



Ascendis
HEALTH



ANNUAL RESULTS
for the year ended 30 June

2015

HIGHLIGHTS

Revenue

R2.8 billion

↑ **74%**

EBITDA

R422 million

↑ **71%**

Operating profit

R362 million

↑ **69%**

Headline earnings

R209 million

↑ **53%**

Headline earnings per share

80 cents per share

↑ **25%**

Normalised HEPS

94 cents per share

↑ **31%**

Total dividend

19 cents per share

↑ **27%**

-
- ▶ *The Scientific Group and RCA acquisitions create R1 billion Ascendis Medical platform*
 - ▶ *Successful capital raisings totalling R480 million*
 - ▶ *R2 billion corporate bond programme initiated*
 - ▶ *First international acquisition: Spanish pharma group Farmalider**

* Consolidated from July 2015

ASCENDIS HEALTH.
BRANDS.

foodstate[®]
nutritional intelligence

Bettaway

HOMEOFORCE

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Your Pet's Choice

EVVOX[®]
ADVANCED NUTRITION

BOLUS
DIETITRITION
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SCIENTIFIC SPORTS NUTRITION

Blood and Tissue® since 1977
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INTERNATIONAL
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SKIN TECHNOLOGY

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GROUP

AVIMA
Pharmaceuticals and Nutraceuticals of One Prescription
and Two Health & Wellness Care Regimens

DR. RECKE/VEG&C
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The Scientific Group

RGA

SWISSGARBE

Similasan

Naturally better
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FOR THE SHAPE OF YOUR LIFE

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COMMENTARY

Overview

Ascendis Health owns a portfolio of market-leading health and care brands for people, plants and animals. The brands are housed in three divisions: Consumer Brands (nutraceuticals, complementary medicines, sports nutrition and skin care products); Phyto-Vet (plant and animal health and care) and Pharma-Med (prescription drugs and medical devices).

Ascendis Health is an integrated group of health and care brands spanning the value chain, from sourcing of raw materials, new product development and manufacturing, to marketing and selling products to consumers through retail, wholesale, pharmacies, hospitals, public tenders, dispensing doctors and direct selling channels locally and internationally.

The group is targeting to achieve 30% of revenue outside South Africa in the medium term through its international expansion strategy which includes exports, establishing offshore operations and acquiring international businesses.

Financial performance

Revenue increased by 74% to R2 817 million (2014: R1 618 million), with the performance driven by comparable organic growth of 11% and key acquisitions concluded over the past year.

This includes revenue from the acquisitions of Respiratory Care Africa (RCA) for 11 months, Arctic Healthcare Brands (Arctic) for 10 months and The Scientific Group for 5 months.

Revenue generated from foreign markets increased by 39% to R259 million, accounting for 9% of the group's total sales. Ascendis brands are currently exported to 52 countries globally.

On the divisional performance, Pharma-Med increased revenue by 204% to R1 248 million (44% of total revenue); Consumer Brands grew revenue by 44% to R949 million and accounted for 34% of group revenue; and Phyto-Vet increased revenue 13% to R620 million, contributing 22% of group revenue.

The gross margin at 43.6% (2014: 45.0%) was impacted by a change in product mix due to acquisitions.

Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 71% with an EBITDA margin of 15.0% (15.2% in 2014) to R422 million.

Operating profit increased by 69% to R362 million (2014: R214 million). Profit before tax was 59% higher at R293 million (R184 million).

The performance for the year translated into headline earnings growth of 53% to R209 million (2014: R137 million), with headline earnings per share (HEPS) increasing 25% to 80 cents, impacted by a 23% increase in the weighted average number of shares in issue during the period. HEPS on a normalised basis increased by 31% to 94 cents.

The directors have increased the total dividend by 27% to 19 cents per share.

Acquisitions

The R284 million plus R74 million acquisition of the diagnostics product business of The Scientific Group was effective from February 2015. The new business is being integrated into Ascendis Medical (which includes Surgical Innovations and RCA), making it the second largest medical device company in the country with turnover in excess of R1 billion. The Scientific Group has a well established and diversified customer base, with approximately 30% of sales being exports. If The Scientific Group had been included in the group's results for the full 12 month period, normalised headline earnings per share would be 100 cents per share.

This acquisition is creating opportunities for Surgical Innovations and RCA to enter new markets as well as providing channels to accelerate Ascendis' African expansion.

The group undertook successful capital raisings of R480 million which was partially used to fund the acquisition of The Scientific Group.

The acquisitions of RCA and Arctic became effective from August 2014 and September 2014 respectively. The integration of RCA into the Ascendis Medical Devices division is on track. The Arctic business has been integrated into the Consumer Brands division.

Shortly after year-end the group announced its first international acquisition with the purchase of a 49% stake in Spanish pharmaceutical group, Farnalider SA, for R210 million. Ascendis has the right to acquire the remainder of the business in further tranches over the next five years. The acquisition is aligned with Ascendis's international growth strategy of diversifying across different markets and increasing foreign denominated earnings.

Farnalider develops and manufactures mainly generic pharmaceutical products, with a market leading position in the ibuprofen and paracetamol markets in Spain. Through the acquisition the Ascendis Pharma division will gain access to Farnalider's portfolio of over 200 pharmaceutical dossiers for use in South Africa and in the rest of Africa. It will also offer the opportunity to market Ascendis products via Farnalider into Europe. The acquisition is accretive from July 2015.

Outlook

The group's acquisitive growth strategy continues to gain momentum. Internationally the strategy will focus on the acquisition of platform companies for all business units and mainly target opportunities in Australia, Europe, USA and Africa. In South Africa, the group is in negotiations for bolt-on acquisitions across all divisions.

Operationally the group's priorities are to improve gross margins through increased local and in-house production, strict cost control and focus on efficiencies, to accelerate the growth in export sales and continue new product development and innovation.

The integration of The Scientific Group into the Medical Devices division will enable management to create economies of scale between the three complementary medical businesses in the group.

The Farnalider acquisition will create many synergies through cross border licensing of dossiers and opening new markets and customers for Farnalider and the Ascendis Pharma division.

Dr Karsten Wellner
Chief Executive Officer

Johan van Schalkwyk
Interim Chief Financial Officer

Cape Town
9 September 2015

Audited summarised Group statement of financial position

	30 Jun 2015	30 Jun 2014
	Rand	Rand Restated
Non-current assets		
Property, plant and equipment	149 251 969	86 689 105
Intangible assets and goodwill	2 054 456 382	1 371 987 995
Investments in joint ventures	–	48 133 354
Other financial assets	17 948 550	–
Deferred income tax assets	20 888 437	1 945 245
Derivative financial instruments	4 335 124	–
	2 246 880 462	1 508 755 699
Current assets		
Inventories	585 080 583	414 236 243
Loans to related parties	78 801 654	102 794 985
Trade and other receivables	571 450 057	475 559 082
Other financial assets	20 538 551	2 646 880
Current tax receivable	3 395 334	–
Derivative financial instruments	15 706 378	–
Cash and cash equivalents	125 428 341	94 882 573
	1 400 400 898	1 090 119 763
Non-current assets held for sale and assets of disposal groups	425 497	13 361 214
Total assets	3 647 706 857	2 612 236 676
Equity and Liabilities		
Equity		
Equity attributable to equity holders of parent		
Stated capital	1 576 729 664	1 108 035 688
Other reserves	(51 908 642)	(56 118 640)
Retained earnings	299 416 508	152 068 179
	1 824 237 530	1 203 985 227
Non-controlling interest	–	6 805 049
	1 824 237 530	1 210 790 276
Liabilities		
Non-current liabilities		
Derivative financial instruments	4 890 145	–
Borrowings and other financial liabilities	798 257 720	415 285 874
Deferred vendor liabilities	36 758 001	36 423 232
Deferred income tax liabilities	134 937 602	88 219 913
	974 843 468	539 929 019
Current liabilities		
Trade and other payables	463 011 353	427 089 263
Derivative financial instruments	15 039 231	1 371 134
Borrowings and other financial liabilities	38 370 976	230 738 154
Current tax payable	–	16 118 252
Dividend payable	537 327	–
Provision for onerous contracts	–	35 237 887
Deferred vendor liabilities	281 047 796	16 508 699
Loans from related parties	26 405 551	26 286 085
Bank overdraft	24 213 625	100 847 706
	848 625 859	854 197 180
Liabilities of disposal groups	–	7 320 201
Total liabilities	1 823 469 327	1 401 446 400
Total equity and liabilities	3 647 706 857	2 612 236 676

Audited summarised Group statement of comprehensive income

	30 Jun 2015	30 Jun 2014
	Rand	Rand Restated
Continuing operations		
Revenue	2 816 716 851	1 617 946 485
Cost of sales	(1 588 194 039)	(890 100 408)
Gross profit	1 228 522 812	727 846 077
Other income	27 475 917	68 351 499
Selling and distribution costs	(291 515 894)	(46 828 874)
Administrative expenses	(502 288 618)	(502 890 915)
Other operating expenses	(100 020 159)	(32 677 267)
Operating profit/(loss)	362 174 058	213 800 520
Finance income	24 233 919	25 591 533
Finance costs	(93 299 718)	(54 729 936)
Losses from equity accounted investments	(545 665)	(683 000)
Profit before taxation	292 562 594	183 979 117
Taxation	(82 575 460)	(45 350 438)
Profit from continuing operations	209 987 134	138 628 679
Discontinued operations		
Loss from discontinued operations	–	(181 035)
Profit for the year	209 987 134	138 447 644
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	–	(483 139)
Effects of cash flow hedges	(949 002)	–
Total items that may be reclassified to profit or loss	(949 002)	(483 139)
Other comprehensive income for the year net of taxation	(949 002)	(483 139)
Total comprehensive income for the year	209 038 132	137 964 505
Profit attributable to:		
Owners of the parent:		
From continuing operations	209 835 544	136 403 956
From discontinued operations	–	(181 035)
	209 835 544	136 222 921
Non-controlling interest:		
From continuing operations	151 590	2 224 723
From discontinued operations	–	–
	209 987 134	138 447 644

Audited summarised statement of profit or loss and other comprehensive income

	30 Jun 2015	30 Jun 2014
	Rand	Rand
Total comprehensive income attributable to:		
Owners of the parent	208 886 542	135 739 782
For continuing operations	208 886 542	135 920 817
For discontinued operations	–	(181 035)
Non-controlling interest	151 590	2 224 723
For continuing operations	151 590	2 224 723
Earnings per share	209 038 132	137 964 505
Basic earnings per share (cents)		
– From continuing operations	80,54	64,27
– From discontinued operations	–	(0,09)
	80,54	64,18
Diluted earnings per share (cents)		
– From continuing operations	80,54	64,27
– From discontinued operations	–	(0,09)
	80,54	64,18

Audited Group statement of changes in equity

	Ordinary shares Rand	Stated capital Rand	Foreign currency translation reserve Rand	Hedging reserve Rand
Group				
Restated balance at 01 July 2013	378 980 824	–	671 551	–
Restated Profit for the year	–	–	–	–
Other comprehensive income	–	–	(483 139)	–
Restated Total comprehensive income for the year	–	–	(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	–	–
Stated capital issued upon private placement	–	400 000 003	–	–
Share listing costs capitalised against Stated capital	–	(19 036 740)	–	–
Treasury shares on hand at year-end	–	(14 593 677)	–	–
Issue of ordinary shares related to business combination	–	188 851 640	–	–
Share-based payment reserve	–	–	–	–
Non-controlling interest arising on business combination	–	–	–	–
Changes in ownership interest – control not lost	–	–	–	–
Restated Total contributions by and distributions to owners of company recognised directly in equity	–	1 108 035 688	188 412	–

Revaluation reserve Rand	Share-based payment reserve Rand	Change in control reserve Rand	(Accumulated loss)/ retained income Rand	Total attributable to equity holders of the group/ company Rand	Non-controlling interest Rand	Total equity Rand
975 992	–	(9 023 778)	15 845 258	387 449 847	347 633	387 797 480
–	–	–	136 222 931	136 222 921	2 224 723	138 447 644
–	–	–	–	(483 139)	–	(483 139)
–	–	–	136 222 921	135 739 782	2 224 723	137 964 505
–	–	–	–	–	–	–
–	–	–	–	173 833 638	–	173 833 638
–	–	–	–	400 000 003	–	400 000 003
–	–	–	–	(19 036 740)	–	(19 036 740)
–	–	–	–	(14 593 677)	–	(14 593 677)
–	–	–	–	188 851 640	–	188 851 640
–	13 233 000	–	–	13 233 000	–	13 233 000
–	–	–	–	–	4 632 663	4 632 663
–	–	(61 492 266)	–	(61 492 266)	(399 970)	(61 892 236)
975 992	13 233 000	(70 516 044)	152 068 179	1 203 985 227	6 805 049	1 210 790 276

Audited Group statement of Changes in Equity

	Ordinary shares Rand	Stated capital Rand	Foreign currency translation reserve Rand	Hedging reserve Rand
Balance at 01 July 2014 (Restated)	-	1 108 035 688	188 412	-
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	(949 002)
Total comprehensive income for the year	-	-	-	(949 002)
Issue of shares	-	480 524 003	-	-
Purchase of own/treasury shares	-	(10 770 573)	-	-
Listing fees capitalised against stated capital	-	(1 059 454)	-	-
Dividends	-	-	-	-
Changes in ownership interest – control not lost	-	-	-	-
Total contributions by and distributions to owners of company recognised directly in equity	-	468 693 976	-	-
Balance at 30 June 2015	-	1 576 729 664	188 412	(949 002)

Revaluation reserve Rand	Share-based payment reserve Rand	Change in control reserve Rand	(Accumulated loss)/ Retained income Rand	Total attributable to equity holders of the Group/ company Rand	Non-controlling interest Rand	Total equity Rand
975 992	13 233 000	(70 516 044)	152 068 179	1 203 985 227	6 805 049	1 210 790 276
-	-	-	209 835 544	209 835 544	151 590	209 987 134
-	-	-	-	(949 002)	-	(949 002)
-	-	-	209 835 544	208 886 542	151 590	209 038 132
-	-	-	-	480 524 003	-	480 524 003
-	-	-	-	(10 770 573)	-	(10 770 573)
-	-	-	-	(1 059 454)	-	(1 059 454)
-	-	-	(62 487 215)	(62 487 215)	-	(62 487 215)
-	-	5 159 000	-	5 159 000	(6 956 639)	(1 797 639)
-	-	5 159 000	(62 487 215)	411 365 761	(6 956 639)	404 409 122
975 992	13 233 000	(65 357 044)	299 416 508	1 824 237 530	-	1 824 237 530

Audited Group statement of cash flows

	30 Jun 2015	30 Jun 2014
	Rand	Rand Restated
Cash flows from operating activities		
Cash generated from operations	285 805 089	175 918 524
Interest income	24 233 919	25 591 533
Dividends received	–	–
Finance costs	(93 299 718)	(54 729 936)
Dividends paid	(62 487 214)	–
Tax paid	(122 988 183)	(43 679 815)
Cash flows of held for sale/discontinued operations	–	(2 353 157)
Net cash from operating activities	31 263 893	100 747 149
Cash flows from investing activities		
Purchase of property, plant and equipment	(45 918 016)	(14 765 070)
Proceeds from sale of property, plant and equipment	16 645 878	36 500 813
Purchase of intangible assets	(43 155 961)	(1 749 704)
Acquisition of subsidiary, net of cash acquired	(453 099 372)	(690 622 773)
Acquisition/disposal of investments in joint operation	5 767 587	(48 133 353)
Loans received from related parties	(14 747 619)	(20 997 387)
Repayment of loans by related parties	53 999 972	–
Proceeds/acquisition of other financial assets	(9 009 377)	1 103 400
Repayment/incurred deferred vendor liabilities	(13 511 427)	(33 549 102)
Net cash flows from investing activities: discontinued operations and non-current assets held for sale	5 615 516	(102 658)
Net cash from investing activities	(497 412 819)	(772 315 834)
Cash flows from financing activities		
Proceeds on share issue	479 464 549	366 369 586
Reduction of share capital or buy back of shares	(10 770 573)	(14 593 677)
Proceeds from borrowings	850 000 000	504 992 588
Repayments of borrowings	(691 314 935)	(257 057 498)
Loans received from related parties	119 466	–
Loans advanced to related parties	(41 669 733)	–
Movement in non-controlling interest	(12 500 000)	–
Acquisition of non-controlling interest and movements in other reserves	–	(61 492 266)
Net cash flows from financing activities: discontinued operations	–	3 138 190
Net cash from financing activities	573 328 775	541 356 923
Total cash movement for the year	107 179 849	(130 211 762)
Cash at the beginning of the year	(5 965 133)	124 246 629
Total cash at end of the year	101 214 716	(5 965 133)

Audited Group segmental analysis

Sales between segments are carried out at arm's length.

2015

Revenue	Rand
Revenue split by division	
Consumer Brands	949 126 960
Phyto-Vet	619 568 307
Pharma-Med	1 248 021 584
Total revenue	2 816 716 851
Geographical revenue split	
South Africa	
Consumer Brands	852 180 258
Phyto-Vet	514 303 569
Pharma-Med	1 191 181 139
Foreign	
Consumer Brands	96 946 702
Phyto-Vet	105 264 738
Pharma-Med	56 840 445
Total revenue	2 816 716 851

2014

Revenue	Rand Restated
Revenue split by division	
Consumer Brands	658 387 945
Phyto-Vet	548 919 405
Pharma-Med	410 639 135
Total revenue	1 617 946 485
Geographical revenue split	
South Africa	
Consumer Brands	568 475 816
Phyto-Vet	459 557 079
Pharma-Med	403 132 109
Foreign	
Consumer Brands	89 912 129
Phyto-Vet	89 362 326
Pharma-Med	7 507 026
Total revenue	1 617 946 485

During the financial year the group made a total of R259 051 885 (2014: R186 781 418) in foreign sales (other African countries and Europe).

9% (2014: 15%) of the Group's total revenue is derived from a single customer in the retail environment in South Africa.

Audited Group segmental analysis

	2015	2014
EBITDA	Rand	Rand Restated
Consumer brands		
Operating profits	139 984 646	97 005 019
Amortisation and depreciation	24 277 136	15 816 160
EBITDA	164 261 782	112 821 179
Phyto-Vet		
Operating profits	69 434 628	37 658 991
Amortisation and depreciation	12 139 668	10 966 860
EBITDA	81 574 296	48 625 851
Pharma-Med		
Operating profits	210 142 506	97 623 781
Amortisation and depreciation	22 691 584	5 460 113
EBITDA	232 834 090	103 083 894
Head office adjusted expenses	(56 227 991)	(18 202 285)
Total EBITDA	422 442 177	246 328 639
Reconciliation of EBITDA to Consolidated Results		
Consolidated operating profit	362 174 058	213 800 520
Total consolidated amortisation, depreciation and impairments	60 268 119	32 740 450
Head-office portions excluded from segmental analysis	-	(212 331)
Total EBITDA	422 442 177	246 328 639

Audited Group segmental analysis

30 Jun

2015

Segmental assets	Rand		
	Total assets	Additions to non-current assets	All other assets
Consumer brands	1 231 058 015	255 252 181	77 793 232
Phyto-Vet	525 689 374	109 000 570	33 220 114
Pharma-Med	1 745 922 398	426 105 067	105 482 475
Head-Office net asset value	145 037 070	25 943 411	7 906 776
Consolidated asset value	3 647 706 857	816 301 229	224 402 597

2014

Segmental assets	Rand Restated			
	Total assets	Investments in associates and joint ventures	Additions to non-current assets	All other assets
Consumer Brands	917 476 848	48 133 354	320 603 168	210 113 421
Phyto-Vet	500 506 844	–	200 343 295	114 159 603
Pharma-Med	903 943 247	–	342 084 914	194 926 804
Head-Office net asset value	290 309 737	–	116 205 421	66 216 165
Consolidated asset value	2 612 236 676	48 133 354	979 236 798	585 415 993

2015

2014

Segmental liabilities	Rand	
	2015	2014
Consumer brands	(535 684 358)	(588 743 657)
Phyto-Vet	(295 683 468)	(431 117 449)
Pharma-Med	(972 940 403)	(381 585 294)
Head-Office	(19 161 098)	–
Consolidated liability value	(1 823 469 327)	(1 401 446 400)

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 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 2 of 2013.

(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.

	2015	2014
	Rand	Rand Restated
Profit from continuing operations	209 835 544	135 403 956
Profit from discontinued operations	-	(181 035)
Total	209 835 544	136 222 921
Weighted average number of ordinary shares in issue	260 526 784	212 227 595
Earnings per share (cents) Continuing Operations	80,54	64,27
Earnings per share (cents) Discontinued Operations	-	(0,09)

(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.

	2015	2014
	Rand	Rand Restated
Earnings		
Profit from continuing operations	209 835 544	136 403 956
Profit used to determine diluted earnings per share	209 835 544	136 403 956
Profit from discontinued operations	-	(181 035)
	209 835 544	136 222 921
Weighted average number of ordinary shares in issue	260 526 784	212 227 595
Earnings per share (cents) Continuing Operations	80,54	64,27
Earnings per share (cents) Discontinued Operations	-	(0,09)

(c) Headline earnings per share

Profit attributable to equity holders of the parent – ontinued operations	209 835 544	136 403 956
– Loss/(profit) on the sale of property, plant and equipment		
Gross amount	(1 082 388)	192 863
Tax effect	303 068	(54 001)
Headline earnings	209 056 224	136 542 818
Weighted average number of shares in issue*	260 526 784	212 227 595
Headline earnings per share – continued operations	80,24	64,34
<i>* After deduction of weighted treasury shares</i>		
Profit attributable to discontinued operations	–	(181 035)
Weighted average number of shares in issue*	260 526 784	212 227 595
Headline earnings per share – discontinued operations	–	(0,09)

(d) Diluted Headline Earnings

Headline earnings	209 056 224	136 542 818
Weighted average number of shares for diluted earnings per share*	260 526 784	212 227 595
Diluted headline earnings per share – continued operations	80,24	64,34

**After deduction of weighted treasury shares.*

(e) Normalised headline earnings per share

Normalised headline earnings per share is calculated by dividing the normalised headline earnings by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by a subsidiary of Ascendis and held as treasury shares.

Normalised headline earnings is calculated by excluding amortisation and once-off costs from earnings. Since Ascendis Health is a pharmaceutical company and not an investment entity, the income statement effect of fixed and intangible assets of its subsidiaries should be excluded.

	2015	2014
	Rand	Rand
Reconciliation of normalised headline earnings		
Headline earnings	209 056 224	136 542 818
Other once-off costs	12 474 101	–
Tax effect thereof	(3 492 748)	–
Amortisation	37 127 244	22 495 194
Tax effect thereof	(10 395 628)	(6 298 654)
Normalised headline earnings	244 769 193	152 739 358
Weighted average number of shares in issue	260 526 784	212 227 595
Normalised headline earnings per share (cents)	93,95	71,97

(f) Normalised diluted headline earnings per share

Normalised diluted headline earnings per share is calculated on the same basis used for calculating diluted earnings per share, other than normalised headline earnings being the numerator.

Normalised headline earnings**	244 769 193	152 739 358
Weighted average number of shares for diluted headline earnings per share		
Weighted average number of shares in issue	260 526 784	212 227 595
	260 526 784	212 227 595
Diluted normalised headline earnings per share (cents)	93,95	71,97

** After deduction of weighted treasury shares.*

*** None of the normalised headline earnings adjustments includes non-controlling interests.*

Other once-off cost definition:

Other once off costs consists of costs to streamline, rationalize and restructure companies within the Group. This also includes initial integration costs and abnormal accounting professional fees once a acquisition becomes part of a listed environment.

NOTES TO THE AUDITED CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

1. Corporate information

Ascendis is a fast growing health and care brands company consisting of three divisions, Consumer Brands (nutraceuticals, complementary medicines, sports nutrition and skin care products); Pharma-Med (prescription drugs and medical devices) and Phyto-Vet (plant and animal health). The Group's vision, which is encapsulated in its motto 'A healthy home, 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 annual financial results for the year ended 30 June 2015 comprise of the company and its subsidiaries (together referred to as the Group) and the Group's interest in joint ventures.

2. 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.

3. Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements. These summary consolidated financial statements for the year ended 30 June 2015 have been prepared under the supervision of the Interim Financial Director, Mr J van Schalkwyk CA (SA) and audited by PricewaterhouseCoopers Inc., who expressed an unmodified audited opinion thereon.

The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived. A copy of the auditor's report on the summary con-

solidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the Company's registered office. The auditor's report does not necessarily report on all of the information contained in this announcement. Any reference to future financial information included in this announcement has not been reviewed or reported on by the auditors. Shareholders are advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of that report together with the accompanying financial information from the Company's registered office.

4. Business combinations

During the period Ascendis Health Limited acquired 100% of the following businesses:

- ▶ Arctic Health Brands
- ▶ PharmaNatura Manufacturing Facility
- ▶ Respiratory Care Africa
- ▶ UMECOM
- ▶ The Scientific Group
- ▶ Koi Country
- ▶ Ortus Chemicals.

The following table illustrates the consideration paid and net assets acquired for each material subsidiary acquired during the year:

	<u>2015</u>				<u>2014</u>	
	Rand				Rand	
	Consumer brands: Arctic (Note a)	Pharma-Med: Scientific Group	Pharma-Med: Respiratory Care Africa	(Note d) Other	Total	Total
Cash	121 000 000	158 330 040	95 447 950	96 398 032	471 176 022	727 350 253
Transfers from joint ventures to subsidiaries (Note b)	–	–	–	41 820 102	41 820 102	–
Equity instruments (Note c)	–	–	21 830 364	3 888 896	25 719 260	362 685 278
Vendor loans	30 000 000	192 896 552	35 816 900	19 671 841	278 385 293	56 823 232
	151 000 000	351 226 592	153 095 214	161 778 871	817 100 677	1 146 858 763

Recognised amounts of identifiable assets acquired and liabilities assumed

	<u>2015</u>				<u>2014</u>	
	Rand				Rand	
	Consumer brands: Arctic	Pharma-Med: Scientific Group	Pharma-Med: Respiratory Care	Other	Total	Total
Cash and cash equivalents	–	15 145 000	(5 235 240)	8 166 891	18 076 651	36 727 480
Property, plant and equipment	–	7 362 689	3 994 487	44 252 536	55 609 712	76 423 428
Existing intangible assets within the acquiree	–	–	–	4 580 251	4 580 251	–
Other financial assets	–	–	387 632	26 443 212	26 830 844	(59 899)
Inventories	1 370 500	26 644 000	48 461 709	7 793 746	84 269 955	285 364 897
Trade and other receivables	–	59 575 000	83 550 253	7 414 445	150 539 698	240 944 157
Provisions	–	–	(13 894 348)	–	(13 894 348)	–
Trade and other payables	–	(48 165 000)	(39 554 215)	(6 471 117)	(94 190 332)	(344 017 957)
Borrowings	–	(24 000 000)	(27 999 847)	9 309 671	(42 690 176)	(141 031 439)
Current tax payable	–	(1 466 000)	(4 085 713)	(3 126 329)	(8 678 042)	(2 900 773)

2015
2014

	Rand				Rand	
	Consumer brands:	Pharma-Med: Scientific Group	Pharma-Med: Respiratory Care	Other	Total	Total
	Arctic					
Contingent liability	-	-	-	-	-	-
Deferred tax assets/(liabilities)	-	2 505 000	1 267 645	-	3 772 645	(2 306 862)
Total identifiable net assets	1 370 500	37 600 689	46 892 363	98 363 306	184 226 858	149 143 032
Initial resultant goodwill	149 629 500	313 625 903	106 202 851	63 415 565	632 873 819	997 715 731

Note a: The assets acquired in Arctic were purely stock and brands. Brands have been managed by the Group since acquisition.

Note b: This relates to control that was obtained over Atka, previously classified as a joint venture. Refer to Note 23 Investments in joint ventures for further details.

Note c: The fair value of the equity instruments have been determined using the listed share price on the date of transfer. The number of shares relating to the acquisition were 1 364 398.

Note d: This category consists of the following companies:

Atka Trading 46 Proprietary Limited – Consumer Brands Division

Ortus Chemicals Proprietary Limited – Phyto-Vet Division

Koi Country Proprietary Limited – Phyto-Vet Division

Umecom Proprietary Limited - Pharma-Med Division

Initial resultant goodwill	149 629 500	313 625 903	106 202 851	63 415 563	632 873 817	997 715 729
Total Intangibles on acquisition	(55 831 460)	(81 371 535)	(40 447 508)	(13 037 428)	(190 687 931)	(183 130 606)
Deferred tax	15 632 809	22 784 030	11 325 302	3 650 480	53 392 621	51 276 569
Remaining goodwill	109 430 849	255 038 398	77 080 645	54 028 615	495 578 507	997 715 729

Intangibles assets identified

from the business combination:

- Brand names and trade-marks	12 786 280	-	-	797 739	13 584 019	43 063 980
- Client relationships	43 045 180	81 371 535	40 447 508	12 239 689	177 103 912	74 739 003
- Contractual agreements	-	-	-	-	-	12 937 906
- Drug master files	-	-	-	-	-	52 389 717
	55 831 460	81 371 535	40 447 508	13 037 428	190 687 931	183 130 605

Material prior period adjustments:

At 30 June 2014, the Surgical Innovations Purchase Price Allocation was provisional due to the complexity of the business. During the first quarter of the current financial year, R107 million additional assets had been identified. The resulting deferred tax of R30 million has been recognised. The identified intangible asset relates to customer lists assessed to have a useful life of 20 years. This was therefore recorded as a reallocation of Goodwill to intangibles. This also included the final valuation of complex medical equipment to the value of R27 million which got reallocated out of Goodwill into its appropriate asset category.

At 30 June 2014, the valuation of PharmaNatura was provisional. Once the stock valuation had been completed, the Purchase Price Allocation was adjusted with R17 million. The deferred tax implication amounted to R5 million.

2015

2014

	Rand					Rand	
	The Scientific		Respiratory	Other	Total	Total	Total
	Arctic	Group	Care Africa				
Acquisition date fair value of consideration paid							
Cash	121 000 000	158 330 040	95 447 950	96 398 032	471 176 022	727 350 253	
Cash flow on business combinations							
Cash consideration paid	(121 000 000)	(158 330 040)	(95 447 950)	(96 398 032)	(471 176 022)	(727 350 253)	
Cash acquired	–	15 145 000	(5 235 241)	8 166 891	18 076 650	36 727 480	
	(121 000 000)	(143 185 040)	(100 683 191)	(88 231 141)	(453 099 372)	(690 622 773)	

Arctic Health Brands – August 2014

Ascendis purchased six supplement brands (vitamins and minerals) from Arctic Health. These are well-established products and brands that have shown solid growth annually and have a proven track record of over 15 years. The products enjoy excellent support from prescribing healthcare practitioners and have developed a credible reputation in this market. The Arctic brands are a perfect bolt-on for Ascendis, increasing the number of Consumer Brands products sold as well as increasing Ascendis' market penetration in the detailing market. Three of these products are amongst the market leaders in their particular category in the minerals market.

Due to the size and nature of this business, it is seen as a bolt-on to the Consumer Brands division, where it is complemented by our other successful Consumer Brands companies. The purchase consideration was R151 000 000.

The revenue included in the statement of comprehensive income since August 2014 contributed by Arctic was R 62 989 787. Arctic also contributed profit after tax of R28 180 008 over the same period.

PharmaNatura Manufacturing Facility – Nov 2014

PharmaNatura has a 12 000 sq m manufacturing facility, supported by stringent C-GMP-certified systems and procedures. This allows PharmaNatura to produce high quality pharmaceutical products, consistently and reliably. In August 2015, the plant again passed an MCC inspection successfully.

The plant has the capacity to manufacture capsules (hard and soft gel), creams, liquids, quality pastes, tablets and teas. The laboratory is fully equipped to guarantee Quality Assurance and Quality Control. Due to the size and nature of this business, it is seen as being complimentary to PharmaNatura's business which was acquired during the latter part of the previous financial year and therefore forms part of the Consumer Brands division in Ascendis Health. The purchase consideration was R40 600 000.

The properties include the following:

No 1 Carey Street c/o 5th Street, Marlboro, Sandton, Johannesburg	28 600 000
Erf 1114, Marlboro Ext 1, Johannesburg	12 000 000
Total market value of properties	40 600 000

The properties have been valued by a qualified valuer and Ascendis paid the market related price of these properties during the acquisition.

The revenue and profit since November 2014 contributed by PharmaNatura were all inter-company in nature, and therefore eliminated upon consolidation.



Pharma – Med Division

Respiratory Care Africa (RCA) – September 2014

Respiratory Care Africa established in 1998, originally only focusing on the areas of critical care, neonatology and pulmonary function testing. Over the last 15 years RCA have also established themselves as a market leader in the areas of pendant systems and theatre lights and have experienced significant growth in the areas of anaesthetics, patient monitoring, imaging, theatre tables and hospital beds. Today, RCA is capable of offering complete solutions for the operating theatre, all ICUs, trauma units, maternity, general wards and radiology. RCA is supplied by leading companies around the world, most of which are publicly listed entities.

During its history RCA has received in excess of 20 excellence awards, the most significant of which is the Critical Care Society of Southern Africa floating trophy, won twice in five years.

Due to the nature of this business, it is seen as a bolt-on to the PharmaMed division, where it will be complemented by our other successful Medical Devices companies. The purchase consideration was R153 095 214.

The revenue included in the statement of comprehensive income since September 2014 contributed by RCA was R262 543 876. RCA contributed loss after tax of R16 128 319.

The purchase price allocation that was performed for RCA is provisional. Management expects to complete this process within the first quarter of the new financial year, therefore within the 12 month allocation period as per IFRS 3, Business Combinations.

UMECOM – October 2014

UMECOM was established on 1 September 2011. The company imports, sells and distributes medical devices, products and instruments, particularly in the field of urology and endo urology (minimally invasive urological surgical procedures).

Due to the size and nature of this business, it is seen as a bolt-on to the PharmaMed division, where it will be complemented by our other successful Medical Devices companies. The purchase consideration was R15 814 913.

The revenue included in the statement of comprehensive income since October 2014 contributed by UMECOM was R11 425 796. UMECOM contributed profit after tax of R2 051 238 over the same period.

The Scientific Group – February 2015

Ascendis acquired the diagnostic portion of the Scientific Group into Ascendis Medical and considers this entry into the medical diagnostics market as strategic for many reasons, including the global trend of health care towards preventative care where diagnostics plays a vital role. Similarly, there is an increasing demand for In-Vitro Diagnostics for the purposes of disease detection, particularly in response to increased investment in emerging market health care opportunities.

The purchase consideration was R 351 226 592 (initial consideration of R276 460 237 and contingent consideration subject to the award of a tender of R 74 766 355). The revenue included in the statement of comprehensive income since February 2015 contributed by Scientific Group was R136 734 884. Scientific Group contributed profit after tax of R18 024 824 over the same period.

Phyto-Vet

Koi Country – September 2014

Koi Country sells quality products that enhance the lives of companion animals. Koi has been in existence for more than 18 years and is known for its high quality animal brands, and long standing reputation in the pet care market.

Due to the size and nature of this business, it is seen as a bolt-on to the Phyto-Vet division, where it will be complemented by our other successful Phyto-Vet companies. The purchase consideration was R12 570 000.

The revenue included in the statement of comprehensive income since September 2014 contributed by Koi Country was R12 850 975. Koi Country contributed profit after tax of R1 888 240.

Ortus Chemicals – May 2015

Ortus is a bolt-on transaction that will add value and synergies to the existing business of Avima through some specialist solutions that will enhance synergies in the Phyto-Vet division. The purchase consideration amounted to R 22 413 656.

The revenue included in the statement of comprehensive income since May 2015 contributed by Ortus Chemicals was R 2 166 900. Ortus Chemicals contributed profit after tax of R 268 706.

Currently, all acquisition related costs are borne by Coast2Coast Investments Proprietary Limited. If Ascendis incurs any costs, it is of an operational nature to effect the acquisition within Ascendis.

Transactions with non-controlling interests

Swissgarde

During the year, Ascendis purchased the remaining minority interest of 26% in Swissgarde Proprietary Limited for an amount of R12,5 million, increasing Ascendis' stake in Swissgarde to 100%. Swissgarde is a leading international network marketing company, specialising in a range of more than 150 health and beauty products, with over 50 000 distributors throughout its African footprint which includes Southern Africa and Nigeria. The company contributes to both the economy and aspiring distributors, by equipping distributors for success by providing free training in network marketing, the business opportunity and products. Swissgarde provides superior service and day to day support to distributors and depot owners from its Gauteng based head office. Swissgarde forms part of the Consumer Brands division where it complements the business of other Direct Selling offerings within the Group.

	2015	2014
	Rand	Rand
Carrying amount of non-controlling interests acquired	(6 956 639)	399 970
Consideration paid for non-controlling interest	12 500 000	61 492 266
Excess of consideration paid recognised in parent's equity	5 543 361	61 892 236

Atka

During the year, Ascendis acquired the remaining 50% in Atka. The contract was effected at no consideration.

The fair value of the investment at the date of acquisition, amounted to R41 820 102, which was equal to the carrying amount thereof.

5. Contingent Liabilities

There are no additional contingent liabilities since the reporting period ended on 30 June 2015.

6. Final Dividend

The board of directors has approved a final gross ordinary dividend of 11 cents per share, following the interim dividend of 8 cents, which makes a total dividend of 19 cents for the financial year ending 30 June 2015 (2014: 15 cents per share). The source of the dividend will be from distributable reserves and paid in cash.

Additional information

Dividends Tax ("DT") at the rate of 15% amounting to 1.65 cents per ordinary share will be withheld in terms of the Income Tax Act. Ordinary shareholders who are not exempt from DT will therefore receive a net dividend of 9.35 cents per share net of DT.

The company currently has 269,966,827 ordinary shares in issue. Its income tax reference number is 9810/017/15/3.

Shareholders are advised of the salient dates in respect of the final dividend:

- ▶ Last day to trade "cum" the dividend – Friday, 27 November 2015
- ▶ Shares trade "ex" the dividend – Monday, 30 November 2015
- ▶ Record date – Friday, 4 December 2015
- ▶ Payment to shareholders – Monday, 7 December 2015

Share certificates may not be dematerialised or rematerialized between Monday, 30 November 2015 and Friday, 4 December 2015, both days inclusive.

The directors of the company have determined that dividend cheques amounting to R50.00 or less due to any ordinary shareholder will not be paid unless a written request to the contrary is delivered to the transfer secretaries, Computershare Investor Services Proprietary Limited, by no later than close of business on Friday, 27 November 2015 being the last day the shares trade "cum" the dividend. Unpaid dividend cheques will be aggregated with other such amounts and donated to a charity to be nominated by the directors.

By order of the board
Andy Sims
Company Secretary
9 September 2015

7. Significant events after the reporting period

First international acquisition in Spain Farmalider

Farmalider, founded 29 years ago, is an established Spanish pharmaceutical group of companies involved in the development, registration, licensing and production of generic pharmaceutical products. It specialises in pain management as evidenced by its market leading position in the ibuprofen and paracetamol markets in Spain, with a growing presence in other European markets.

This acquisition provides Ascendis with an entry into the attractive €23billion Spanish pharmaceutical market and lays the foundation to expand the Company's reach into one of Europe's five largest pharmaceutical markets. Farnalider serves as a strategic platform for Ascendis to further expand into Europe, along with the company's established presence in Spain, Portugal, Germany, United Kingdom, Poland, Italy, France, Belgium, Sweden, Finland, Croatia, Austria, Slovakia and Hungary.

This transaction results in Ascendis acquiring Farnalider's current portfolio of c.200 pharmaceutical dossiers, its GMP accredited production facility in Madrid, as well as its pipeline of products, all of which are highly complementary to the Ascendis Pharma division's current portfolio and its internationalisation strategy.

Ascendis International Holdings Limited, a wholly owned subsidiary of Ascendis, and the disposing shareholders have entered into an agreement in respect of the initial acquisition on 30 July 2015, as follows:

The purchase consideration for the initial acquisition of 49% of the Farnalider share capital is as follows:

- ▶ An amount of R100 165 433, settled in cash on 31 July 2015; and
- ▶ A further amount of R109 823 878 (applying an illustrative ZAR:EUR exchange rate of 13.5:1), payable on 31 January 2017.
- ▶ Warranties and indemnities applicable to the initial acquisition are standard for a transaction of this nature.

Ascendis International Holdings Limited and the disposing shareholders have furthermore entered into a put and call option agreement that is exercisable in two tranches as set out below:

A put and call option, exercisable on 31 December 2018 ("First Option Date"), relating to 31% of the Farnalider share capital ("First Option"), whereby the disposing shareholders irrevocably grant in favour of Ascendis International Holdings Limited a call option to purchase 31% of the Farnalider share capital from the disposing shareholders; and Ascendis International Holdings Limited irrevocably grants in favour of the disposing shareholders a put option to dispose of 31% of the Farnalider share capital to Ascendis International Holdings Limited.

A put and call option, exercisable on 31 December 2020 ("Second Option Date"), relating to the remaining 20% Farnalider share capital ("Second Option"), whereby the disposing shareholders irrevocably grant in favour of Ascendis International Holdings Limited a call option to purchase 20% of the Farnalider share capital from the disposing shareholders; and Ascendis International Holdings Limited irrevocably grants in favour of the disposing shareholders a put option to sell 20% of the Farnalider share capital to Ascendis International Holdings Limited.

The exercise price for both the first and second option will be calculated by applying a predetermined earnings multiple ("Option Earnings Multiple") to Farnalider's future earnings, which Option Earnings Multiple will vary dependent on the earnings growth rate achieved for the period ending on the first option date and the second option date respectively. The Option Earnings Multiple applied for the first and second option will be determined based on the same valuation methodology used to determine the purchase consideration. The maximum purchase price payable for the first and second option has been capped as not to trigger a category one transaction as defined in the JSE Listings Requirements.

Warranties and indemnities applicable to the first and second option are standard for transactions of this nature. Further details regarding the subsequent acquisition will be published following the First Option Date and Second Option Date respectively.

Pharma-Med bolt-on acquisition – Bioswiss Proprietary Limited

Ascendis Health Group acquired Bioswiss for a purchase consideration of R17,9 million on 1 July 2015.

Through various international partners, Bioswiss has access to innovative biotechnological products to manage and treat diabetes. The portfolio of medicines includes insulins, diabetes care devices, diabetes care OTC products and oral hypoglycaemic medications.

Consumer Brands bolt-on acquisition – OTC Pharma South Africa Proprietary Limited

Ascendis Health Group acquired OTC Pharma South Africa for a purchase consideration of R21,3 million on 1 July 2015.

OTC Pharma South Africa (OTC) markets and distributes a range of internationally branded, high quality health care products, including leading brands such as: Marcus Rohrer Spirulina, Diabecinn, Picksan, Bye Wart, Bye Mouth Ulcer. OTC's products are sold through retail pharmacies and health shops throughout South Africa.

Sandoz dossiers

In August 2015, Pharmachem purchased dossiers for R11 million (excluding VAT). This is a bolt-on to the Phama-Med division and will expand operations.

Debt raise and funding related activities Additional debt raised after year end until report signing date

On 1 July 2015 additional Senior Secured notes of R125 million were issued under the Domestic Medium Term Note Programme ("DMTN"). R62,5 million was used to reduce the existing Term Debt as was required in terms of the existing Term Facility Agreement.

In addition, new Term Facilities of R200 million was raised on 14 August 2015 from Nedbank to fund bolt-on acquisitions and deferred vendor liabilities and additional working capital facilities of R50 million was raised from Standard Bank for ongoing working capital needs.

Related party

No material related party transactions occurred, since year-end till final release on SENS.

Deferred vendor liabilities paid after year end

A total of R55 671 352 was paid after year end with regards to Arctic Health Brands, Dealcor Proprietary Limited and The Scientific Group vendor loans.

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

8. JSE (Johannesburg Stock Exchange) Limited Listings Requirements

The results announcement has been prepared in accordance with the listings requirements of the JSE.

9. 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) is available on the company's website www.ascendis.co.za. No material changes have occurred since initial disclosure. Effects are constantly employed to address areas requiring improvement. Please contact the Group Secretary, Andy Sims for any additional information regarding.

Corporate information

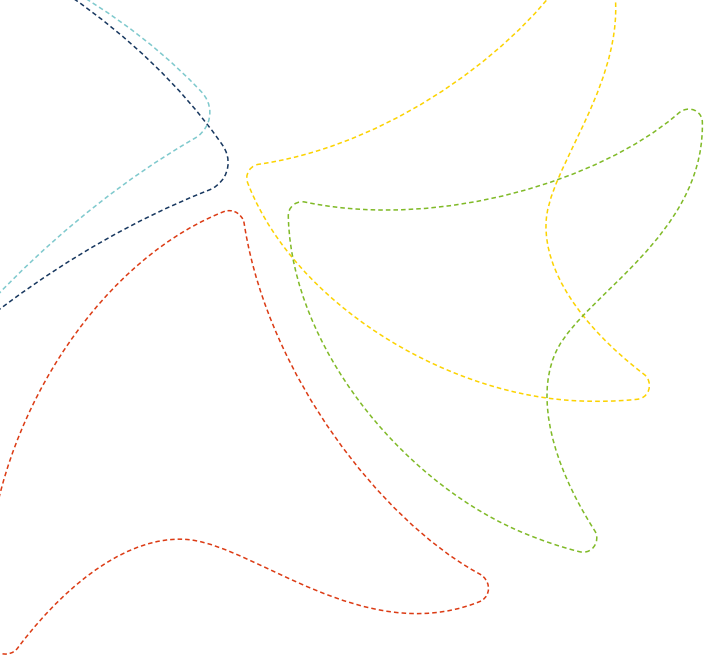
Ascendis Health Limited

Registration number	2008/005856/06
JSE share code	ASC
ISIN	ZAE000185005
Registered office	22 Sloane Street, Bryanston, Gauteng, 2191 PostNet Suite #252, Private Bag X21, Bryanston, 2021
Contact details	+27 (0)11 036 9600/info@ascendis.co.za
Sponsor	Investec Bank Limited
Auditors	PricewaterhouseCoopers Inc
Transfer secretaries	Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 PO Box 61051, Marshalltown, 2107
Company secretary	Andy Sims CA (SA)
Directors	J Bester (Chairman)* Dr K Wellner (CEO) OP Cunningham* CD Dillon# B Harie* GJ Shayne# RJ Taylor (CFO) (Resigned 11 May 2015)

* Independent non-executive # Non-executive

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