Ascendis HEALTH

GROUP INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

HIGHLIGHTS

REVENUE UP

114% TO R662 MILLION

OPERATING PROFIT UP

366% TO R88 MILLION

OPERATING MARGIN IMPROVED FROM

6% TO 13%

HEADLINE EARNINGS UP FROM

-R4 MILLION TO R54 MILLION

- RAISED R453 MILLION IN SUCCESSFUL JSE LISTING
- CONTINUED STRATEGIC ACQUISITIONS
- CONFIDENT OF ACHIEVING FULL YEAR PRE-LISTING FORECASTS (PLUS BENEFIT OF NEW ACQUISITIONS)

Ascendis CONSUMER BRANDS

Ascendis PHYTO-VET

Ascendis PHARMA-MED

COMMENTARY

OVERVIEW

Ascendis is a fast growing health and care group which sells health brands for humans, plants and animals. Listed on the JSE on 22 November 2013, the group consists of three divisions: Consumer Brands (nutraceuticals, vitamins, sports nutrition and skin care products); Phyto-Vet (plant and animal health and care) and Pharma-Med (prescription drugs and medical devices). The group currently exports products to 45 countries, mainly in Europe and Africa.

STRATEGY

Ascendis is creating a synergistic group of health and care product brands spanning the value chain, from imports of raw materials, manufacturing, brand development to distribution to consumers through retail and direct selling channels locally and internationally.

Organic growth from the group's established, market-leading brands will be supported by the acquisition of complementary businesses and brands for synergistic growth. This includes vertical integration across the value chain and horizontal integration from bolt-on acquisitions.

Ascendis is rapidly growing its foreign customer base and the international expansion strategy includes exports, establishing offshore operations and acquiring international businesses.

FINANCIAL PERFORMANCE

Ascendis has delivered on the commitments made to stakeholders at the time of the listing, with the results for the six months indicating that the group is well on track to meet its pre-listing year end forecasts. The performance has benefited from several acquisitions made by the group over the past 18 months and healthy organic growth of the underlying established brands.

Revenue for the period increased by 114% from R310 million to R662 million. Foreign revenue increased by 209%.

The gross margin expanded from 42% to 46% despite imported inflation from the devaluation of the Rand. The improvement was achieved through better buying, selected price increases as well as a better product and customer mix. Further savings could be achieved by extracting synergies across the value chain, including joint manufacturing, warehousing and route to market activities in the Consumer Brands and Phyto-Vet divisions.

Operating profit increased by 366% from R19 million to R88 million and the operating margin improved from 6% to 13%.

The performance for the six month period translated into headline earnings of R54 million (Dec 2012: -R4 million).

On the divisional performance, Consumer Brands generated revenue of R299 million (Dec 2012: R117 million) and accounted for 45% of group revenue; Phyto-Vet R292 million (Dec 2012: R193 million) and Pharma-Med R70 million. The medium-term targeted revenue split is Consumer Brands 40%, Pharma-Med 40% and Phyto-Vet 20%.

ACQUISITIONS

The group has a track record of acquiring established businesses and strong brands which are integrated into the divisional operations to create synergies. Shortly after the listing the group acquired Surgical Innovations, a distributor of high-end medical devices to surgeons, for R300 million. The effective date of the acquisition was 1 January 2014 and the business is currently being integrated into the Pharma-Med division.

Post the end of the reporting period the group acquired Atka Pharma, which markets the BioBalance brand, and last week announced the acquisition of PharmaNatura, pending competition approval. PharmaNatura sells well established and trusted nutraceutical, homeopathic and herbal brands such as Vitaforce, Bettaway, Homeoforce and Herbaforce which are manufactured at their plant in Johannesburg. This acquisition will enable Ascendis to extract vertical synergies within its Consumer Brands division.

OUTLOOK

Ascendis has a portfolio of resilient, well-established brands which offer both pricing leverage and strong export potential which positions it well in the face of a tough consumer economy, a more stringent regulatory environment and a depreciating currency.

The brands in the Consumer Brands and Phyto-Vet divisions are mostly aimed at higher LSM consumers making the business more resilient in the face of weaker economic conditions. The brands in the pharmaceutical sector of the Pharma-Med division focus more on the lower LSM consumer and will benefit from government's focus on making medicines more affordable and accessible, and the National Health Insurance implementation.

The group is well positioned to accelerate the growth in its export operations, with keen interest from offshore distributors for several brands in the Ascendis stable which are not yet exported.

The group has a healthy acquisition pipeline and is currently evaluating projects in all divisions.

A key focus for the remainder of the financial year will be on continuing to deliver organic growth, integrating acquisitions and extracting synergies both within and across the operating divisions.

The directors remain confident of achieving the pre-listing earnings forecast of R124 million after tax (after capitalising listing fees) for the 2014 financial year, based on the existing business at the time of listing. In addition there will be further benefits from post listing acquisitions.

The above information has not been reviewed or reported on by the group's external auditors.

Dr Karsten Wellner
Chief Executive Officer

Robbie Taylor
Chief Financial Officer

Cape Town
3 March 2014

UNAUDITED CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 31 Dec 2013 R	Unaudited Six months ended 31 Dec 2012 R	Audited Year ended 30 Jun 2013 R
Revenue	**661 901 513**	309 643 297	613 447 802
Cost of sales	**356 785 966**	179 824 751	(350 249 250)
Gross profit	**305 115 547**	129 818 546	263 198 552
Other income	**6 571 803**	916 690	15 932 534
Operating expenses (excluding depreciation and amortisation)	**(209 829 642)**	(108 009 660)	(205 984 243)
EBITDA	**101 857 708**	22 725 576	73 146 843
Depreciation and amortisation	**(14 279 407)**	(3 917 071)	(9 500 933)
Operating profit	**87 578 301**	18 808 505	63 645 910
Finance costs	**(9 150 496)**	(23 136 746)	(53 409 200)
Profit/(loss) before taxation	**78 427 805**	(4 328 242)	10 236 710
Taxation	**(22 744 064)**	(4 253 680)	(6 063 130)
Profit/(loss) for the period	**55 683 742**	(8 581 922)	4 173 580
Other comprehensive income:			
Items that will not be subsequently reclassified to profit and loss:			
Gain on property revaluation	**–**	–	1 955 489
Taxation related to gain on property revaluation	**–**	–	(547 537)
Items that may be subsequently reclassified to profit and loss:			
Exchange differences on translating foreign operations	**462 875**	231 438	671 551
Other comprehensive income for the period net of taxation	**462 875**	231 438	2 079 503
Total comprehensive income/(loss) for the period	**56 146 617**	(8 350 485)	6 253 083
Profit/(loss) attributable to :			
Owners of the parent	**53 920 397**	(4 514 103)	12 038 719
Non-controlling interest	**1 763 345**	(4 067 819)	(7 865 139)
	55 683 742	(8 581 922)	4 173 580
Total comprehensive income/(loss) attributable to:			
Owners of the parent	**56 146 617**	(4 294 237)	13 686 262
Non-controlling interest	**–**	(4 056 248)	(7 433 179)
	56 146 617	(8 350 485)	6 253 083

UNAUDITED CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited Six months ended 31 Dec 2013 R	Unaudited Six months ended 31 Dec 2012 R	Audited Year ended 30 Jun 2013 R
Assets			
Non-Current Assets			
Property, plant and equipment	**57 308 642**	39 447 689	42 721 005
Goodwill	**557 148 025**	193 457 234	272 322 382
Intangible assets	**273 757 482**	37 264 459	35 997 081
Investment in joint venture	**52 500 000**	–	–
Deferred tax	**2 959 817**	8 024 132	3 174 413
Loans to group companies	**85 733 803**	20 209 429	42 258 317
Other financial assets	**–**	–	197 620
	1 029 407 770	298 402 943	396 670 818
Current Assets			
Inventories	**344 549 584**	107 978 405	169 492 264
Loans to group companies	**–**	–	52 110 789
Current tax receivable	**3 861 574**	–	2 359 521
Other financial assets	**1 822 204**	–	3 612 559
Trade and other receivables	**323 146 805**	131 872 563	172 785 528
Cash and cash equivalents	**238 729 028**	32 182 543	134 983 928
	912 109 194	272 033 511	535 344 589
Total Assets	**1 941 516 964**	570 436 454	932 015 407
Equity and Liabilities			
Equity			
Capital and reserves	**1 010 904 276**	42 716 260	390 338 875
Non-controlling interest	**1 989 654**	3 135 464	347 633
	1 012 893 929	45 851 724	390 686 508
Liabilities			
Non-Current Liabilities			
Deferred tax	**–**	–	82 366
Deferred vendor liabilities	**–**	49 597 697	–
Other financial liabilities	**578 438 230**	331 421 277	84 200 113
Finance lease obligation	**810 715**	–	–
Operating lease liability	**–**	–	828 638
	579 248 945	381 018 973	85 111 117
Current Liabilities			
Loans from group companies	**–**	–	38 990 050
Deferred vendor liabilities	**36 336 086**	–	29 657 801
Other financial liabilities	**14 789 473**	54 264 149	242 010 419
Finance lease obligation	**398 602**	–	247 405
Current tax payable	**17 291 025**	1 952 882	5 789 192
Trade and other payables	**280 558 904**	87 348 725	128 785 616
	349 374 089	143 565 756	445 480 483
Total Liabilities	**928 623 035**	524 584 730	530 591 600
Total Equity and Liabilities	**1 941 516 964**	570 436 454	932 015 407

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

Balance at 1 July 2012

Total comprehensive loss for the period

Issue of shares

Exchange differences on translating foreign operations

Balance at 31 December 2012

Balance at 1 July 2013

Total comprehensive income for the period

Issue of shares

Exchange differences on translating foreign operations

Dividends

Listing fees capitalised

Treasury shares held for payments of acquisitions

Changes in ownership interest - control not lost

NCI allocation on acquisition

Balance at 31 December 2013

Notes

* Change of ownership reserve represents the cumulative difference between the total consideration paid and the proportionate share of the non-controlling interest purchased or sold in transactions with equity participants where control of the subsidiary is not lost or gained.

* The group listed on the Main Board of the JSE on 22 November 2013 and capitalised the allowable costs that are capital in nature against the capital raised

Total share capital R	Foreign currency translation reserve R	Revaluation reserve R	Change of ownership reserve* R	Retained income R	Total attributable to equity holders of the group/company R	Non-controlling interest ("NCI") R	Total equity R
8 649 001			1 146 235	6 695 567	16 490 803	7 203 283	23 694 086
				(4 514 103)	(4 514 103)	(4 067 819)	(8 581 922)
30 508 123					30 508 123		30 508 123
	231 438				231 438		231 438
39 157 124	231 438	–	1 146 235	2 181 464	42 716 260	3 135 464	45 851 724
378 980 824	671 551	975 992	(9 023 778)	18 734 286	390 338 875	347 663	390 686 538
				53 920 397	53 920 397	1 763 345	55 683 742
659 959 140					659 959 140		659 959 140
	462 875				462 875		462 875
					–	(317 994)	(317 994)
(18 596 225)					(18 596 225)		(18 596 225)
(15 290 875)					(15 290 875)		(15 290 875)
			(59 889 912)		(59 889 912)	(1 378 516)	(61 268 428)
					–	1 575 156	1 575 156
1 005 052 864	**1 134 426**	**975 992**	**(68 913 690)**	**72 654 683**	**1 010 904 276**	**1 989 654**	**1 012 893 929**

UNAUDITED CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited Six months ended 31 Dec 2013 R	Unaudited Six months ended 31 Dec 2012 R	Audited Year ended 30 Jun 2013 R
Cash flows from operating activities			
Cash (used in)/generated from operations	(71 215 236)	(53 952 237)	7 222 265
Net finance costs	(9 150 496)	(12 701 785)	(52 053 405)
Dividends paid	–	–	(679 800)
Tax paid	(5 383 971)	(12 289 739)	(10 678 995)
Net cash from operating activities	(85 749 704)	(78 943 762)	(56 189 935)
Cash flows from investing activities			
Purchase of property, plant and equipment	–	–	(3 969 297)
Sale of property, plant and equipment	102 929	1 270 362	326 076
Purchase of other intangible assets	–	–	(1 840 657)
Business combinations	(427 033 371)	(8 103 119)	(101 811 962)
Change in ownership	(39 547 079)	–	(10 989 450)
Acquisition of investments in joint venture	(17 055 504)	–	–
Net movement in loans receivable	–	–	3 408 448
Dividends received	–	–	–
Net cash from investing activities	(478 746 910)	(6 832 7569)	(114 876 842)
Cash flows from financing activities			
Proceeds on share issue	400 000 000	–	370 331 823
Proceeds from other financial liabilities	(828 638)	(601 029)	
Repayment of other financial liabilities	–	–	(6 607 774)
Movement in redeemable preference shares	–	(14 677 231)	(14 677 231)
Repayment of deferred vendor liabilities	–	–	(10 867 534)
Finance lease payments	961 912	(607 402)	(359 997)
Net cash movement from borrowing activities	268 108 439	105 960 684	(69 418 388)
Net cash from financing activities	668 241 713	90 075 022	268 400 899
Total cash movement for the period	103 745 100	4 298 504	97 334 122
Cash at the beginning of the period	134 983 928	27 884 039	26 912 500
Total cash at end of the period	238 729 028	32 182 543	134 983 928
Cash (used in)/generated from operations			
Profit/(loss) before taxation	78 427 805	(4 328 242)	10 236 710
Adjustments for:			
Depreciation and amortisation	14 279 407	3 917 071	9 500 933
Profit on sale of assets	109 490	173 853	(223 359)
Loss on foreign exchange	462 875	231 438	671 551
Net finance costs	9 150 496	12 701 785	46 543 560
Impairment loss	–	2 384 890	208 900
Movements in operating lease assets and accruals	–	–	227 609
Changes in working capital:			
Inventories	(125 057 230)	(3 687 173)	(19 998 638)
Trade and other receivables	(150 361 277)	(50 216 618)	(50 672 214)
Trade and other payables	151 773 288	(15 129 241)	10 727 213
	(71 215 236)	(53 952 237)	7 222 265
Tax paid			
Balance at beginning of the period	(3 429 671)	(607 143)	(607 143)
Current tax for the period recognised in profit or loss	(9 463 109)	(12 131 943)	(10 494 451)
Adjustment in respect of businesses sold and acquired during the period including exchange rate movements	(5 920 643)	(1 503 536)	(3 007 072)
Balance at end of the period	13 429 451	1 952 882	3 429 671
	(5 383 971)	(12 289 739)	(10 678 995)

UNAUDITED CONDENSED GROUP SEGMENTAL ANALYSIS

	Unaudited Six months ended 31 Dec 2013 R	Unaudited Six months ended 31 Dec 2012 R	Audited Year Ended 30 Jun 2013 R
Operating segments			
Revenue			
The revenue of Ascendis Health is predominantly earned in southern Africa.			
Revenue split by division			
Consumer Brands	299 291 821	117 089 740	260 608 802
Phyto-Vet	292 198 693	192 553 557	352 839 000
Pharma-Med	70 411 000	–	–
Total revenue	661 901 513	309 643 297	613 447 802
Geographical revenue split			
South African	558 357 678	276 090 257	513 171 642
Foreign	103 543 835	33 553 040	100 276 160
Total revenue	661 901 513	309 643 297	613 447 802
Currently there are no intersegmental sales between operating segments within the group.			
EBITDA			
Consumer Brands			
Operating profit	61 872 880	18 653 894	31 601 821
Amortisation and depreciation	8 640 693	–	2 303 940
Impairment of assets	–	–	208 907
Consumer Brands EBITDA	70 513 573	18 653 894	34 114 668
Phyto-Vet			
Operating profit	33 958 182	2 864 387	31 193 300
Amortisation and depreciation	5 280 714	–	4 561 700
Phyto-Vet EBITDA	39 238 896	2 864 387	35 755 000
Pharma-Med			
Operating profit	2 577 956	–	–
Amortisation and depreciation	(38 018)	–	–
Pharma-Med EBITDA	2 539 938	–	–
Head office adjustments	(10 713 524)	2 478 523	(3 772 471)
Total EBITDA	101 578 883	23 996 805	66 097 197
Segmental assets and liabilities			
Consumer Brands			
– Total assets	665 628 644	193 894 288	283 263 700
– Total liabilities	(87 830 898)	(74 938 261)	(112 686 588)
Consumer Brands net asset value	577 797 746	118 956 028	170 577 112
Phyto-Vet			
– Total assets	489 018 494	403 664 866	434 034 443
– Total liabilities	(132 311 879)	(372 008 726)	(411 395 883)
Phyto-Vet net asset value	356 706 616	20 026 284	22 638 560
Pharma-Med			
– Total assets	381 444 453	–	–
– Total liabilities	(187 749 924)	–	–
Pharma-Med net asset value	193 694 530	–	–

UNAUDITED EARNINGS PER SHARE

	Unaudited Six months ended 31 Dec 2013 R	Unaudited Six months ended 31 Dec 2012 R	Audited Year ended 30 Jun 2013 R
Earnings per share is calculated by dividing earnings attributable to the parent by the weighted average number of ordinary shares in issue during the financial period.			
Appropriate adjustments are made to earnings per share in order to calculate headline earnings per share.			
Shares in issue	**229 735 527**	13 096	20 827
Treasury shares	**(1 143 942)**		
Total shares in issue net of treasury shares	**228 591 585**	13 096	20 827
Weighted average number of shares	**184 581 045**	12 553	12 869
Weighted average number of shares			
Shares in issue at the beginning of the period	**175 778 937**	12 009	11 498
Shares issued during the period net of treasury shares	**8 802 108**	544	1 371
Weighted average number of shares	**184 581 045**	12 553	12 869
Reconciliation between earnings and headline earnings			
Earnings attributable to ordinary shareholders	**53 920 397**	(4 514 103)	12 038 719
Adjusted for:			
Gain on sale of property, plant and equipment	**(102 929)**	(1 270 362)	(223 359)
Tax effect thereof	**28 820**	355 701	62 541
Impairment of intangible asset		2 384 890	208 907
Tax effect thereof		(667 769)	(58 494)
Headline earnings	**53 846 288**	(3 711 643)	12 028 314
Reconciliation between weighted average number of shares and diluted weighted average number of shares			
Weighted average number of shares before dilution	**184 581 045**	12 553	12 869
Shares to be issued to vendors	**3 633 609**	564	105
Weighted average number of shares after taking into account the effect of the dilutive potential ordinary shares*	**188 214 654**	13 117	12 974
Reconciliation between weighted average number of shares and diluted weighted average number of shares:	**Cents**	Cents	Cents
Basic earnings per share (cents)	**29**	(35 960)	93 548
Diluted earnings per share (cents)	**29**	(34 415)	92 791
Basic headline earnings per share(cents)	**29**	(29 568)	93 467
Diluted headline earnings per share (cents)	**29**	(28 297)	92 711

*The group performed a 1: 8 000 share split during 2013 to prepare itself for listing

Prior period normalised for share split:	**Cents**	Cents	Cents
Basic earnings per share (cents)	**29**	(4)	12
Diluted earnings per share (cents)	**29**	(4)	12
Basic headline earnings per share(cents)	**29**	(4)	12
Diluted headline earnings per share (cents)	**29**	(4)	12

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Corporate information

Ascendis is a fast growing health and care brands company consisting of three divisions, Consumer Brands (nutraceuticals, vitamins, sports nutrition and skin care products); Phyto-Vet (plant and animal health); and Pharma-Med (prescription drugs and medical devices). The group's vision, which is encapsulated in its motto 'A healthy home and a healthy you', is to bring health to the consumer at all stages of his or her life – from health maintenance (preventative medicine) to chronic medication and critical care (intervention). These condensed group interim financial results as at and for the six months ended 31 December 2013 comprise of the company and its subsidiaries (together referred to as the group) and the group's interest in joint ventures.

2. Basis of preparation

Statement of compliance

The unaudited condensed group interim financial results for the six-month period ended 31 December 2013 have been prepared under the supervision of RJ Taylor (CA) Z, in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the Johannesburg Stock Exchange (JSE), Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act No 71 of 2008. The condensed unaudited group interim financial results should be read in conjunction with the audited group annual financial statements as at and for the year ended 30 June 2013 and the company's Pre-listing statement which was prepared for listing on the Main Board of the JSE on 22 November 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3. Significant accounting policies

IAS 27	Consolidated financial statements (revised)	1 January 2013
IAS 28	Investments in associates and joint ventures (revised)	1 January 2013
IFRS 10	Consolidated financial statements (revised)	1 January 2013
IFRS 11	Joint arrangements (as amended)	1 January 2013
IFRS 12	Disclosure of interest in other entities (as amended)	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IFRS 9	Financial Instruments	1 January 2015

The adoption of these amendments to standards and interpretations did not have any material impact on the group's results and cash flows for the six months ended 31 December 2013.

4. Business combinations

During the period under review the following businesses have been acquired and accounted for on the acquisition basis:

Pharma-Med Division

On 1 November 2013 the group acquired 100% of Pharmachem Group which collectively consists of: Dezzo, MDI, Pharmachem Pharmaceuticals. The company specialises in marketing and distribution of its own branded generic pharmaceuticals, nutraceuticals and OTC products.

Phyto-Vet Division

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.

Consumer Brands Division

On 5 July 2013 the group acquired 100% of SOLAL Technologies Proprietary Limited including its two subsidiaries Solal Technologies Proprietary Limited ('Solal Anti Aging') and Integrative Medical Centre CC. The company specialises in preventive and healthy ageing products, offering solutions to most health problems and anti-ageing needs.

On 25 July 2013 the group acquired 100% of Nimue Skin South Africa Proprietary Limited, the distribution company of Nimue Skin Care Products which has since evolved into a globally recognised brand, primarily amongst leading skin care salons.

On 1 November 2013 and 1 October 2013 the group acquired 100% of Dealcor Forty Proprietary Limited, trading under the brand of Evox, and Bolus Distribution Proprietary Limited, trading as Muscle Tech. Both companies specialise in sports nutrition products for active lifestyle consumers and professional athletes.

On 1 November 2013 the group acquired 74% of Sceniwell Proprietary Limited and Swissgarde South Africa Proprietary Limited, both incorporated in South Africa. The main business of these companies is direct selling of nutraceutical and home care products with a strong network in South Africa and Nigeria. At acquisition the non-controlling interest recognised is R1 575 156.

	Consumer Brands R	Pharma-Med R	Phyto-Vet R	Total R
Consideration	398 500 500	153 301 300	24 423 151	576 224 951
Net asset value	124 596 608	44 236 300	11 234 953	180 067 862
Goodwill	273 903 892	109 065 000	13 188 198	396 157 089
Net cash consideration paid	346 819 077	75 762 177	4 452 117	427 033 371
Contribution to revenue since acquisition	141 867 276	70 411 000	51 383 646	263 661 922
Contribution to profit since acquisition	17 427 442	1 990 334	712 532	20 130 308

The goodwill arising out of the transaction will be attributable to the significant synergies expected to arise after the company's acquisition into the group.

A preliminary allocation between goodwill and intangibles was performed based on management's estimates. The full Purchase Price Allocation process will be completed after December 2013, which is within the 12 month allocation period allowed by IFRS 3.

Investments in joint ventures

Joint ventures are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss. The group's share of its joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. 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 joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in joint ventures are recognised in the income statement. The group owns 100% of the shares in Atka Pharma but only participates in 50% of the effective rights to control this venture. The group has every confidence in the co-operative management relationship.

Name	Country of incorporation	Division	Investment	Profit/loss	Control exercised
Atka Pharma	South Africa	Consumer Brands	R 52 500 000	–	50%

Dividends

No dividends have been declared by Ascendis Health Limited for the 6 months ending 31 December 2013.

Transactions with non-controlling interests

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 547 079 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 (R2 620 016) 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:

	Unaudited Six months ended 31 Dec 2013
Carrying amount of non-controlling interests acquired	1 378 516
Excess of consideration paid recognised in parent's equity	59 889 912
Consideration paid for non-controlling interest	61 268 428

Related party transactions

During the period the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with joint ventures. These transactions were subject to terms that are no less or more favourable than those arranged with third parties.

Going concern

After taking into account the current economy, the group's liquidity position as well as internal budgets and forecasts for the short- to medium-term, it is expected that the group will continue to trade as a going concern within the next 12 months.

JSE Limited Listings Requirements

The interim results announcement has been prepared in accordance with the Listings Requirements of the JSE Limited.

Corporate governance

Detailed disclosure of the company's application of the principles contained in the King Report on Governance for South Africa 2009 (King III) was made in the 2013 Pre-listing Statement and is available on the company's website in accordance with the JSE Listings Requirements. No material changes have occurred since the disclosure. Efforts are constantly employed to address the areas requiring improvement. The classification of the independence of the non-executive directors is currently under review and could potentially change in the short term. Please contact the Group Company Secretary, Pieter van Niekerk, for any additional information in this regard.

Events after the reporting period

Debt

Borrowings of R40 million were incurred from Mr Stavros Vizirgianakis, a related party who was previously a major shareholder of Surgical Innovations. The loan bears interest at 13% per annum and this interest shall be compounded at the end of the last day of each month. The loan is repayable in one bullet payment on the maturity date of 30 June 2014.

Acquisition of Surgical Innovations

On 17 January 2014 the group got approval from the Competition Commission for the acquisition of Surgical Innovations CC for a total consideration of R336 million. Surgical Innovations CC imports, markets and distributes surgical and medical devices, and gives the group a footprint within the medical devices market. This acquisition will form part of the Pharma-Med division within the group.

Advanced negotiations regarding the PharmaNatura Proprietary Limited acquisition

The group is currently engaged in advanced negotiations with PharmaNatura to acquire the business, this is still subject to certain conditions precedent, of which the most important is pending Competition Commission approval.

Contingent liabilities

There are no additional contingent liabilities since the reporting period ended on 30 June 2013.

Audit

These results have not been audited or reviewed by the external auditors.

NOTES

CORPORATE INFORMATION

Ascendis Health Limited

Registration number	2008/005856/06
JSE share code	ASC
ISIN	ZAE000185005
Registered office	The Terraces, Block E, Steenberg Office Park, Silverwood Close, Tokai, 7945 Private Bag X26, Tokai, 7966
Contact details	+27 (0)21 701 2232 / info@ascendis.co.za
Sponsor	Nedbank Capital
Auditors	PricewaterhouseCoopers Inc
Transfer secretaries	Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 PO Box 61051, Marshalltown, 2107
Company secretary	Pieter van Niekerk CA (SA)
Directors	J Bester (Chairman)* Dr KUHH Wellner (CEO) RJ Taylor (CFO) B Harie* CD Dillon# GJ Shayne# OP Cunningham*

* Independent non-executive # Non-executive

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