. The group's ultimate parent is Coast2Coast Investments Proprietary Limited (incorporated in South Africa). The group's ultimate controlling party is Mr Gary Shayne.

Relationships	
Director of a subsidiary	Stavros Vizirgianakis
Subsidiaries	Refer to note 4

Related party balances and transactions:
During the year, group companies, in the ordinary course of business, entered into various intra-group purchase and sales transactions.

	Group		Company	
Loan accounts - Owing (to) by related parties	2014 R	2013 R	2014 R	2013 R
Coast2Coast	102 794 985	94 369 103	-	94 369 103
Bounty Brands Proprietary Limited	(26 286 085)	(38 990 050)	(26 286 085)	(38 990 050)
Stavros Vizirgianakis	(41 669 733)		-	-
Sportron International Proprietary Limited	-	-	-	9 822 062
Sportron Properties Proprietary Limited	-	-	-	(29 000 832)
Efekto Holdings Proprietary Limited	-	-	-	40 459 286
Elixr Brands Proprietary Limited	-	-	-	3 368 017
Reviva Technologies Proprietary Limited	-	-	-	375 000
Toolworth Distribution Proprietary Limited	-	-	-	(327 702)
Zasvin Trading Proprietary Limited	-	-	-	(542 104)
Chempure Proprietary Limited	-	-	-	15 590
Coast2Coast Distribution Proprietary Limited	-	-	-	1 914
One Vision Investments 381 Proprietary Limited	-	-	-	23 090 369
Ascendis Management Services Proprietary Limited/Previously Known As One Vision Investments 382	-	-	443 427	4 914 050
K2012021382 Proprietary Limited	-	-	-	1 735
K2012021393 Proprietary Limited	-	-	-	2 035
K2012021486 Proprietary Limited	-	-	7 295 334	1 535
Nimue Bioscience Proprietary Limited	-	-	-	8 057 394
Avima Proprietary Limited	-	-	-	12 190
K2013197816 Proprietary Limited	-	-	(11 120)	-
K2012179211 Proprietary Limited	-	-	603 880	-
Ascendis Financial Services Proprietary Limited	-	-	227 102 773	-
K2013126193 Proprietary Limited	-	-	62 152 233	-
K2013197776 Proprietary Limited	-	-	10 000 000	-
	34 839 167	55 379 053	281 300 443	115 629 592
Sale of business operation - Reviva Proprietary Limited				
Coast2Coast Investments Proprietary Limited	3 580 000	-	-	-
Amounts included in trade and other receivables/(payables) regarding related parties				
Coast2Coast Investments Proprietary Limited	997 310	27 385 403	-	-
Efekto Holdings Proprietary Limited	-	-	10 326 343	10 326 343
Avima Proprietary Limited	-	-	-	228 000
Preference shares held				
Efekto Holdings Proprietary Limited	-	-	-	26 477 231
Interest (paid to)/received from related parties				
Coast2Coast Investments Proprietary Limited	17 000 125	5 760 167	-	5 760 168
Efekto Holdings Proprietary Limited	-	-	-	3 345 177
Reviva Technology Proprietary Limited	-	-	-	33 517
Ascendis Management Service Proprietary Limited	-	-	-	468 723
One Visions Investments 381 Proprietary Limited	-	-	-	18 390
Ascendis Financial Services	-	-	3 397 199	-
Preference dividends received from related parties				
Efekto Holdings Proprietary Limited	-	-	-	2 884 925
Rent paid to related parties				
Coast2Coast Investments Proprietary Limited	2 436 473	1 734 783	-	-
Expenses (paid to)/recovered from related parties				
Coast2Coast Investments Proprietary Limited	18 466 840	26 933 621	-	-

Notes to the annual financial statements

for the year ended 30 June 2014

Management and other administrative fees (paid to)/received from related parties				
Coast2Coast Investments Proprietary Limited	1 180 000	-	-	-
Dividends (paid to)/received from related parties				
Nimue Skin Southern Africa Proprietary Limited			46 950 763	
Chempure Proprietary Limited	-	-	1 169 993	2 620 000
Lavient Trading Proprietary Limited	-	-	-	61 810 097
Nimue Skin Proprietary Limited	-	-	-	57 500 000
Sale of business operation - Reviva Proprietary Limited				
Coast2Coast Investments Proprietary Limited	3 580 000	-	-	-

Shareholder Analysis

Public and non-public shareholders	Number of holders	Percentage of holders	Number of shares	Percentage of shares
Public shareholders	816	97.5%	108 475 417	45.3%
Non-public shareholders				
Directors and associates of the company	21	2.5%	130 987 964	54.7%
Total non-public shareholders	21	2.5%	130 987 964	54.7%
Total shareholders	**837**	**100.0%**	**239 463 381**	**100.0%**

According to the company's register of shareholders, read in conjunction with the company's register of disclosure of beneficial interests made by registered shareholders acting in a nominee capacity, the following shareholders held 2% or more of the issued share capital at 30 June 2014:

Major beneficial shareholders holding 2% or more	2014 Percentage of shares
Gane Holdings Proprietary Limited	43.4%
Coast2Coast Holdings Proprietary Limited	5.9%
Investec Emerging Companies Fund	2.3%

Major fund managers managing 1% or more	2014 Percentage of shares
Investec Asset Management	3.3%
Peregrine Capital	2.4%
Praesidium Capital Management	2.2%
36ONE Asset Management	1.9%
Old Mutual Investment Group (South Africa)	1.9%

Classification of registered shareholdings	Number of holders	Percentage of holders	Number of shares	Percentage of shares
Directors and associates	21	2.5%	130 987 964	54.7%
Individuals	604	72.1%	26 531 363	11.1%
Private companies	47	5.6%	23 255 230	9.7%
Trusts	81	9.7%	19 471 766	8.1%
Mutual funds	29	3.5%	14 641 247	6.1%
Hedge funds	8	1.0%	6 576 624	2.8%
Pension, provident and retirement funds	15	1.7%	5 437 114	2.3%
Assurance and insurance companies	5	0.6%	4 868 039	2.0%
Brokers	4	0.5%	3 389 811	1.4%
Custodians	3	0.4%	2 929 058	1.2%
Other	20	2.4%	1 375 165	0.6%
	837	**100.0%**	**239 463 381**	**100.0%**
Distribution of registered shareholdings				
1 - 1 000	193	23.1%	108 868	0.1%
1 001 - 10 000	337	40.3%	1 444 782	0.6%
10 001 - 100 000	148	17.7%	5 009 067	2.1%
100 001 - 1 000 000	113	13.5%	40 545 501	16.9%
1 000 001 shares and over	46	5.5%	192 355 163	80.3%
	837	**100.1%**	**239 463 381**	**100.0%**

Directors' shareholdings at 30 June 2014

Director	2014 Direct beneficial shares	Indirect beneficial shares	Indirect non-beneficial shares	Total
John Bester	1 000	-	-	1 000
Phil Cunningham	41 000	-	-	41 000
Cris Dillon	976 000	18 335 533	1 392 000	20 703 533
Bharti Harie	4 000	80 000	-	84 000
Gary Shayne	214 500	104 549 351	1 632 000	106 395 851
Robbie Taylor	1 609 500	-	20 000	1 629 500
Dr Karsten Wellner	2 133 080	-	-	2 133 080
Total	**4 979 080**	**122 964 884**	**3 044 000**	**130 987 964**

37. Restatement of prior year comparatives

Prior year comparative information has been restated in accordance with IFRS 3, paragraph 49 due to the remeasurement of the provisional purchase price allocations. The purchase price allocations of SSN, Chempure and Nimue Skin were finalised during this financial year (within 12 months of the acquisition dates). The restatement has the following effect:

Statement of Financial Position	2013 R
Deferred income tax liabilities as previously stated	82 366
Remeasurement period adjustment	15 244 224
Restated amount	15 326 590
Goodwill as previously stated	272 322 382
Remeasurement period adjustment	(39 199 433)
Restated amount	233 122 949
Intangible assets as previously stated	35 997 081
Remeasurement period adjustment	54 443 657
Restated amount	90 440 738
Retained earnings as previously stated	18 734 286
Remeasurement period adjustment	(2 500 070)
Restated amount	16 234 216
Statement of Comprehensive Income	
Income tax expense as previously stated	6 063 130
Remeasurement period adjustment	(972 250)
Restated amount	5 090 880
Amortisation expense as previously stated	5 153 438
Remeasurement period adjustment	3 472 320
Restated amount	8 625 758
Earnings, Dilutive Earnings and Headline earnings per share	
Earnings per share as previously stated	93.55
Remeasurement period adjustment	(84.34)
Restated amount	9.21
Diluted earnings per share as previously stated	92.79
Remeasurement period adjustment	(83.65)
Restated amount	9.14
Headline earnings per share as previously stated	93.47
Remeasurement period adjustment	(84.27)
Restated amount	9.20

Since these acquisitions were effective in the 2013 financial year, these restatements did not have any effect on the 2012 financial results nor the opening balance of retained earnings. Accordingly, no third balance sheet is presented.

Reclassification of prior year comparatives

The prior year comparatives have been restated. The effect is as follows:	2013 R
Non-current Liabilities: Borrowings	
Operating lease liability as previously stated	828 638
Reclassification adjustment to non-current liabilities (Borrowings)	(828 638)
Restated amount	-
Other Income	
Other income as previously stated	15 932 534
Reclassification adjustment to finance income	(6 865 640)
Discontinued operations	(237 945)
Restated amount	8 828 949

The following restatement relates to the company:

Non-current Loans to related parties	
Loans to related parties (non-current) as previously stated	132 379 488
Reclassification from loans to related parties (current)	9 852 478
Restated amount	142 231 966
Current Loans to related parties	
Loans to related parties (current) as previously stated	52 110 789
Reclassification from loans to related parties (non-current)	(9 852 478)
Restated amount	42 258 311

38. Events after reporting period

The acquisition of Arctic Health Care and Respiratory Care Africa below was approved by the Competition Commission before the date of finalisation of the annual financial statements. At the report signing date, no formal fair value assessment have been performed due to the short time frame between the acquisition date and the date the annual financial statements were approved. As a result no fair value of the identifiable assets were disclosed.

Arctic Health Care

The Company has concluded an agreement in terms of which Ascendis has acquired certain market leading brands ("Acquired Products") from Arctic Healthcare for a consideration of R151 million.

Broad Based Black Economic Empowerment ("BBBEE") Transaction for Ascendis Health

The Coast2Coast directors' deal concluded with the MIC Investment Holdings Proprietary Limited, will increase the BEE ownership in Ascendis from R165 million currently to a potential R365 million over a three year period, excluding any further investment or disposal by existing or new BEE shareholders.

Acquisition of Koi Country

Marltons Pets and Products Proprietary Limited has concluded a deal to acquire the business Koi Country CC. The purchase price for the acquisition is R12.570 million. Koi Country is involved with the importing and distributing of pet products.

Acquisition of Respiratory Care Africa

Ascendis intends scaling its medical devices platform, which currently consists of Surgical Innovations Proprietary Limited operating within the Pharma-Med Division, to become a leading provider of medical devices throughout South Africa. RCA has been identified as a complementary distributor of medical devices which will enhance Ascendis' ability to service hospitals, clinics and government tenders on a turnkey basis within a growing market. Ascendis has thus pursued this acquisition with the intention of integrating RCA into its Pharma-Med Division whilst continuing to maintain the independence of RCA in terms of its business obligations.

Acquisition of a Prominent Medical Devices Company

The group is currently engaged in advanced negotiations with a Prominent Medical Devices Company to acquire the business, this is still subject to certain conditions precedent. The company operates in the medical devices industry, particularly in the field of urology. This acquisition will form part of the Pharma-Med division.

Listing of a bond on the Johannesburg Stock Exchange

Ascendis Health Limited ("Ascendis") is in the process of refinancing all its existing term debt and working capital facilities into a single group facility. The purpose of this is to introduce a sustainable funding structure and to streamline the treasury management process of the group.

This debt consolidation process involves 2 steps:

1. "**A Bond or High Yield Note Programme**" funded by 2 institutions being Futuregrowth and Sanlam; and
2. "**Term and Working Capital Facilities**" funded by 3 banks, being Standard Bank, Nedbank and FNB.

In aggregate this process provides Ascendis with R1.05 billion in total facilities, as follows.

1. R400m in high yield notes via the establishment of a R2 billion Domestic Medium Term Note Programme ("DMTN"). The initial issuance will be R400 million and Ascendis will be in a position to issue further notes and "tap the market" as it requires expansion capital and on more competitive terms, and

2. R650m in term and working capital facilities, as follows:

a. 5-year term debt facility of R200 million ("Term Debt");
b. Revolving credit facility of R250 million ("RCF");
c. General Banking facility (Overdraft) of R100 million ("GBF") ; and
d. Trade Finance facilities of R100m.

To effect this in a tax efficient manner, the group debt will be introduced via a dedicated financing vehicle, Ascendis Financial Services Proprietary Limited ("AFS") (in the process of being converted to a public company), a 100% subsidiary of Ascendis.

STRUCTURE

The practice amongst domestic lenders requires the implementation of a ring-fenced security structure, as depicted below:

The security SPV secures the debt of all the lenders via one legal entity, being Ascendis Financial Services Security SPV ("AFS SPV"):

a. Ascendis cedes and pledges all of its assets to the AFS SPV as security for the R1.05 billion facility; and
b. The lenders rank pari passé in respect of any security provided by Ascendis.

SECURITY

The security provided under this structure, requires all material Ascendis subsidiaries, ("**Obligors**") to provide the Security SPV with the following:

a. Cession and Pledge (share pledge) between each Obligor that holds shares in a non-wholly owned subsidiary and the Security SPV;
b. Cession of Debtors between each Obligor and the Security SPV;
c. Cession of the Medical Dossiers between each relevant Obligor and the Security SPV;
d. Cession of the Trade Marks in terms of which each Obligor cedes its Trade Marks to and in favour of the Security SPV, and
e. General Notarial Bond over all of the movable assets of each Obligor in favour of the Security SPV.

39. Financial risk management

39.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the risk officer under policies approved by the board of directors. The risk officer identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

Definition
Market risk is the risk of adverse financial impacts due to changes in fair values or future cash flows of financial instruments from fluctuations in equity prices, interest rates and foreign currency exchange rates (as well as their associated volatilities).

The key components of market risk are as follows:

- **Equity risk** is the risk arising from a change in the value and/or future cash flows of an asset or liability, as a result of equity price and/or dividend changes;

- **Interest rate risk** is the risk arising from a change in the value and/or future cash flows of an asset or liability, as a result of interest rate changes;

- **Foreign exchange rate risk** is the risk arising from a change in the value and/or future cash flows of an asset or liability because of changes in exchange rates. This risk can be in the form of a mismatch between currencies of assets and liabilities, on assets supporting capital, or the functional currency of the local entity being different to the reporting currency of the group;

- **Credit spread risk** is the risk arising from changes in the credit spread on listed traded liquid debt instruments as a result of shifts in markets and or deterioration in credit quality of the issuers;

- **Property market risk** is the risk arising from a change in the value and/or future cash flows of an asset or liability, as a result of changes in property market prices and/or rental income and expense; and

- **Volatility risk** is the risk of adverse financial impact arising from fluctuations in the implied volatility of equity, currency, property and interest rates.
  result of changes in property market prices and/or rental income and expense; and

Management of market risk

The maximum amount of market risk assumed within the group is defined by the group risk appetite. Group risk targets are set within risk appetite. These targets guide the setting of market risk limits for asset/liability matching taking into account unmanaged market risks and the needs of the core business. The strategic asset allocation in the shareholder investment portfolio aims to optimise the utilisation of the residual risk appetite while retaining a conservative investment mandate.

The group has a number of market risk exposures arising from asset/liability mismatches to which it does not wish to be exposed on a long-term strategic basis. As a result, it has chosen to mitigate these risks through a dedicated on-going hedging programme. The net market risk impact of these exposures is managed by utilising hedge instruments available in the market.

(i) Foreign exchange risk

The group operates predominantly in South Africa, but also operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Euro and the UK pound. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group use forward contracts, transacted with group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The group treasury's risk management policy is to hedge between 75% and 100% of anticipated cash flows (mainly export sales and purchase of inventory) in each major foreign currency for the subsequent 12 months.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 30 June 2014, if the currency had weakened/strengthened by 10% against the US dollar, Euro, GBP and Yen with all other variables held constant, post-tax profit for the year would have been R 6 202 608 (2013: R 651,694) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar and Euro-denominated liabilities.

Foreign currency exposure at the end of the reporting period

	Group		Company	
	2014 R	2013 R	2014 R	2013 R
Current assets				
Trade debtors USD 839,227 (2013: 3,661,832)	46 886 829	36 156 975	-	-
Trade debtors EUR 809,070 (2013: 176,282)	27 552 788	2 263 461	-	-
Trade debtors GBP 5,529 (2013: 2,853)	186 252	42 544	-	-
Trade debtors Yen 0 (2013: 0)	237 718	-	-	-
Liabilities				
Trade creditors USD 4,117,954 (2013: 4,155,329)	72 903 570	41 016 730	-	-
Trade creditors EUR 739,874 (2013: 380,592)	22 080 689	4 888 265	-	-
Trade creditors GBP 102,908 (2013: 107,196)	1 705 460	1 598 470	-	-
Trade creditors Yen 90,000,000 (2013: 107,196)	5 472 449	-	-	-

Exchange rates used for conversion of the foreign items were:

USD (US Dollar)	10.58	9.87	-	-
EUR (Euro)	14.45	12.85	-	-
GBP (Pound Sterling)	18.01	14.91	-	-
YEN (Japanese Yen)	0.10	-	-	-

The company reviews its foreign currency exposure, including commitments on an on-going basis.

(ii) Price risk

Apart from the nominal amount of Treasury Shares held by Ascendis, there is no other exposure to investments held in the stock market.

(iii) Cash flow and fair value interest rate risk

At 30 June 2014, if the interest rates on Rand-denominated, floating-rate borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the period would have been R 4 156 608 (2013: R 2,902,798) lower/higher (2013: lower/higher) for the group.

At 30 June 2014, if the interest rates on Rand-denominated, floating-rate borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the period would have been R 165 472 (2013: R 772 630) lower/higher (2013: lower/higher) for the company.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group 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. The scenarios are run only for liabilities that represent the major interest-bearing positions.

(b) Credit risk

Definition

Credit risk refers to the risk of loss or of adverse change in the financial position resulting, directly or indirectly, from fluctuations in the credit standing of counterparties and any debtors to which shareholders and policyholders are exposed. Credit risk arises out of taking risk exposure to third parties (credit default risk), through settlement processes when trading with third parties (settlement risk) and when there is a migration in the quality of the credit risk of third parties, to whom the group is exposed (credit spread risk).

Management of credit risk

Ascendis Health is exposed to credit risk in a number of areas of its business.

Overall, the credit risk portfolio at 30 June 2014 remains heavily weighted to South African counterparties including government, state-owned enterprises and top tier South African banks. The continued efforts of management together with asset manager mandates in line with core competencies, has resulted in a further level of diversification and improved returns for the credit risks being taken in the portfolio.

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties beyond what was impaired.

(c) Liquidity risk

Liquidity risk is the risk that the group, although solvent, is not able to meet its payment obligations as they fall due (funding liquidity risk), or is only able to do so at materially disadvantageous terms (market liquidity risk).

Management of liquidity risk

The likelihood and severity of outflows associated with these exposures are assessed individually and in combination and are managed by maintaining a suitable liquidity buffer in the form of high-quality liquid assets. Eligible asset types that form part of the liquidity buffer have been chosen based on their proven ability to generate liquidity under both normal and significantly stressed conditions.

Liquidity risk is also managed by matching liabilities with backing assets that are of similar maturity, duration and risk nature. Where the group originates term assets with predictable cash flow profiles which give rise to structural liquidity mismatches between the projected cash inflows and outflows, the liquidity position is actively managed to prevent any undue future liquidity strains.

As a result of the liquidity risk mitigation measures in place, the group's exposure to liquidity risk is expected to be insignificant.

Cash flow forecasting is performed in the operating entities of the group in and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 20) at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	Less than 3 months R	Between 3 months and 1 year R	Between 1 and 2 years R	Between 2 and 5 years R	Over 5 years R
At 30 June 2014					
Borrowings (excluding finance lease liabilities)	33 931 564	268 746 630	348 711 179	127 949 144	-
Finance lease liabilities	899 846	810 258	1 329 356	753 347	3 162 662
Deferred vendor liabilities	-	16 508 699	36 423 232	-	-
Loans from group companies	-	26 286 085	-	-	-
Bank Overdraft	-	100 847 706	-	-	-
Trade and other payables	-	378 792 999	-	-	-
Financial guarantee contracts	-	-	-	-	-
Total	**34 831 410**	**791 992 378**	**386 463 767**	**128 702 491**	**3 162 662**
At 30 June 2013					
Borrowings (excluding finance lease liabilities)	-	251 826 974	27 714 774	57 574 214	26 602 887
Finance lease liabilities	-	247 405	-	-	-
Trading and net settled derivative financial instruments (interest rate swaps)	-	-	-	-	-
Loans from group companies	-	38 990 050	-	-	-
Trade and other payables	-	151 816 638	-	-	-
Bank overdraft	-	10 737 299	-	-	-
Financial guarantee contracts	-	302 611	-	-	-
Total	**-**	**453 920 977**	**27 714 774**	**57 574 214**	**26 602 887**

Company	Less than 3 months R	Between 3 months and 1 year R	Between 1 and 2 years R	Between 2 and 5 years R	Over 5 years R
At 30 June 2014					
Borrowings (excluding finance lease liabilities)	-	-	-	-	-
Finance lease liabilities	-	-	-	-	-
Loans from group companies	-	26 286 085	-	-	-
Bank Overdraft	-	44 153 992	-	-	-
Trade and other payables	-	24 286 398	-	-	-
Deferred vendor liabilities	-	-	-	-	-
Total	**-**	**94 726 475**	**-**	**-**	**-**
At 30 June 2013					
Borrowings (excluding finance lease liabilities)	3 037 480	-	-	-	-
Finance lease liabilities	-	-	-	-	-
Trading and net settled derivative financial instruments (interest rate swaps)	-	-	-	-	-
Loans from group companies	68 860 688	-	-	-	-
Trade and other payables	1 014 709	-	-	-	-
Bank overdraft	-	-	-	-	-
Deferred vendor liabilities	11 372 035	-	-	-	-
Total	**84 284 912**	**-**	**-**	**-**	**-**

d) Operational risk

Definition

Operational risk is the risk of loss caused by inadequate or failed internal processes, people and systems, or from external events and is pervasive across the business.

Management of operational risk

The group's operational risk framework is embedded within the business to promote sound risk management practices that are cost effective and fit for purpose to suit the organisational maturity and the particular business environment.

Group internal audit services, as part of the group's third line of defence, performs an independent review of operational risk management practices to ensure that they are implemented consistently across the group.

Sources of operational risk in respect of which activities to reduce exposure take place include but are not limited to:

- Information technology;
- Process;
- Regulatory;
- Legal;
- Taxation;
- People;
- Investment mandate;
- Business continuity management;
- Customer complaints;
- Environmental;
- Internal and external fraud;
- Model; and
- Internal controls.

A comprehensive internal control process is embedded in the group, actively managed by strong management review. No material losses were reported in 2014 due to a breakdown of these controls.

e) Concentration risk

Definition

Concentration risk is the risk that the group is exposed to financial loss which, if incurred, would be significant due to the aggregate (concentration) exposure the group has to a particular asset, counterparty, customer or service provider.

Management of concentration risk

Concentration risk is monitored by the various group risk management practices and has been commented on within the other major risk category sections where relevant.

39.2 Capital management

The group's objectives when managing capital are to safeguard the group'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.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratio at 2014 and 2013 respectively were as follows:

	Group		Company	
	2014 R	2013 R	2014 R	2013 R
Total borrowings				
Loans from group companies	26 286 085	38 990 050	26 286 085	68 860 688
Deferred vendor liabilities	52 931 931	29 657 801	-	11 372 035
Borrowings	646 024 027	327 133 492	-	3 037 480
Less: cash and cash equivalents (note 15)	5 965 133	(124 246 629)	44 133 252	(108 281 206)
Net debt	731 207 176	271 534 714	70 419 337	(25 011 003)
Total equity	1 212 719 802	390 686 508	1 132 051 011	390 470 961
Total capital	1 943 926 978	662 221 222	1 202 470 348	365 459 958
Gearing ratio	38%	41%	6%	-7%

The decrease in the gearing ratio during 2014 resulted primarily from the issue of share capital as part of the consideration for the acquisition of a subsidiary (notes 4 and 42). Refer to note 16 regarding the terms and conditions, securities and covenants applicable to the borrowings.

39.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as ' prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's financial assets and liabilities that are measured at fair value at 30 June 2014. See note 16 for disclosures of the land and buildings that are measured at fair value and note 25 for disclosures of the disposal groups held for sale that are measured at fair value.

Liabilities	Level 1 R	Level 2 R	Level 3 R	Total R
Financial liabilities at fair value through profit or loss				
Trading derivatives				
- Foreign exchange contracts	-	1 371 134	-	1 371 134
- Deferred vendor liabilities	-	-	52 931 931	52 931 931
Total liabilities	-	1 371 134	52 931 931	51 560 797

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily DAX, FTSE 100 and Dow Jones equity instruments are included in Level 1. Instruments included in Level 1 comprise primarily DAX, FTSE 100 and Dow Jones equity investments classified as trading securities or available for sale.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the statement of comprehensive income of an instantaneous 1% strengthening or weakening in the Rand against all other currencies, from the rate applicable at 30 June, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

The Group is mainly exposed to fluctuations in foreign exchange rates in respect of the Rand, US Dollar, Euro, Pound Sterling, Australian Dollar and Japanese Yen. The analysis considers the impact of changes in foreign exchange rates on the statement of comprehensive income, excluding foreign exchange translation differences resulting from the translation of Group entities that have a functional currency different from the presentation currency, into the Group's presentation currency (and recognised in the foreign currency translation reserve).

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular interest rates, remain constant and was performed on the same basis for 2013.

A change in the foreign exchange rates to which the Group is exposed at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

Currency	Changes in exchange rate	Weakening in functional currency 2014 R	Weakening in functional currency 2013 R
US Dollar	1%	(700 723)	-
Euro	1%	(106 153)	-
Pound Sterling	1%	(31 648)	-
		(838 524)	-

A 1% strengthening in the Rand against the above currencies at 30 June would have the equal but opposite effect on profit before tax, on the basis that all other variables remain constant.
The following significant exchange rates against the Rand applied at year-end:

	Spot rate		Average rate	
	2014	2013	2014	2013
US Dollar	10.58	9.87	10.38	8.84
Euro	14.45	12.85	14.09	11.44
Pound Sterling	18.01	14.91	16.88	13.86
Japanese Yen	0.10	-	0.10	0.10

(c) Financial instruments in level 3

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income.
If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Vendor Liabilities are measured at fair value by preforming a fair value calculation with a applicable interest rate linked to certain probabilities and estimations of targets achieved.

See note 17 for disclosures of the measurement of the deferred vendor liabilities.

39.4 Offsetting financial assets and financial liabilities

No items have been set off during the financial period reported on.

40. Segmental reporting

The strategic steering committee is the group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the strategic steering committee for the purposes of allocating resources and assessing performance.

The strategic steering committee considers the business from both a geographic and product perspective.
Geographically, management considers the performance within South Africa and Internationally. From a product perspective, management separately considers the activities in these geographies on a segmental basis.

Ascendis operates and sells health and care products through three divisions across the full health spectrum, two of which cater for human health (Consumer Brands and Pharma-Med) and one for the plant and animal health sector (Phyto-Vet).

The three operating divisions are:

- Consumer Brands Division (human health), incorporating all of the Ascendis Over The Counter (OTC) and Complimentary and Alternative Medicines (CAMs) consumer brands products;
- Pharma-Med Division (human health), incorporating Ascendis' pharmaceutical business and its medical devices business; and
- Phyto-Vet Division (animal and plant health), incorporating all of the Ascendis animal and plant health and care products.

Consumer Brands Division

The Consumer Brands Division comprises health and personal care products sold to the general public, primarily at the retail store level. The health products sold to these consumers are products catering for preventative health needs and can be categorised into OTC medicines and CAMS. (including vitamins and minerals), homeopathic, aryurvedic products, herbals, dermaceuticals, functional foods, functional super foods, hormone creams, sports nutrition, health beverages, weight management and personal care products which include therapeutic cosmetics. The brands have been established in the South African market for between 6 and 45 years and are generally targeted at higher LSM customers. As a result this division has shown itself to be resilient in difficult economic times, hence its consistently strong historical financial performance.

Pharma-Med

This division comprises the sale of prescription, selected OTC pharmaceuticals and includes medical devices. Ascendis' pharmaceutical products are typically sold through dispensing doctors, wholesalers, pharmaceutical retailers and hospitals to both the private and Government sectors. Ascendis' medical devices products are focused on the areas of general surgery gynaecology, urology, ear, nose and throat, cardiology and radiology and the marketing of devices in a South African agent function, on an exclusive basis, for international brands of high value-add, niche consumable medical devices Ascendis develops and sells pharmaceutical products and medical devices through its Pharma-Med Division which targets the human health sector, via medical professionals (doctors and pharmacists) using the following channels: medical practices, pharmacies, wholesalers and hospitals (both state and privately owned).

Phyto-Vet Division

The Phyto-Vet Division supplies health and care products to the plant and animal markets. The Phyto-Vet Division manufactures and supplies mainly its own brands which in aggregate comprise 3 500 different products supplied to over 4 500 customers throughout South Africa and a further 20 African countries. The majority of products are sold via retail channels but the division also supplies products into 20 African countries via a network of distributors or direct governmental tender participation.

The strategic steering committee assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation. This measurement basis excludes discontinued operations and the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. The measure also excludes the effects of equity-settled share-based payments and unrealised gains/losses on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

Revenue	2014 R	2013 R

The revenue of Ascendis Health is predominantly earned in Southern Africa.

Revenue split by division		
Consumer Brands	658 387 944	244 691 580
Phyto-Vet	548 919 407	352 839 000
Pharma-Med	410 639 135	-
Total revenue	1 617 946 486	597 530 580
Geographical revenue split		
South Africa	1 431 165 067	497 254 420
Foreign	186 781 418	100 276 160
Total revenue	1 617 946 486	597 530 580

Currently there are no inter-segmental sales between operating segments within the group.

During the year the group made a total of R 186 781 418 (2013: R 100 276 160) in foreign sales (other African countries and Europe.)

15% (6% : 2013) of the groups total revenue is derived from a single customer in the retail environment in South Africa.

EBITDA	2014 R	2013 R
*EBITDA is defined as Earnings before Tax, Interest and the effects of Amortisation and Depreciation		
Consumer Brands		
Operating profits	96 912 457	30 972 161
Amortisation and depreciation	15 908 723	2 095 046
Impairment of assets	-	208 907
Consumer Brands EBITDA	112 821 180	33 276 114
Phyto-Vet		
Operating profits	37 658 991	31 193 300
Amortisation and depreciation	10 966 860	4 561 700
Impairment of assets	-	-
Phyto-Vet EBITDA	48 625 850	35 755 000
Pharma-Med		
Operating profits	99 856 026	-
Amortisation and depreciation	3 227 869	-
Impairment of assets	-	-
Pharma-Med EBITDA	103 083 895	-
Head office adjusted expenses	(18 202 287)	(3 772 471)
Total EBITDA	246 328 638	65 258 643
Reconciliation of EBITDA to Consolidated Results		
Consolidated operating profit	215 940 201	52 678 290
Total consolidated Amortisation, Depreciation and Impairments	30 600 768	12 789 247
Head-office portions excluded from segmental analysis	(212 331)	(208 894)
Total EBITDA	246 328 638	65 258 643

Notes to the annual financial statements
for the year ended 30 June 2014

Segmental assets and liabilities

	2014 R	2013 R
Consumer Brands		
- Total assets	921 194 557	274 026 820
- Total liabilities	(592 139 055)	(106 628 860)
Consumer Brands net asset value	329 055 502	167 397 959
Phyto-Vet		
- Total assets	500 506 844	434 034 443
- Total liabilities	(431 117 450)	(411 395 883)
Phyto-Vet net asset value / (liability)	69 389 394	22 638 560
Pharma-Med		
- Total assets	854 612 284	-
- Total liabilities	(330 647 112)	-
Pharma-Med net asset value	523 965 172	-
Head office net asset value	290 309 734	198 149 918
Consolidated net asset value	1 212 719 802	388 186 438
Finance income/(Cost) per segment		
Consumer Brands		
- Finance income	1 942 460	1 105 097
- Finance expense	(28 218 352)	(16 355 284)
Phyto-Vet		
- Finance income	531 520	-
- Finance expense	(23 149 707)	(32 767 353)
Pharma-Med		
- Finance income	567 806	-
- Finance expense	(3 361 877)	-
Head-Office		
- Finance income	22 549 747	-
- Finance expense	-	(4 966 157)
Total Consolidated Net Interest Figure	(29 138 403)	(46 118 057)
Tax expense per segment		
Consumer Brands	(17 546 401)	(3 670 175)
Phyto-Vet	(9 550 712)	(2 134 817)
Pharma-Med	(17 685 373)	-
Head-Office	(1 167 063)	714 112
Total Consolidated Tax Expense	(45 949 549)	(5 090 880)
Joint ventures		
Consumer Brands Carrying value	48 133 354	-

The only Joint venture in the group is ATKA as described in note 5.

40. Headline earnings

	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
	R	R	R	R	R	R
Profit attributable to equity holders of the parent	137 944 526	9 334 492	(181 036)	146 693	137 763 490	9 481 185
Adjusted for:					-	-
- Impairment of goodwill (gross amount)	-				-	-
- Loss/(profit) on the sale of propertyplant and equipment	138 862	(160 818)	-	-	138 862	(160 818)
Gross amount	192 864	(223 359)			192 864	(223 359)
Tax effect	(54 002)	62 541			(54 002)	62 541
- Impairment of intangible assets	-	150 413	-	-	-	150 413
Gross amount		208 907			-	208 907
Tax effect		(58 494)			-	(58 494)
Headline earnings	**138 083 388**	**9 324 087**	**(181 036)**	**146 693**	**137 902 352**	**9 470 780**
Weighted average number of shares in issue*	212 227 595	102 952 000	212 227 595	102 952 000	212 227 595	102 952 000
Headline earnings per share	**65.06**	**9.06**	**-0.09**	**0.14**	**64.98**	**9.20**

**After deduction of weighted treasury shares.*

41. Dividends paid

The Ascendis Board proposed a dividend of 15 cents for every ordinary share in issue, this will be the maiden dividend that the company will declare since reaching its mile stone of listing on the Johannesburg Stock Exchange on 22 November 2013 and achieving its targets as listed in in the Pre-Listing Statement.