Ascendis HEALTH

Integrated Annual Report **2014**

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PERFORMANCE HIGHLIGHTS

Revenue up to **R1.6 billion** ↑ **171%**

Operating profit up **to R216 million** ↑ **310%**

Headline earnings per share of **65 cents** ↑ Operating margin **13.3%** improved from 8.8%

Headline earnings up to **R138 million** from R9.3 million

Maiden dividend of **15** cents per share

Exceeded **pre-listing** profit forecast

BEE shareholding transaction (MIC) completed

Concluded acquisitions totalling **R1.4 billion** since July 2013

R2 billion domestic medium-term note programme launched (R400 million debut issue)

Introducing the report

Ascendis Health has pleasure in presenting its first integrated annual report to shareholders and stakeholders for the financial year ending 30 June 2014 following the listing on the JSE Limited in November 2013.

As a group we are committed to providing shareholders and stakeholders with relevant, balanced and transparent disclosure. The integrated report is focused on material issues that the board and management believe could impact positively or negatively on the group's ability to create value over the short, medium and long term.

Our reporting aims to align with best practice and management has applied the King Code of Corporate Principles 2009 (King lll) and guiding principles outlined in the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC).

Report scope and boundaries

The integrated annual report covers the activities and financial performance of Ascendis Health for the financial year. The group operates mainly in South Africa where it generates 88.5% of its revenue, as well as in selected countries in Africa and Europe.

The group has only published summarised financial statements in the integrated annual report. The audited annual financial statements are available on our website (www.ascendis.co.za) and by request from the company secretary.

Assurance

The content of the integrated report has been reviewed by the group's external auditor, PricewaterhouseCoopers Inc, as well as the directors, management and internal audit. The external auditor has provided assurance on the annual financial statements and expressed an unqualified audit opinion.

Approval of integrated annual report

The directors have reviewed the integrated report and collectively believe it is a fair representation of the material issues and the integrated performance of the group. The audit committee, which has oversight for the integrity of the integrated report, recommended the report for approval by the board of directors which was granted on 7 November 2014.

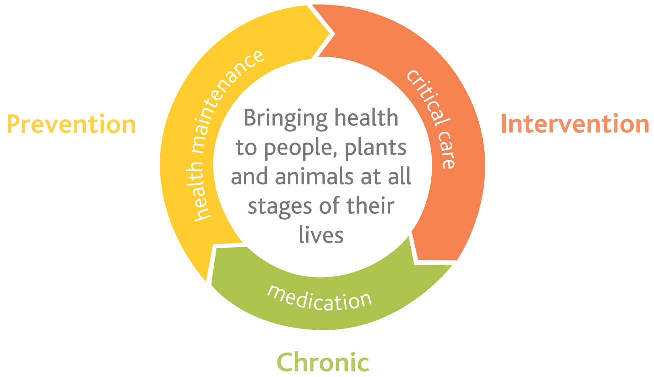
John Bester
Independent non-executive chairman

Dr Karsten Wellner
Chief executive officer

Ascendis' vision is to build a remarkable business of synergistic health brands across the value chain

About Ascendis Health

Healthy home, healthy you



Ascendis Health (JSE: ASC) is a fast growing health and care group which sells health brands for people, plants and animals.

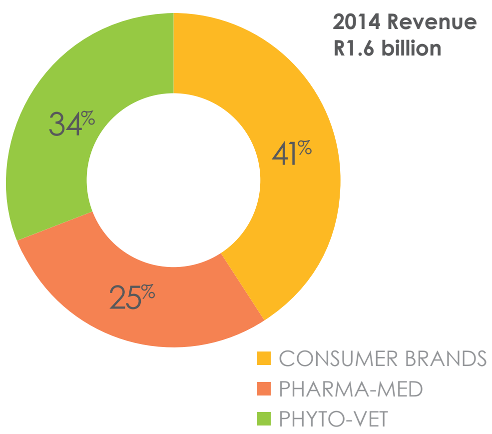
The group owns a portfolio of powerful, market-leading health and care brands which have been in existence from six to over 50 years. These brands are housed in three divisions:

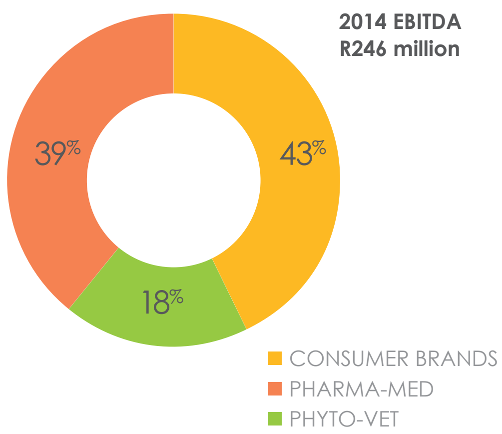
- **Consumer Brands** (complementary medicines, vitamins, sports nutrition and skin care products)
- **Pharma-Med** (pharmaceuticals and medical devices).
- **Phyto-Vet** (plant and animal health and care)

The group continues to increase its presence internationally and currently exports products to 52 countries, mainly in Africa and Europe.

Founded in 2008 by Coast2Coast, which remains the majority shareholder with 50.3% at the end of the reporting period, the business has shown strong organic and acquisitive growth. Ascendis has a distinctively entrepreneurial culture, from the founding partners to the executive management team, to the founder-owners of the businesses which have been acquired over the past six years.

Ascendis was listed on the JSE on 22 November 2013 in the Healthcare: Pharmaceuticals and Biotechnology sector, and the market capitalisation had increased to R3.1 billion at 30 June 2014.





Business model

NUTRACEUTICALS, VITAMINS, SPORTS NUTRITION, SPECIALIST SKIN CARE

PRESCRIPTION DRUGS AND MEDICAL DEVICES

PLANT AND ANIMAL HEALTH

Ascendis Health grows and invests in robust and defensible health and care brands, with a focus on owned brands. This is done by integrating the vital components in the value chain and converting these inputs through owned as well as outsourced factories into value added products that enhance the user experience of resilient and trusted brands.

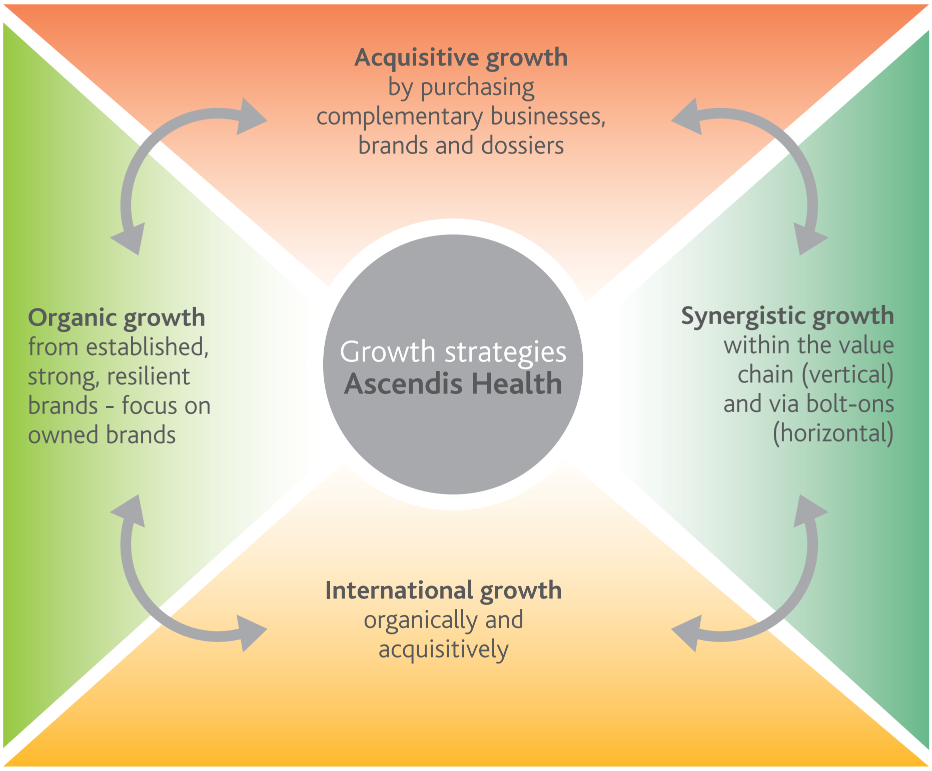
The group is structured into three integrated operating divisions which sell to or via retailers, beauty salons, network marketing, pharmacies, wholesale, dispensing doctors, governmental tenders, private hospitals, agricultural concerns in South Africa and increasingly via exports.

Integrated back-office support is provided by the Group to the underlying brands while the group aims to combine entrepreneurial spirit with strict corporate governance standards. This enables the brand champions to focus on their core skills of selling and marketing strong brands and extracting synergies vertically (along the value chain) and horizontally (between brands and even divisions) to enhance profitability and ensure a sustainable business model.

GROUP SERVICES
(Finance, tax, human resources, legal, compliance)

	RAW MATERIALS	MANUFACTURING	DIVISIONS	DISTRIBUTION
CONSUMER BRANDS	Raw materials supply (Chempure)	Manufacturing (PharmaNatura)	Consumer Brands (Solal, Evox, Muscletech, Nimue, SSN, Sportron, Swissgarde, Atka Pharma, Arctic Healthcare, Vitaforce, Bettaway)	Pharmacies Retailers Beauticians Doctors Exports
PHARMA-MED	Raw materials supply (Chempure)	Manufacturing (PharmaNatura)	Pharma-Med (Pharmachem, Surgical Innovations, RCA)	Pharmacies Private hospitals Government Doctors
PHYTO-VET	Raw materials supply (Avima)	Manufacturing (Avima)	Phyto-Vet (Efekto, Marltons)	Nurseries Exports Retailers Pet stores Vet shops

Strategy



Organic growth

The organic growth strategy is based on strong, mostly self-owned brands with a focus on high LSM groups locally, with the aim of leveraging their strong market positions in South Africa. Focus on developing a strong pipeline of innovative products to the high LSM customers makes the business resilient to economic downturns. There is a continued emphasis on exports, as well as leveraging off the group's significant selling and marketing platform.

Acquisitive growth

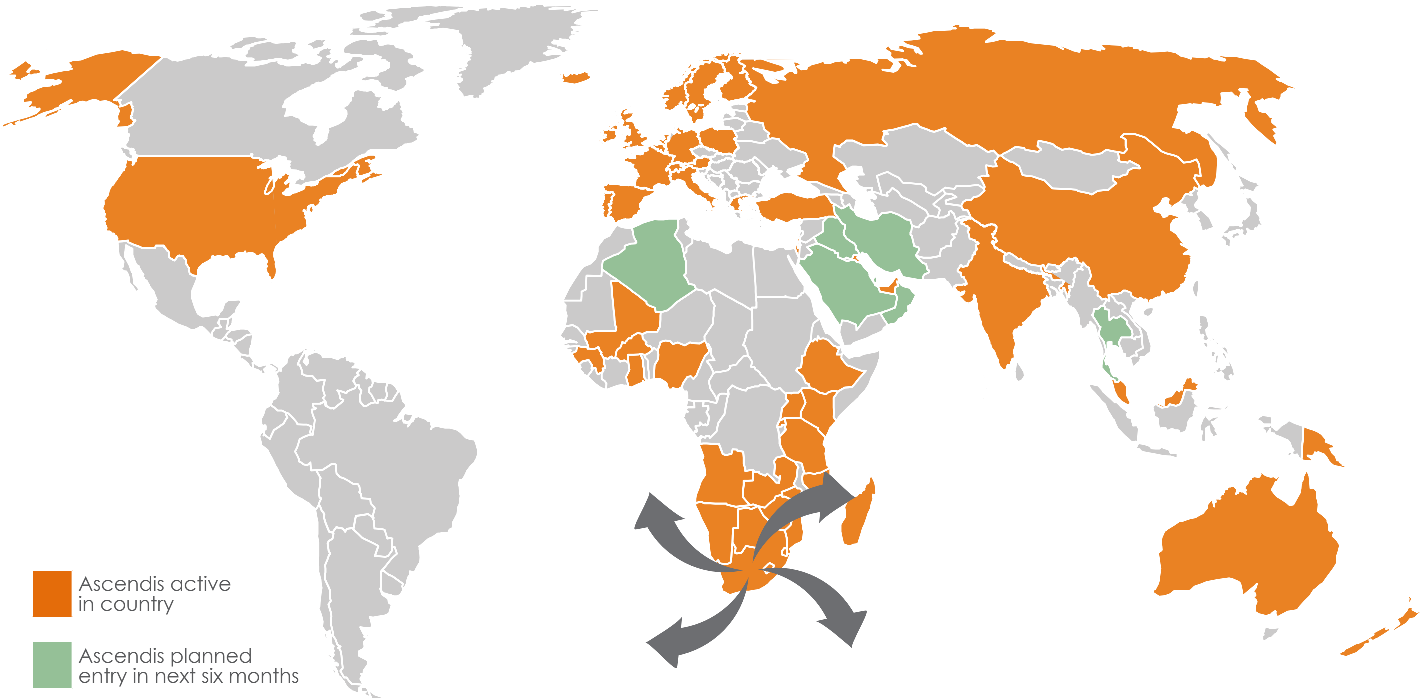
The group has a strong track record of acquiring resilient well recognised brands. A dedicated acquisitions team supports management. The focus for acquisitions has recently shifted from acquiring platform companies to bolt-on acquisitions and international projects.

Synergistic growth

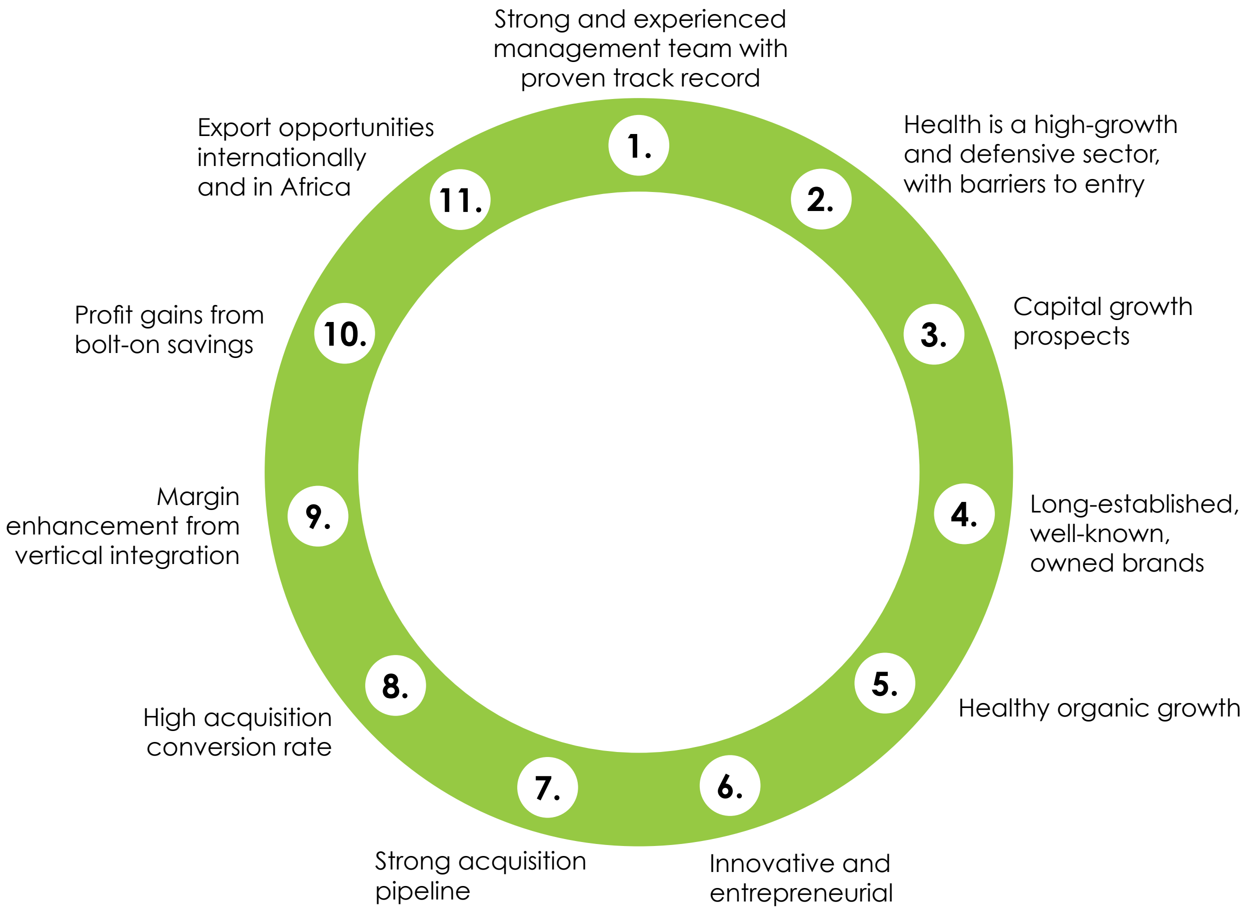
Synergy projects underway within the divisions relate to sales, manufacturing, warehousing, inbound logistics and procurement, packaging, business clustering, outbound logistics, exports and regulatory compliance.

International growth

Ascendis brands are currently sold in 21 other African countries, comprising 68% of foreign sales and are sold in 31 countries outside Africa, comprising 32% of foreign sales. The group is setting up dedicated export departments to coordinate activities between brands. The group currently exports 11.5% of its sales abroad and has a target to achieve 30% of sales from international markets in the next three years.



Investment case



LEADERSHIP AND PERFORMANCE

Chairman's letter to shareholders

A great deal has been accomplished in the past year and most importantly management has delivered on the commitments made to shareholders both prior to listing and in the subsequent months

Dear Fellow Shareholders

It is a pleasure to report to you on the progress made by Ascendis Health in its first year as a listed company.

The group's debut on the JSE in November 2013 was the realisation of the vision of the founding shareholders, Coast2Coast Investments. In 2008 Gary Shayne and Cris Dillon set out to create a health and care company by consolidating privately owned and managed businesses into an organised group with scale, structure, governance and professional management.

Ascendis Health as we know it today is testament that this has indeed been achieved.

A great deal has been accomplished in the past year and most importantly management has delivered on the commitments made to shareholders both prior to listing and in the subsequent months. This includes delivering on the four growth strategies, notably organic, acquisitive, synergistic and international growth.

It is pleasing that Ascendis Health's maiden annual results have not only met, but also exceeded pre-listing expectations. Profit after tax totalled R140 million for the year, comfortably outperforming the pre-listing forecast of R112 million. The Board has also shown its confidence in the group's future by declaring a maiden dividend of 15 cents per share.

Strategic acquisitions totaling R1.4 billion have been concluded since July 2013, including four finalised after the year-end. This has added scale to our business, a platform for growth in each of the divisions, and strengthened our portfolio of market-leading brands.

Detail on the group's operational and financial performance is covered in the Chief Executive Officer's and Chief Financial Officer's reports which follow.

The group was humbled to receive the Investment Analysts Society (IAS) award for excellence in communication and financial reporting after only being listed for a few months. These awards are voted by the members of the IAS who represent professionals in the investment industry and the award was received in the category for companies with a market capitalisation below R5 billion.

Robust governance structures have been implemented across the business, and the directors confirm that the group has in all material aspects applied the principles of the King III governance code. Our Board and committees function well and are appropriate for a group of the size and profile of Ascendis.

The entrepreneurial spirit that founded the business remains a driver of our ongoing success. As a Board we therefore aim to achieve a balance between meeting our governance and

oversight responsibilities while also creating an environment where entrepreneurs can thrive and prosper.

Whilst trading conditions in general in the consumer and pharmaceutical sectors remain challenging, the group's diversification across the broad health spectrum and focus on the higher LTM sector has mitigated the business from these challenges to a large extent. The group faces the new financial year with confidence in the belief that our focused strategy will ensure that we continue to deliver on our commitments to shareholders and generate sustained financial returns.

In closing I thank our executive team of Dr Karsten Wellner, Robbie Taylor and Richard Crouse, who have led the group with distinction in its first year of trading on the exchange.

My fellow non-executive directors provide valuable insight and guidance, and I thank them for the considerable value they add to our boardroom debate.

Importantly, thank you to you, our shareholders, for your vote of confidence in Ascendis Health and for your support in the listing of our company.

Sincerely

John Bester
Independent non-executive chairman

Board of Directors

1. John Bester (68)

BCom (Hons), CA (SA), CMS (Oxon)

Independent non-executive director
Chairman of the board
Chairman of the nomination committee
Member of the audit committee, risk committee and remuneration committee.

Appointed October 2013

John spent 16 years in the accounting profession, including 10 years as a partner of Ernst & Young. He has been involved in commerce and industry for a further 33 years, holding a number of financial directorships during this time. He is a non-executive director of Personal Trust International, Business Connexion Group, Clicks Group, HomeChoice Holdings, Sovereign Food Investments, Tower Property Fund and Western Province Rugby Proprietary Limited, as well as a trustee of the Children's Hospital Trust.

2. Dr Karsten Wellner (53)

PhD (Economics and Political Science)

Chief executive officer.
Appointed as a director in July 2011

Karsten joined the group in May 2011. He has over 20 years of experience in international and South African health markets. Before joining the group, Karsten founded a consulting company specialising in strategic and executive consulting and post-graduate education at various business schools in South Africa. Prior to that, he was head of Fresenius Kabi South Africa for eight years, the South African subsidiary of Fresenius SE & Co. KGaA, which is listed on the Frankfurt Stock Exchange. Karsten ran a pharma company in Switzerland for five years and spent another five years in pharma exports in developing markets.

3. Phil Cunningham (44)

BAgricMan

Independent non-executive director
Chairman of the remuneration committee
Chairman of the transformation, social and ethics and sustainability committee
Member of the audit committee and nomination committee.

Appointed October 2013

Phil is the founder and managing director of Sunrise Productions, a Cape Town-based animation studio and media company. He has also held various executive positions in the food sector.

4. Cris Dillon (44)

BSc (Hons) (Chemical Engineering), MBA

Non-executive director
Member of the remuneration committee, nomination committee and transformation, social and ethics and sustainability committee

Appointed March 2008

Cris co-founded Ascendis in 2008. He has spent 11 years in the investment banking industry, including three years with Standard Bank's corporate finance team, and the last eight years as a founding partner of Coast2Coast Investments. He has been involved in commerce and industry for a further 11 years, holding a number of directorships during that time.

5. Bharti Harie (44)

BA LLB, LLM, admitted attorney, notary and conveyancer

Independent non-executive director
Chairman of the audit committee
Member of the risk. committee

Appointed October 2013

Bharti is an independent director on the boards of Bell Equipment, Lenmed Investments and Mineworkers Investment Corporation. Her previous directorships include the Charities Aid Foundation and the Ethekwini Hospital and Heart Centre. Bharti worked at the Industrial Development Corporation of South Africa for 14 years until 2010.

6. Gary Shayne (44)

BCom, CA (Zim)

Non-executive director
Chairman of the risk committee.

Appointed March 2008

Gary co-founded Ascendis in 2008. He is the CEO and co-founder of Coast2Coast Investments where he is responsible for the overall strategy and management of the company. Gary successfully listed Celsys Limited on the Zimbabwe Stock Exchange and founded Shayne Accounting Services, one of Zimbabwe's largest single-owned accountancy practices.

7. Robbie Taylor (45)

BCom, CA (Zim)

Chief financial officer
Member of the risk committee.

Appointed May 2012

Robbie qualified as a chartered accountant with Deloittes in Harare before joining Crest Breeders International, the largest integrated poultry producer in that country. He served as the Group Financial Director until he immigrated to South Africa in 2002, where he joined HL Hall and Sons as the Financial Director.

In 2005 Robbie assumed an operational role as the Processing and Exports Director until he was head hunted by Country Bird Holdings to assist in the listing of that company which was successfully done in 2007. He served as the Group Financial Director of the Group serving on all of the subsidiary boards both locally and internationally.

Andy Sims (59)

BAcc, CA(SA)

Company Secretary
Chief Risk Officer

After qualifying as a chartered accountant in 1981, Andy worked in the IT industry for 20 years, as FM in the international companies HP and Compaq, and then in the positions of FD and MD of various subsidiaries in Siltek Limited, as well as group COO of CCH Limited. In the past six years, he was the FD of four trading subsidiaries of Ascendis Health.

Executive Management

1. Dr Karsten Wellner (53)

PhD (Economics and Political Science)

Chief executive officer

Karsten has over 20 years of experience in international and South African health markets. He was the managing director of Fresenius Kabi South Africa for eight years, the local subsidiary of Fresenius SE & Co. KGaA.

2. Robbie Taylor (45)

BCom, CA (Zim)

Chief financial officer

Robbie has held various financial directorships for the last 17 years, including at Country Bird Holdings and Hall and Sons in South Africa, and at Crest Breeders International in Zimbabwe.

3. Richard Crouse (39)

BCom (Hons), CIMA

Chief operating officer

Richard spent seven years as managing director of Chempure, a chemicals supplier to the food, health and pharmaceuticals industry, which was acquired by the group in 2012. Prior to that he was head of strategy and business planning at MTN, and held various positions in finance and marketing at MTN, including an expatriate position in Nigeria as head of marketing communications.

4. Marion Burgess (46)

BSc Dietetics, CMSA, MBA

Managing director – Consumer Brands Division

Marion has 14 years' experience at executive level within the pharmaceutical, medical devices and consumer health care markets. Most of her executive experience has been at 3M and Johnson & Johnson Medical.

5. Imtiaz Mohamed (48)

BPharm, registered pharmacist

Managing director
– Pharma Division

In 1993 Imtiaz co-founded City Medical Wholesalers, a pharmaceutical wholesale and distribution company, which he headed up until 2003. In 2004 he co-founded Pharmachem Pharmaceuticals, which specialises in the development and launch of branded generics and niche pharmaceuticals, and was acquired by the group in 2013.

6. Stavros Vizirgianakis (43)

BCom

Managing director
– Devices Division

Stavros founded Surgical Innovations, a distributor of high-end medical devices to surgeons, in 2006 and served as chief executive officer until it was acquired by the group in 2013. Prior that he was managing director of Tyco Healthcare in South Africa. He is a director of Nasdaq-listed Misonix, a designer and manufacturer of ultrasonic surgical device products.

7. Jayen Pather (44)

BCompt

Managing director
– Phyto-Vet Division

Jayen has 20 years of experience in supply chain, operations and finance, including the diversified logistics groups, Unitrans and DHL. His most recent position before joining the group was managing director at Incolabs, a diversified FMCG company.

8. Andy Sims (59)

BAcc, CA(SA)

Company Secretary
Chief Risk Officer

After qualifying as a chartered accountant in 1981, Andy worked in the IT industry for 20 years, as FM in the international companies HP and Compaq, and then in the positions of FD and MD of various subsidiaries in Siltek Limited, as well as group COO of CCH Limited. In the past six years, he was the FD of four trading subsidiaries of Ascendis Health.

CEO's report

We exceeded our pre-listing PAT forecast of R112 million by 25%: R140 million

Dear shareholders and stakeholders

The 2014 financial year has been a ground-breaking and important year for Ascendis Health.

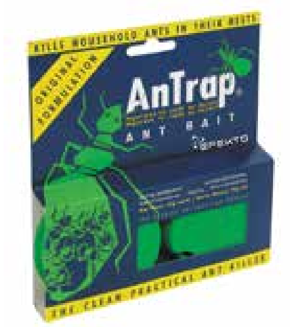
We finalised the establishment of four major platform companies across three reporting divisions, including: Consumer Brands, Pharma-Med and Phyto-Vet. We prepared a Pre-Listing Statement which formed the basis of our successful listing on the main board (pharma sector) of the JSE on the 22nd of November. Our capital raise for the listing was over-subscribed and our share price developed positively and considerably outperformed the JSE Pharmaceuticals & Biotechnology Index.

During our listing process we made certain promises to the market – promises regarding our profit targets aligned to our acquisitive and organic growth strategy, as well as regarding the debt recapitalisation for our sustained growth. We also presented our broader vision and role as a responsible corporate citizen in South Africa. These were clear statements derived from our business model and focused planning and we are proud to say that we have delivered on each one of them, in most cases exceeding our own forecasts:

1. We exceeded our pre-listing PAT forecast of R112 million by 25%: R140 million.
2. We continued on our growth path both acquisitively and organically and delivered our first synergistic profit enhancements. In a challenging economic environment in South Africa we achieved a top line organic growth of 15.2%, based on pre-owned businesses and brands. We achieved on an annualised basis close to R2.2 billion of turnover in 2014. The acquisitive growth trend also remains consistent with three major acquisitions close to, or just after year end (PharmaNatura, Respiratory Care Africa and selected Arctic Healthcare brands).
3. We concluded a strategic BEE transaction with the Mine Workers Investment Company (MIC), which aims to increase Ascendis BEE shareholding of approximately R250 million, as at the end of the reporting period, by another R200 million over a three-year period. Further BEE investments (for example with the WDB) were under negotiation and have been concluded after financial year end.
4. We established a R2 billion domestic medium term note (DMTN) with the JSE, with a debut issue of a R400 million corporate bond (with Sanlam and Futuregrowth a subsidiary of Old Mutual) and further R660 million in debt facilities with Standard Bank, Nedbank and FNB.

Throughout the year we focused on four major strategic imperatives:

1. Organic growth – launching new products across our resilient, high LSM range of brands, finding new channels to market and strong export growth;
2. Acquisitive growth – by acquiring platform companies and complementary businesses, brands and dossiers. Due to the volume of acquisitions in 2014, we created next to the existing highly successful and focussed acqusitions team 2 dedicated integration teams which are initiated during the due diligence phase and thereby play an important role in the first 100 days post acquisition;
3. Synergistic growth – either within the value chain (vertical integration; for example with the acquisition of PharmaNatura which owns a GMP accredited production plant or via synergies in procurement, merchandising and warehousing) or via bolt-ons (horizontal integration; for example by selling and marketing additional brands via the platform companies) and



4. International growth – organically (+86% vs 2013 to R187 million) and in future also acquisitively.

These strategic imperatives were reconfirmed at holding level, assessed at divisional level and implemented via bottom up and top down processes across all major business units.

We also conducted a diligent and in depth budget process towards the end of the financial year to plan future organic and synergistic growth and to define the acquisitive road-map for 2015.

Looking forward towards 2015, our aim is to keep delivering stellar performance according to our strategic plans and our internal budgets:

- Internally we will continue consolidating our supply chain with a strong focus on further improvement of our working capital and the integration of acquired businesses together with our planned future acquisitions. We will stay focussed to deliver a cash conversion rate of around 70% as in 2014. We will strive for best practice across all functions and continuously look to attract the best talent, offering opportunities for long term growth prospects to become part of our rapidly growing Ascendis family. A continued focus on new product development across all divisions will assist to achieve our organic growth targets, which will be driven by our entrepreneurial leaders backed by access to scale and structure.
- Externally we will focus on further internationalisation (via organic and acquisitive growth). We will improve our BEE rating, including the equity component and continue to conclude strategic acquisitions, which will ensure that our profit growth consistently outperforms the market.

Our strong performance, our great brands and delivering on our promises in 2014 clearly reflected in our share performance this year. Beside the extremely positive development of our share price, we received an enormous amount of positive coverage and comment across a multitude of local and international media platforms.

All this would not have been possible without our team of skilled and passionate professionals, all focused on the medium term goal of growing Ascendis Health towards becoming a top 2 African Health and Care company. Our unique business model of combining and integrating Health and Care brands gives entrepreneurs a platform, to grow their brands while supported by a comprehensive back-office structure as well as immediate access to scale, while unlocking the value chain though complementary brand alignment.

A key growth component has been the establishment of an integrated Ascendis culture that has embraced the fine line between entrepreneurship, corporate discipline and governance. I am happy to report that we have been extremely successful in this regard. There is a great energy and entrepreneurial spirit within Ascendis and I am confident that our team of almost 1400 dedicated, high-performance employees will continue to deliver superior results – for our shareholders and stakeholders.

I would lastly like to express my sincere gratitude to our business partners and shareholders who believe in us – but I want to especially thank my fellow "Ascendites" for all their hard work, inspiration, energy and passion towards delivering "A Healthy Home – A Healthy You".

Dr. Karsten Wellner
Chief Executive Officer

CFO's report

Revenue for the year increased by 171% from R598 million to R1 618 million, benefiting from the acquisitions made

Introduction

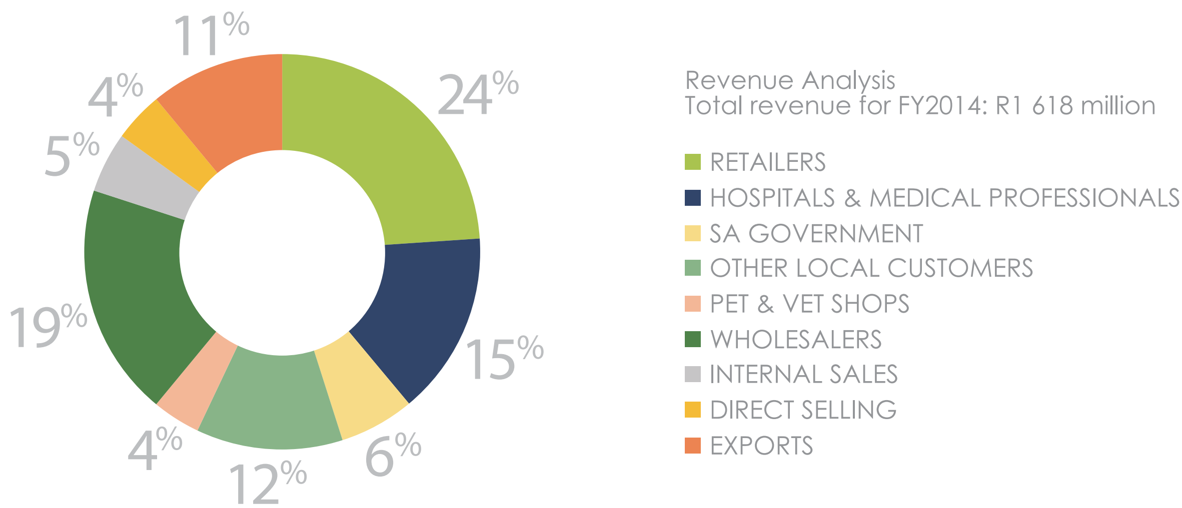
Ascendis exceeded its pre-listing profit forecast in its maiden annual results to June 2014, with the performance driven by healthy organic growth and the benefit of strategic acquisitions made over the past year.

Financial performance

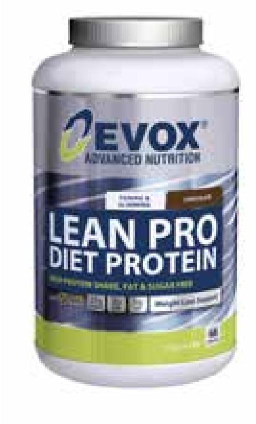
Statement of comprehensive income

Revenue for the year increased by 171% from R598 million to R1 618 million, benefiting from the acquisitions made. This includes revenue for Surgical Innovations for six months and PharmaNatura for only one month.

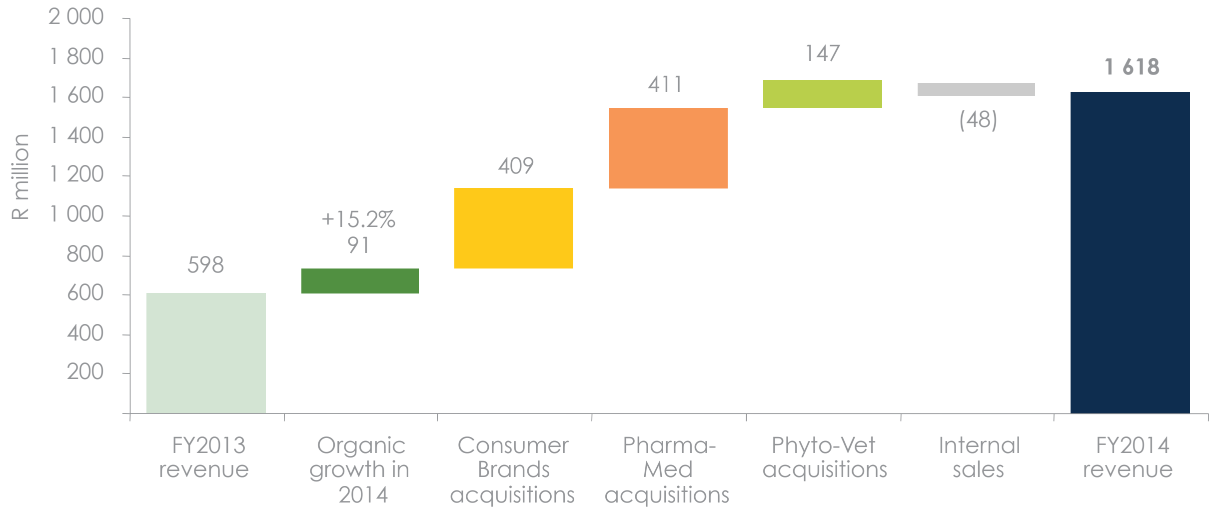
The Consumer Brands division generated revenue of R658 million (2013: R245 million) and accounted for 41% of group revenue; Pharma-Med R411 million (no comparative as businesses only acquired in FY2014) and Phyto-Vet R549 million (2013: R353 million). The medium-term targeted revenue split is Consumer Brands 40%, Pharma-Med 40% and Phyto-Vet 20%.



The organic component of the business showed good growth of 15.2% in revenue. Selling price increases were well managed to an average of 8% for the year, and a third of the cost of imported goods sold was covered by export sales.



2014 REVENUE GROWTH



One of the real strengths of the group is the diversity of the customer base. No single customer accounts for more than 10% of sales and the group is exposed to many different segments of the market. Revenue generated from foreign markets increased by 86% to R187 million, accounting for 11.5% of the group's total sales.

The gross margin expanded by 1.9% to 45.0% through better buying, selected price increases as well as a better product and customer mix. Further savings can still 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. The group had the benefit of the manufacturing operations of the Pharma Natura acquisition for only one month during the year.

Operating expenses, excluding depreciation and amortisation, increased by 174% to R550 million, owing primarily to the new businesses acquired. The group does not require a large amount of fixed assets, so depreciation is relatively low at R10 million, but amortisation more than doubled to R20 million as result of the intangible assets acquired.

Operating profit increased by 310% from R53 million to R216 million as the operating margin improved from 8.8% to 13.3%.

Net finance costs reduced by 35% as a result of moving from blended senior and mezzanine financing to a lower cost bridge facility. This charge will again benefit from the refinancing done post year end.

CFO's report (continued)

Profit after tax exceeded the pre-listing forecast of R112 million and increased from R1.5 million to R140 million.

Cash generated by operations was a healthy R176 million, and R101 million was produced by the operating activities of the group after payment of interest and tax, being a conversion ratio of 72% of profit after tax.

The performance for the year translated into headline earnings of R138 million, with headline earnings per share increasing from 9 cents to 65 cents.

Statement of financial position

Total assets grew by 171% to R2.6 billion as result of the working capital and intangible assets acquired through acquisition. Organic growth in inventories of 13% was below turnover growth, and accounts receivable were reduced by 24% on a comparable basis.

Including the acquisitions, working capital days were managed down in inventory and accounts receivable to 121 and 79 days respectively (using annualised sales/cost of sales). Creditor days reduced to 111 days, with net days improving from 132 days to 89 days. Further improvements are achievable as a result of the benefit of central financial management, which is a key area of focus for us.

Shareholders' equity increased by 212% to R1.2 billion, with R453 million raised from the listing and R189 million in shares issued for acquisitions made, and benefited from the good profit performance.

At year end the group had R650 million in net debt, a ratio of 2.0 times EBITDA, which is in line with our targeted range and down from 2.7 times in the prior year. Interest cover improved from 1.1 times to a comfortable 7.2 times.

After year end a R2 billion domestic medium-term note programme has been launched. The debut issue of R400 million, together with further facilities (term facility, revolving credit facility and a trade finance facility) of R660 million to refinance existing debt, was issued in September 2014. This programme is supported by leading local institutions and is a significant milestone to enable further growth of Ascendis.

Looking ahead, there are plans to increase the group's BEE shareholding and to raise further capital locally and internationally to fund the group's growth aspirations.

Dividend

A maiden final dividend of 15 cents per share has been declared, in line with the undertaking in the pre-listing statement to distribute a minimum of 25% of profit after tax and available for distribution. The dividend will be paid in December 2014.

Targets

The group targets organic revenue growth of between 10% and 15% per year and acquisitive revenue growth of between 20% and 30%. A target of 5% operating profit growth through synergistic initiatives has been set.

The strategic objective is to increase foreign revenue as a percentage of total revenue to 30% within three years. This will provide a natural hedge against foreign currency fluctuations.

Group financial management

The integration of the companies acquired into the group's operations from an accounting perspective is progressing well. Phase one of the accounts application implementation, involving moving the initial group of companies onto a common accounting application, has been completed and phase two will start early in the new financial year.

The implementation of the group's foreign exchange exposure management system is far advanced and will be complete in the second quarter of FY 2015, enabling the foreign exchange sub committee to manage foreign exchange exposures on a single integrated dashboard.

The group treasury system was completed with the closing of the bond and refinance package in September 2014, enabling integrated management of the entire debt exposure of the group.

Training has commenced for accounting staff throughout the group to ensure that the group's reporting standards are disseminated throughout. This will also provide career opportunities for staff who have been identified for group roles that they can develop into in the future.

Finally, an integration team has been set up, which includes both operational and financial staff, to welcome newly acquired businesses into the group and assist with the transition into the Ascendis reporting and operating culture. On the financial side this covers areas of budgeting, IT systems, accounting and reporting.

Appreciation

Thank you to our shareholders and funders for your support and interest in the group. We welcome those shareholders who invested in the company as part of the listing process and since listing. I also thank my colleagues and my finance team for their ongoing support in this challenging but exciting growth phase of the group.

Robbie Taylor
Chief financial officer

OPERATIONAL REVIEW

Consumer Brands

Ascendis's Consumer Brands division comprises a combination of owned brands and agency brands with core competencies in the fields of preventative health, health supplements, wellness, sports nutrition and cosma-dermaceuticals. With branded market leaders like Solal, Evox, Vitaforce, Nimue and SSN, the division make use of multiple distribution channels to engage our upper LSM consumer base in order to deliver a superior product with a strong brand message in a distinctive manner that meets the needs of our consumers, our channel partners and our shareholders. This division is immensely innovation-driven and is focused on quality, efficacy and safety, consistent with the regulatory imperatives as governed by the Medicines Control Council. The division houses a pharmaceutically-accredited manufacturing facility in the form of PharmaNatura as well as a world class procurement entity in the form of Chempure. This supply chain integration enables rapid deployment of new innovations. The consolidation of our collective Regulatory, Research and Development, Marketing and Sales teams is enabling the unlocking of synergies and greater reach that will enable us to continue to deliver superior returns in excess of the market norms. There is a multi decade long history of successful global collaborations with world leading organisations in Europe, the USA and the Far East that ensures that our brands are thinking globally whilst executing locally.

Our products and services are suited to all people irrespective of age, gender or disposition and we build a relationship that spans from the cradle to the twilight years. As with all subsidiaries in Ascendis, the companies within the Consumer Brands Division are committed to our social and ethical responsibilities as a corporate citizen.

The past financial year was a very busy year for the Consumer Brands division. The onboarding and integration of these businesses onto the existing base is running full steam ahead. The synergistic benefits are starting to be delivered through the integration of the supply chain, consolidation of the distribution infrastructure and strong collaboration within the selling, marketing and merchandising teams.

FY2014 was a particularly pleasing year for the Consumer Brands Division. Revenues increased by 169% year on year to R658 million. EBITDA increased by 239% year on year to R113 million. The group as a whole showed 15.2% organic growth on a year on year basis, this is a testament to the resilience of the brands in the stable, this growth is also significant when read in the context of the market in general.

The continuing success of our division in 2014 was driven by the continuous consumer focus on self-medication and with specific focus on preventative care. This is consistent with the highly acclaimed Vitality concept as espoused by Discovery Health. The division leverages strong relationships with key distribution channels, including Retail (Dischem, Clicks, Pick n Pay, Woolworths, Medi-Rite and a string of independents), Wholesale (UPD, Alphapharm, Transpharm, UTi etc), Specialists (Doctors, Homeopaths, Beauticians, Dieticians, Salons and Spas), Direct (Direct Selling Networks, E-Commerce and Call Centres). Of particular relevance, no single customer constitutes more than 10% of the group's revenues; consequently this translates to minimal concentration risk.

Another feature of the Consumer Brands growth story has been the healthy growth in exports. Three businesses that have achieved phenomenal results in the regard are Nimue, Swissgarde and SSN. Nimue currently derives 65% of its revenue from exports and mostly to European countries. Swissgarde derives 61% of its revenue from Nigeria and SSN is currently generating almost 10% of its revenue from exports, although this is likely to grow substantially. SSN has also licensed the manufacture of certain lines into India for a royalty fee, whilst promoting the brand in the region. Ascendis currently has operations in Barcelona in Spain and Amsterdam in the Netherlands from which the trans European expansion is taking place. A dedicated export team focusing solely on Africa destined exports has also been established in Johannesburg. This export team has integrated with the regulatory teams responsible for each owned brand and have been submitting registrations in many African and Middle Eastern countries. These countries operate on an almost Pharmaceutical basis and require extensive clinical documentation for the registration of complementary products. This process serves to ensure a sustainable future for these products as the barriers to entry are reasonably high.

The complementary medicines industry faced some operational challenges as a result of the changes promulgated in the regulatory environment, such that a few Solal products were voluntarily withdrawn from the market in June 2014. EBITDA margin for the division reduced by about 7% percent from the mid-year results and was largely due to margin mix changes arising as a result of the acquisitions done throughout the year. EBITDA margins should normalise at 2-3% higher than the current levels over the medium term. Acquisitions like the recently concluded Arctic Health brands which is a pure bolt-on, will enable the uplifting of margins to the levels seen previously.

CONSUMER BRANDS:

Future

The year ahead promises greater synergistic benefits to accrue as result of the inclusion of a GMP accredited manufacturing facility in group, thus a steady transition of previously outsourced manufacturing will be systematically redirected to PharmaNatura, based on readiness (available capacity as well as technical and equipment readiness), critical mass yielding better returns than for other possible product lines and overall an overall quality enhancement. Further deepening of the supply chain integration, from procurement synergies to inbound as well as outbound logistics enhancements and the further consolidation of the selling and marketing teams. This will be supported by the continued acquisition growth strategy as well as an expected organic growth of between 10% and 15% per annum. We remain committed to dynamically reviewing business processes to adapt to changing market conditions in order to enhance profitability.

Pharma-Med

The Ascendis Pharma-Med division has its core competencies in the generic pharmaceutical and medical devices fields. The division operates mostly in the South African market, however expansion into neighbouring markets began in the current year, seeing registrations taking place in Lesotho, Namibia, Swaziland, Botswana and Zimbabwe. Medical devices are supplied through Surgical Innovations to specialist surgeons, day clinics, as well as state and private hospital groups. Pharmachem, Dezzo Trading and Pharmadyne, together comprising Ascendis Pharma, supply generic pharmaceuticals to government hospitals on tender basis, as well as supplying wholesale pharmaceutical groups, dispensing doctors and independent pharmacy groups. Our product offering is designed to benefit the operational requirements of hospital groups and pharmacies and improve the quality of treatment the patient receives.

Ascendis Pharma currently holds in excess of 130 dossiers with the South African Medicines Control Council (MCC) and has almost 100 more in the registration process. These molecules comprise various treatment modalities from antibiotics, pain medication, anti-psychotics, diarrhoea treatment, coughs and flu treatment and many others. The division does not have any dossiers nor capability with regards HIV and TB treatment currently. One of the hallmarks of the Ascendis Pharma business is a world-class regulatory team, currently based in Lenasia. This team has been built from the ground up and has been held up by independent consultants as the benchmark for Pharmaceutical Regulatory teams, so much so, that the Department of Health uses some of Ascendis dossiers as a case study of how to go about the new Electronic CTD submission process.

A hallmark of the division is its strong relationships with leading global suppliers and manufacturers of devices and pharmaceutical API's (Active Pharmaceutical Ingredients). Our medical devices division comprises medical equipment of a capital nature, niche consumables used in the hospitals, a technical department servicing all supplied equipment and a clinical support department responsible for training and clinical support. The purchase of Respiratory Care Africa after the year end enables the concept of a turn-key solution to hospital groupings, in that the division can now supply the entire requirement of a hospital, from hospital beds to ICU's with an end to end solution.

The division's strengths lie in the human capital that was retained through the process of the acquisitions, novel distribution methodology, our large dossier base, strong brands represented, access to the doctor and pharmacy market and ability to successfully compete for government tenders, hospital refurbishments, greenfields hospital roll-outs and specialist placements on a case by case basis.

FY2014 was the first year of operations of the newly formed Pharma-Med division, with no prior figures available for comparison. Revenues for the year were R411m, which was 25% of the total turnover of Ascendis Health. The targeted percentage of total group revenue is 20% for Medical Devices and 20% for Pharma. This entails an acquisition strategy that further seeks to consolidate our current market positioning. The current year's EBITDA margin was 25.1%, bringing the total EBITDA for the division to R103m for the year, this constituted 42% of the Ascendis Health group EBITDA.

The division is highly dependent on imported goods and as such faces exposure to the exchange rate fluctuations. A Forex committee oversees the group's forex exposure and implements clear hedging policy on a group wide basis. Government tenders are subject to a lag factor when adjusting to foreign exchange variations, which has the propensity to put pressure on margins if the foreign currency requirements are not hedged. An onerous contract arose on the purchase of Pharmachem – historically the company had no foreign exchange hedging policies in place, two Government contracts were acquired through the acquisition which effectively led to an adjustment reducing both the revenue and the foreign exchange losses on these two contracts, which positively impacted the margin. EBITDA margins going forward are expected to normalise between 14-18%. Late payments by government hospitals remain a challenge, with late payments being experienced, like many of the other suppliers. We have assigned key personnel to assist in collection and communication with the government entities and the situation is vastly improving.

The medical devices business has performed very well, and has shown growth in all specialities. We plan to increase our focus on public health care and total basket offering to all customers through the acquisition of RCA in August 2014.

PHARMA-MED BRANDS:

Future

The Pharma-Med division has good growth prospects in F2015, with the RCA acquisition and synergies within the medical devices business. We will focus on providing our private and state hospitals with a larger basket of goods through this acquisition, as we can now supply a greater variety of their needs with a larger stable of great medical products. The technical support function in the medical devices division will be expanded and a SAMED accreditation has been added to the divisional offering to customers.

New dossier registrations are expected to continue, some of which are expected to be first to market generic drugs. The product mix will be carefully reviewed in order to enhance the profitability of the division and the synergistic benefits of centralising the supply chain, back office and administrative functions is expected to yield greater return.

Phyto-Vet

Phyto-Vet is a division with core competencies in the fields of Animal Health and Agrichemicals including Environmental Health. As an innovation-driven division with a long tradition focused on research and development – we have a proud history of successful global collaborations committed to combining the best internal and external research to be truly innovative.

Our products and services are designed to benefit, inter-alia, nature lovers and hobby gardeners as well as improve the quality of life of their companion animals. All companies within the Phyto-Vet Division are committed to our social and ethical responsibilities as a corporate citizen.

FY2014 was a special year for the Phyto-Vet Division. The year marked the 52th anniversary of Avima and the 40th anniversary of Efekto. FY2014 also saw Efekto named as best supported brand in the Agriculture Pesticides and Repellants category and Wonder as the best supported brand in the Fertilizer and Plant food category according to Nielsen Ad-Ex. These companies also added more innovative products to our portfolio [Efekto Zero Tick and Fleas awarded the Madagascar and Eretria Locust tenders and entered the Seed Treatment sector], which also ensured that Avima posted record financial results.

FY2014 was a pleasing year for the Phyto-Vet Division. Revenues increased by 56% year on year to R549 million. EBITDA increased by 35% on the same basis.

The continuing success of our division in 2014 was driven by the dynamic development in the Agrichemical sector. Animal Health achieved encouraging growth, largely due to strong sales in channels other than Vet. Sales continued to grow in Home and Garden at 10%, especially the Home Pesticides products. Our strong focus on not just developing new products but also successfully commercialising them is clearly paying off. As a result we have improved our competitive position in the Agrichemical and Home and Garden sectors.

The Agrichemical Specialty Products and Environmental Health business also had a successful year. Sales advanced substantially, helped by positive market export conditions. This was largely due to successful business with our Locust, Tsetse Fly and Malaria Vector Control products.

Efekto faced considerable operational challenges in F2014, in what remained a difficult operating environment. EBITDA fell by about 8% percent. This was largely due to some once off costs and capacity building costs that we were unable to share with our customers. In spite of this disappointing result in 2014, we are optimistic for the future and expect EBITDA margins to normalise at the lower teen levels. The expected increase in capacity and route-to-market synergies achieved with Marltons will lead to an improved operating environment.

We have already achieved substantial synergies by consolidating our operational infrastructure in KwaZulu-Natal, the Eastern Cape and the Western Cape through integrating Efekto and Marlton's warehouses into the existing Marlton's facility, thus removing unnecessary duplication of roles and responsibilities. Sales and merchandising have been consolidated under a single umbrella as there are 3 800 common retail doors between the two businesses. A centralised Research and Development, Innovation and Regulatory department has been consolidated under the oversight of the Managing Director Jayen Pather. Avima has also invested further in their analytical chemistry capability, further augmenting the Innovation efforts and substantially enhancing the speed to market of new innovations.

We supported Choc at their Baragwanath and Saxonwold homes by donating seed, Fertilizer and Pesticides as well as providing training to their volunteers and staff who care for and maintain the gardens.

Efekto also partnered with the Eskom Group Capital Division in establishing sustainable community gardens for the Rooikop Children's Home and Marltons was a key sponsor to Vets 4 Change and SPCA.

Future

Phyto-Vet's positive overall performance last year was supported by the commitment and expertise of our highly talented and motivated workforce and the work environment we provide.

In F2015 we will pursue our strategy of augmenting organic growth in the Agrichemical and Animal Health sectors with small and medium-sized bolt-on acquisitions. Such acquisitions improve our regional positioning, round out our product portfolio or give us access to major new technologies. It is expected that the Division will enter the Vet channel via a considered acquisition.

We enter F2015 with continued optimism. We intend to drive further growth from our new products in the Seed Treatment sector, and we also aim to improve profitability at our Efekto Home & Garden business.

PHYTO-VET BRANDS:

EFEKTO care

AVIMA

marltons

KOI COUNTRY


The continuing success of our division in 2014 was driven by the dynamic development in the Agrichemical sector. Animal Health achieved encouraging growth.

Phyto-Vet (continued)

A strategic focus of our investment is on expansion in the Agrichemical sector. We aim to drive organic growth in the division through investment in research and development, targeted acquisitions and global collaborations. At Efekto we intend to expand the leading positions we hold in our market segments. We are dynamically reviewing business processes to changing market conditions in order to enhance profitability.

In the Crop Protection and Home and Garden sectors, we identify and develop innovative, safe and sustainable products for commercial and domestic use as insecticides, fungicides, herbicides or seed treatments.

We are broadening the range of uses for our active ingredients by developing innovative formulations of new and existing products so that they can be applied in additional segments or be made easier to handle.

Corporate social involvement

We supported Choc at their Baragwanath and Saxonwold homes by donating seed, Fertiliser and Pesticides as well as providing training to their volunteers and staff who care for and maintain the gardens.

CHOC is an acronym for Children's Haematology Oncology Clinics and was established in 1979 by a parent group in Johannesburg.

Treatment for children with cancer is long (typically anywhere from eight months to three years) and requires frequent and regular visits to hospitals, sometimes with fairly long periods of hospitalisation. Families not living in major centres have additional stresses placed on them as they have to travel to cities and be absent from the family home while they support their child through this difficult time. At the same time, they face unexpected financial difficulties.

Usually one parent has to spend long periods in a city or large town while the child is in hospital and he or she needs accommodation. Sometimes children do not have to be in hospital but are required to attend out-patient clinics daily for a week at a time and they and their parents, need a safe and nurturing home from home. These stays vary from a week to nine months or even longer in the case of bone-marrow transplant patients.

The CHOC House programme endeavours to provide a temporary home for the parent or care giver and child during treatment periods in a house close to the hospital. They can relax and be with other families facing similar difficulties. Statistics prove that having a caring and supportive environment in which to stay can assist considerably in reducing the rate of abandonment of treatment by families.

UNLESS YOU HAVE ACCESS TO OTHER PHYTO-VET PRODUCTS


SOLAL™
TECHNOLOGIES
ANTI-AGING SPECIALISTS™
PRESCRIBED BY DOCTORS
RECOMMENDED BY PHARMACISTS™
STRESS
DAMAGE CONTROL™
WITH ADAPTOGENS
Protects the heart and brain from stress-damage
Improves stress-coping ability
WHY SOLAL™ STRESS DAMAGE CONTROL™:
more effective than most other Rhodiola containing products
60 Capsules (1 month's supply)

GOVERNANCE

Corporate Governance report

Ascendis Health is committed to adopting the highest standards of corporate governance and ethical practice to ensure the sustainability of the business.

The board is responsible for ensuring the group complies with legislation, regulation and the corporate governance policies outlined in this report. A code of ethics has been adopted and the board's transformation, social and ethics, and sustainability committee has oversight for monitoring ethics practices.

Ascendis subscribes to the spirit of good corporate governance outlined in the King Report on Corporate Governance (King lll). Robust governance processes have been implemented across the business and the directors confirm that the group has in all material respects applied the principles of King lll.

Detail on the group's application of each King lll principle, as required in terms of the JSE Listings Requirements, is available on the website (www.ascendis.co.za).

Board of directors

Board charter

The board has a formal charter which details the scope of authority, responsibility and functioning of the board. In terms of the charter the directors retain overall responsibility and accountability for the following:

- Adopting strategic plans and setting performance objectives
- Approving financial objectives and targets
- Monitoring operational performance and management
- Ensuring effective risk management and internal controls
- Complying with legislative, regulation and governance codes
- Selection, orientation and evaluation of directors
- Ensuring appropriate remuneration policies and practices
- Shareholder communications and stakeholder engagement.

Board composition

Ascendis has a unitary board structure with five non-executive directors and two executive directors.

Three of the non-executive directors, including the chairman, are classified as independent in terms of King III and the JSE Listings Requirements. Cris Dillon and Gary Shayne are not considered to be independent owing to their shareholding in Coast2Coast Investments, a 50% shareholder in Ascendis. The independence of all non-executive directors is reviewed on an ongoing basis.

The roles of the chairman, John Bester, and the chief executive officer, Dr Karsten Wellner, are separate and clearly defined. This division of responsibilities at the helm of the company ensures a balance of authority and power, with no individual having unrestricted decision-making powers.

The appointment of directors is undertaken in a formal and transparent manner by the board, assisted by the nomination committee.

All directors are subject to retirement by rotation and re-election by shareholders at least once every three years.

Biographical details on the directors appear in the board of directors section on pages 12 and 13.

Board evaluation

The first review of the performance of the board, the committees and individual directors was undertaken and reviewed by the chairman of the board. A summary of the results was presented to the board in the meeting held on 29 August 2014.

Company secretary

The company secretary ensures that board procedures and all regulations and governance codes are applied. He provides guidance to directors on governance, compliance and their fiduciary duties. Directors have unrestricted access to the advice and services of the company secretary.

Based on a formal evaluation of the company secretary undertaken in terms of the JSE Listings Requirements, the board is satisfied that he has the competence, qualifications and experience to perform the role. The company secretary is not a director of the group and has an arm's length relationship with the board.

Board committees

The directors have delegated specific responsibilities to five committees to assist the board in meeting its oversight responsibilities. The directors confirm that the committees have functioned in accordance with their terms of reference during the financial year. These terms of reference are reviewed annually.

Board committees

Audit committee

Role and responsibilities

- Ensure the group has adequate and appropriate financial and operating controls
- Maintain oversight for financial results, integrated reporting and monitor sustainability reporting
- Ensure that significant business, financial and other risks are identified and managed
- Ensure satisfactory standards of governance, reporting and compliance.
- Oversees external and internal audits.

Composition

Chair: Bharti Harie

The committee comprises three independent non-executive directors.

The audit committee is appointed by the board annually and approved by shareholders at the annual general meeting.

The external auditors, internal auditors, executive directors and finance management attend meetings by invitation.

Refer to the audit committee report in the annual financial statements.

Risk committee

Role and responsibilities

- Ensure appropriate risk management policies are adopted by management
- Ensure management has implemented systems of internal control and an effective risk-based internal audit
- Monitor borrowings, interest rate exposure movement and interest rate hedging policies
- Ensure appropriate insurance cover purchased on all material risks above pre-determined self-insured limits
- Monitor effective disclosure of risks to shareholders.

Composition

Chair: Gary Shayne

The committee comprises two independent non-executive directors, a non-executive director and an executive director (chief financial officer).

The chief executive officer, chief operating officer, external auditors, internal auditors and the heads of the operational divisions attend by invitation.

Remuneration committee

Role and responsibilities

- Ensure the group has a remuneration policy which is aligned with the strategic objectives and goals
- Review and approve remuneration of executive directors, non-executive directors and senior executives
- Review and approve payments in terms of short-term bonus schemes and long-term incentive schemes
- Propose fees for non-executive directors for approval at the AGM.

Composition

Chair: Phil Cunningham

The committee comprises two independent non-executive directors and a non-executive director

The chief executive officer attends by invitation and is recused for discussions that relate to his performance and remuneration.

Refer to the remuneration report section.

Nomination committee

Role and responsibilities

- Ensure the board has an appropriate balance of skills, experience and diversity
- Identify and nominate candidates for appointment to the board
- Co-ordinate the annual board and committee evaluation process
- Oversight of the succession plan for executive management
- Co-ordinate induction programme for new directors and continuing development for all directors
- Assist chairman in ensuring the proper and effective functioning of the board.

Composition

Chair: John Bester

The committee comprises two independent non-executive directors and a non-executive director.

Transformation, social and ethics, and sustainability committee

Role and responsibilities

- Assist the board in considering the impact of the business on the environment, society and the economy
- Monitor the group's activities relating to social and economic development, the environment, and health and public safety
- Advise the board on factors impacting on the long-term sustainability of the business
- Monitor adherence to corporate citizenship principles and ethical behaviour
- Ensure the group's interactions with stakeholders are guided by legislation and regulation.

Transformation, social, and ethics, and sustainability committee (continued)

Composition

Chair: Phil Cunningham

The committee comprises an independent non-executive director and a non-executive director.

Executive and operational management attend at the invitation of the committee.

Refer to the transformation, social and ethics, and sustainability committee report on page 40.

Board and committee members attendance

	Board	Audit	Risk	Remuneration	Nominations	Transformation, social and ethics, and sustainability
Number of meetings	4	4	4	2	2	3
John Bester	✓*	✓	✓	✓	✓*	
Phil Cunningham	✓	✓		✓*	✓	✓*
Cris Dillon	✓			✓	✓	✓
Bharti Harie	✓	✓*	✓			
Gary Shayne	✓		✓*			
Robbie Taylor	✓		✓			
Karsten Wellner	✓					

** Chairman*

Risk management

The board is responsible for the oversight of the risk management process and is assisted in this process by the risk committee. A chief risk officer has been appointed who is responsible for ensuring that an efficient and effective enterprise risk management process operates across the group.

The implementation of the business strategy is dependant on management taking calculated risks that do not jeopardise the interests of stakeholders. Sound management of risk will enable Ascendis to anticipate and respond to changes in the healthcare environment, as well as take informed decisions under conditions of uncertainty.

A risk management policy and framework has been adopted to identify, assess, manage and monitor the risks to which the business is exposed. Management has implemented systems of internal control and an effective risk-based internal audit aimed at:

- Safeguarding assets and reducing the risk of loss, error, fraud and other irregularities
- Ensuring the accuracy and completeness of accounting records and reporting
- Preparing timely and reliable financial statements and information in compliance with relevant legislation
- Complying with generally accepted accounting policies and practices
- Increasing the probability of anticipating unpredictable risk.

The board confirms that the group's risk management, mitigation and monitoring processes have been effective in limiting the impact of risks on the business in the past financial year.

Information technology (IT) governance forms an integral part of the group's risk management process, with the risk committee assisting the board in meeting its responsibilities in this regard.

An IT Steering Committee has been established which reports to the Executive Committee. An IT governance charter has been implemented to ensure that information assets are managed effectively. The board monitors and evaluates significant IT investment. External IT specialists are contracted as required.

Key risks facing Ascendis

Risk	Mitigation plans
Margin pressure from customers/retailers	Establish strong brands and market leadership
Exchange rate exposure	Build exports; forward cover
Customer concentration	Expand diversity of customer groups
Liability from product failure	Enhance quality controls
Current economic downturn	Manage from a competitive position
Pace of the group's growth	Manage resources and controls
Fraud	Develop business controls
Exposure to a highly regulated environment	Develop product diversity and regulatory excellence
Human capital	Invest in corporate culture and succession planning

Accountability and compliance

Details of the internal audit function and systems of internal control, as well as the external audit function, are contained in the audit committee report on pages 2 to 4 in the audited annual financial statements.

Legislative compliance

Legislative and regulatory compliance is monitored by the company secretary. There were no cases of material legislative or regulatory non-compliance and no penalties or sanctions were imposed on the group or any of its directors or officers during the year. The CAMS regulations were enacted during the year which had an impact on Ascendis' consumer brands division.

Personal share dealings

Directors, the company secretary and designated executives are prohibited from dealing in the group's shares during two formal closed periods immediately preceding the announcement of interim and annual results. Embargoes are also placed on share dealing when the group is trading under a cautionary announcement or at any other time deemed necessary by the board.

Directors and the company secretary are required to obtain written approval prior to dealing in Ascendis shares. All share transactions are disclosed on SENS within 48 hours of the trade being effected. Details of dealings by directors during the reporting period are recorded in the SENS announcements on our website (www.ascendis.co.za).

Remuneration Report

Remuneration policy

The Ascendis Health group's remuneration policy is developed on a performance related culture and strategy. The primary objective of this strategy is to motivate the employees in achieving the group's strategic growth through its operational and financial objectives.

The philosophy of the remuneration policy is that the growth and sustainability of the group's business is dependent on its ability to attract, motivate, and retain employees with competent skills and commitment to their scope of responsibilities, and with a performance based culture.

Remuneration principles

The key principles embedded in the remuneration policy are to:

- align remuneration practices with the group's strategy
- ensure that executive reward schemes are in line with the shareholders' interests
- attract, develop, and retain employees in the health care industry who contribute the group's sustained business growth
- recognise and reward employees by promoting a performance based culture which incorporates both short-term and long-term objectives
- be competitively positioned in the market with the group's remuneration structures
- ensure internal equity amongst the employees
- remuneration packages to comprise of annual guaranteed pay, performance based bonuses, and other benefits
- have regular increases which are merit based and in line with the job position held
- encourage career path aspirations and planning within the group.

Remuneration governance

The Ascendis Health Board has appointed a Remuneration Committee which has been delegated the responsibility of the group's remuneration practices. The membership of this Committee comprises two independent non-executive directors and one non-executive director. The Remuneration Committee reports to the main board, and conforms to the following Remuneration Committee Charter as approved by the Board.

Remuneration Committee Charter

The Remuneration Committee ("Committee") is constituted as a Committee of the Board of directors ("Board") of Ascendis Health Limited ("Company"). The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.

These terms of reference are subject to the provisions of the Companies Act 71 of 2008, as amended ("Companies Act"), the Company's memorandum of incorporation, the Listings Requirements of the JSE Limited, the King Report on Governance for South Africa ("King III") and any other applicable law or regulatory provision.

The role of the Committee is to work on behalf of the Board and is responsible for its recommendations within these terms of reference:

- Determine, agree and develop the company's general policy on executive, non-executive and senior management remuneration;
- Determine specific remuneration packages for executive directors of the company including but not limited to basic salary, benefits in kind, any annual bonuses, performance base incentives, share incentives, pension and other benefits;
- Determine any criteria necessary to measure the performance of executive directors and senior management in discharging their functions and responsibilities;
- The Committee aims to give the executive directors and senior management every encouragement to enhance the company's performance and to ensure that they are fairly but responsibly rewarded for their individual contributions and performance;
- The Committee aims to position senior executive pay levels relative to local and international industry benchmarks such that they are sufficient to attract, retain and motivate executives of the quality required by the Board. In determining the specific remuneration packages for executive directors and senior managers, the Committee will have due regard to local and international industry benchmarks;
- The Committee reviews (at least annually) the terms and conditions of remuneration packages for executive directors and senior management;
- The Committee reviews annually the terms and conditions of any executive director's service agreements;
- The Committee determines any grants to executive directors and other senior employees made pursuant to any share incentive scheme adopted by the company;

- The Group CEO keeps the Committee informed of relevant information in respect of other group executives and senior managers whose remuneration packages are not determined by the Committee;
- The company secretary keeps the Committee informed of all share transactions and shareholdings of all directors of the company;
- The Committee co-ordinates its activities with the chairperson of the Board and the chief executive of the company as well as consult with them in formulating the Committee's remuneration policy and when determining specific remuneration packages;
- The Committee may consult with other non-executive directors in its evaluation of the chairperson of the Board or chief executive of the company;
- The Committee liaises with the Board in relation to the preparation of the Committee's report to shareholders as required and will consider each year whether the circumstances are such that the annual general meeting of the company should be invited to approve the remuneration policy set out in the Committee's report; and
- The Committee should play an integral part in succession planning, particularly in respect of the managing director and the executive directors.

COMPOSITION

The Committee shall consist of not less than three directors appointed by the Board. The Committee should comprise of non-executive directors, of which the majority must be independent non-executive directors.

1. In appointing the members of the Committee the Board will nominate the chairperson of the Committee and determine the period for which he/she shall hold office.
2. The chairperson of the Board may be a member of the Committee but shall not be eligible to be appointed as chairperson of the Committee.
3. The chairperson of the Committee will be responsible for the convening of the Committee and the transmission of recommendations to the Board.

MEETINGS

1. Meetings of the Committee should be held as the Committee deems to be appropriate. However, the Committee should meet at least twice per year. Further meetings may be called by the chairperson of the Committee or any member of the Committee.
2. The notice of each meeting of the Committee confirming the venue, time and date and enclosing an agenda of items to be discussed, other than under exceptional circumstances, be forwarded to each member of the Committee not less than four working days' prior to the date of the meeting.
3. A quorum for decisions of the Committee shall be any two members present who shall vote on the matter for decision.
4. The company shall normally invite the chairperson of the Board (if not a member of the Committee) and the chief executive to attend meetings to discuss the performance of other executive directors and senior management and make proposals as necessary.
5. Minutes of meetings shall be taken by the Committee's secretary.
6. The chairperson of the Committee or a member shall attend the annual general meeting and be prepared to answer questions concerning the appointment and remuneration of executive and non-executive directors and key management.
7. Any director may, provided that there is no conflict of interest and with the consent of the chairperson of the Committee, obtain copies of the Committee's minutes.
8. Save as required by the consideration of fees payable to non-executive directors, no Committee attendee shall participate in any discussion or decision on their own remuneration.

DIRECTORS

1. The Committee will be responsible for making recommendations to the Board on all fees payable by the company to non-executive and executive directors for membership of both the Board and any Board sub-committee including additional fees to the chairperson of the Board and the chairperson of the Board sub-committees provided that no member of the Committee shall participate in the decision making of the Board in respect of his/her own remuneration.
2. Non-executive directors' fees, including Committee fees, should be approved by shareholders in advance by special resolution which shall have been passed not more than two years previously.

Remuneration Report (continued)

3. In order to achieve and maintain fair, responsible and acceptable levels of remuneration, the Committee should, inter alia, give consideration to the following:
   (a) The fees payable to non-executive directors of comparable listed companies, established if considered necessary by the Committee, by reference to independent surveys and consultants;
   (b) The general level of hourly/daily rates of fees earned by directors in their professional capacities;
   (c) The hours spent in travel and preparation for meetings, as well as actual attendances; and
   (d) A fair and reasonable allowance for indirect costs pertinent to the role of directors.
4. To the extent required by the company's memorandum of incorporation and any relevant legislation and/or regulations, the Board shall be responsible for making recommendations on such fees to the members of the company in the general meeting.
5. The Committee shall review the fees payable to non-executive directors on a regular basis and at least annually.
6. The Committee shall determine the frequency of payment of the fees.

REPORTING

1. The chairperson of the Committee shall report to the Board on a regular basis on matters dealt with by the Committee.
2. At a minimum, the chairperson of the Committee shall give an oral summary of the Committee's deliberations at the Board meeting following any Committee meeting.

REIMBURSEMENT OF EXPENSES

Directors should ensure that they are reimbursed for all direct and indirect expenses reasonably and properly incurred in performance of their obligations as a director eg accommodation and travelling expenses.

SHAREHOLDER APPROVAL OF REMUNERATION POLICY

The remuneration policy as formulated by the Committee should be tabled to shareholders for a non-binding advisory vote at the annual general meeting, in order to allow shareholders to express their views on the remuneration policy. The Board shall be responsible for determining the remuneration of executive directors in accordance with the remuneration policy put to the shareholders' vote.

NOMINATIONS

The Nominations Committee which functions in conjunction with the Remuneration Committee, will give consideration to the composition of the Board, retirements, nominations and appointments of additional and replacement directors, and make appropriate recommendations to the Board.

GENERAL

1. The Committee, in carrying out its tasks under these terms of reference, may obtain outside or other independent professional advice as it considers necessary to perform its duties.
2. These terms of reference may be amended from time to time as required subject to the approval of the Board.

Executive directors' remuneration

The remuneration structure of the executive directors is closely linked to the achievement of the Ascendis Health group's operating and financial targets and is therefore aligned to the shareholders' interests.

The remuneration packages of the executive directors include the following components:

1. Annual guaranteed pay
2. Company benefits
3. Cash-based bonuses which are based on monthly, quarterly, and annual financial performances

Based salaries are reviewed according to benchmarking of medium-sized market capitalisation companies on the JSE Limited, and which recognises the group's business model, range of product and service offerings, and the regulatory environment within the health care sector that group operates.

Cash-based performance bonus

The executive directors participate in a performance bonus scheme which is cash-based. Financial targets were determined by the Board and set on monthly Earnings Before Interest Tax Depreciation Amortisation and annual On Target Earnings, as well as operational and business goals. These targeted bonuses were included in the budgets.

The incentive scheme for the executive directors is designed on both financial and non-financial measurements across operational, financial, customer, people and internal business process improvement metrics.

Other senior management and staff

The directors, senior managers and selected key staff receive an annual guaranteed salary, which include certain retirement and health care benefits. Salaries may include premiums for resources that scarce and critical. An annual salary increase is applied which is performance based as well as market related. They may also participate in an annual performance bonus scheme.

Independent non-executive directors

The independent non-executive directors are paid a flat annual fee for their services as directors as well as for serving as members on various Board committees. The fees are determined and compared to similar listed companies and is based on an assessment of the independent non-executive director's participation in meetings as well as increased regulatory and governance responsibilities.

In conformance with best corporate governance practices, independent non-executive directors do not participate in the group's incentive schemes, nor do they have contracts with the group. No consultancy fees were paid to the independent non-executive directors during the year.

Remuneration reporting for 2014

There were some material changes that took place during the course of this financial year. Ascendis Health was listed on the JSE stock exchange on 22 November 2013. This had a bearing on the change in directors' remuneration as compared to the previous year.

The introduction of directors' fees for the appointed independent non-executive directors, which were approved in the AGM meeting, held on 21 October 2013.

The group's remuneration policy will be proposed to the shareholders for a non-binding advisory vote at the forthcoming annual general meeting to be held on 13 November 2014. In this same AGM, the shareholders will also vote on the approval of the proposed fees for 2015 financial year

Directors' emoluments

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	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 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)*	–	–	–	–	187 500	11 000	198 500
B Harie (21 October 2013)*	–	–	–	–	187 500	11 000	198 500
CD Dillon	–	–	–	–	–	–	–
GJ Shayne	–	–	–	–	–	–	–
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**

* *Appointed during the year.*

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.

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 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**
30 June 2013							
Prescribed officers	540 000	–	137 500	–	–	–	677 500
Key managers	262 500	–	–	–	–	–	262 500
Total key managers and prescribed officers	**802 500**	**–**	**137 500**	**–**	**–**	**–**	**940 000**

Notes:
Date of appointment – key managers and prescribed officers

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 Vizirgianakis	MD – Medical	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

Proposed independent non-executive directors' fees for 2015

JA Bester	R342 375
B Harie	R292 708
OP Cunningham	R259 375

Transformation, social and ethics and sustainability committee report

Ascendis Health is committed to promoting the highest standards of ethical behaviour and adopting good corporate citizenship practices across the business.

The board has established a social and ethics committee in terms of the requirements of the Companies Act, operating as the transformation, social and ethics and sustainability committee ("the committee"). The committee has an independent role and is governed by a formal charter.

This report is prepared in compliance with the Companies Act and will be presented to shareholders at the annual general meeting in November 2014.

Role of the committee

The committee assists the board in monitoring the group's activities in terms of legislation, regulation and codes of best practices relating to:

- Social and economic development
- Ethics practices
- Good corporate citizenship
- Consumer relationships
- Labour and employment
- Transformation and empowerment
- The impact of the group's products or services on the environment, society and the economy.

The committee also has a responsibility to advise the board on any issues that may impact the long-term sustainability of the business.

Composition and functioning

The committee comprises independent non-executive director Phil Cunningham, who chairs the committee, non-executive director Cris Dillon and the chief risk officer Andy Sims. Executive and operational management attend meetings at the invitation of the committee.

Biographical details of the committee members appear in the Board of directors section.

The effectiveness of the committee is assessed as part of the annual board and committee evaluation process.

Activities of the committee

The committee met twice during the year and focused on the following:

- Developing and implementing policies and procedures which promote and enhance best practices in the areas covered by the committee's mandate.
- Researching and implementing corporate social investment ("CSI") projects which have a meaningful and positive impact in selected communities.

Ascendis Health is committed to promoting the highest standards of ethical behaviour

Activities undertaken by Ascendis

The committee acknowledges the encouraging progress made by management in addressing social and ethics issues over the past year, which include:

- Implementing a code of ethics policy for the group.
- Establishing an ethics hotline facility, operated by an independent service provider.
- Initiating CSI programmes in disadvantaged communities, with a focus on the development of sport and education.
- Appointing a BEE steering committee to accelerate the group's transformation activities, particularly in the areas of skills development, enterprise development and social development.

Conclusion

The committee believes the group is substantively addressing the issues required to be monitored in terms of the Companies Act, based on the size, resources and age of the business. Reporting on these issues will be enhanced as the group integrates sustainability, transformation and ethics management across the business.

Phil Cunningham

Chairman
Transformation, social and ethics and sustainability committee

Audit committee report

BACKGROUND

The Ascendis Health Audit Committee (the Committee) is a statutory committee set up in terms of the Companies Act of South Africa 2008 (as amended) (the Act). The Committee operates within a formal Charter and complies with all relevant legislation, regulations and governance codes.

This report is presented to shareholders in compliance with the Act and the King III Codes of Governance Principles. The Committee is satisfied that, during the financial year ended 30 June 2014, it has considered and discharged its duties and responsibilities as required by section 94 of the Act.

OBJECTIVE AND SCOPE

The overall objectives of the Committee are to provide the Board with additional assurance regarding the efficacy and reliability of the financial information used by the directors and to assist them in the discharge of their duties. Further the Committee needs to oversee all factors and risks that may impact on the integrity of the integrated annual report.

The Committee carried out the following functions during the year:

- Reviewed interim and annual results to ensure that the financial results are valid, accurate and fairly represent the group's performance;
- Reviewed the Audit Committee Charter;
- Agreed the terms of engagement of the external auditors;
- Determined and implemented a policy relating to non-audit services provided by the external auditors and monitored these fees over the period;
- Oversaw the activities of internal and external audit;
- Received assurances from management and internal audit on systems of internal control;
- Reviewed the reports of both internal and external audits detailing their concerns arising out of their audits and requested appropriate responses from management;
- Reviewed and received assurances on the independence and objectivity of the external auditors and ensured that the scope of their additional services provided would not impact their independence;
- Expressed its satisfaction with the competence of the external auditors;
- Held separate discussions with both the external and internal auditors respectively and determined that there were no matters of concern;
- Considered the effectiveness of internal audit, approved the annual internal audit plan and monitored adherence of internal audit to its annual plan;
- Determined and approved the audit fees for both internal and external auditors;
- Nominated the auditors for appointment;
- Expressed its satisfaction with the competence of the Chief Financial Officer, Robbie Taylor;
- Reviewed the performance of the group against loan covenants;
- Approved all announcements to shareholders;
- Concurred with the views of management that the adoption of the going concern premise in the preparation of the financial results is appropriate; and
- Conducted an assessment of the committee and its members.

Composition of the Committee

The Committee comprises three independent non-executive directors. The Committee is elected by shareholders at the annual general meeting while the Board appoints the chairman of the Committee.

The following directors served on the Committee during the year under review and to the date of this report:

Bharti Harie *(Chairman)*	BA LLB, LLM
John Bester	B Com (Hons), CA(SA), CMS (Oxon)
Phil Cunningham	B Sc (Agric Man)

Details of the Committee members appear on pages 12 and 13 of the integrated annual report and fees paid to the Committee members are disclosed on page 38.

The effectiveness of the Committee is assessed as part of the annual Board and Committee self-evaluation process.

The external audit partner, the outsourced internal auditor, the executive directors and finance staff attend meetings at the invitation of the Committee. The Committee also meets separately with the external and internal auditors without executive management being present.

External audit

The Committee has assessed the independence, expertise and objectivity of the external auditor, PricewaterhouseCoopers Inc, as well as the fees paid to the external auditor (refer to note on page 56 in the signed annual financial statements for the year ending 30 June 2014 which are available on our website: www.ascendis.co.za).

The Committee has received confirmation from the external auditor that the partners and staff responsible for the audit comply with all legal and professional requirements with regard to rotation and independence, including the stipulation that they should not own shares in Ascendis Health.

Meetings were held with the auditor where management was not present, and no matters of concern were raised. The committee has reviewed the performance of the external auditors and nominates, for approval at the annual general meeting, PricewaterhouseCoopers as the external auditor for the 2015 financial year.

Non-audit services

The group has a formal policy on non-audit services in terms of which the total fees earned for non-audit services may not exceed 10% of the total annual fees for audit services. Any amount higher than the 10% threshold requires the written permission of the Board. Further, the policy requires PricewaterhouseCoopers to satisfy the Committee that the delivery of non-audit services does not compromise their independence in performing regular audit services.

The Committee has reviewed the scope of non-audit services and the related fees and confirms that the 10% threshold has not been transgressed.

Chief Financial Officer's Review

The Committee has reviewed the performance, appropriateness and expertise of the Chief Financial Officer, Robbie Taylor, and confirms his suitability for appointment as Chief Financial Officer in terms of the JSE requirements.

Annual Financial Statements

The Committee has evaluated the Integrated Annual Report for the year ended 30 June 2014 and considers that it complies, in all material respects, with the requirements of the Act and International Financial Reporting Standards. The Committee has as such, recommended the Annual Financial Statements contained at pages 54 to 58 therein to the Board for approval. The Board has also approved these financial statements.

AUDITED SUMMARISED ANNUAL FINANCIAL STATEMENTS 2014

COMMENTARY

OVERVIEW

Ascendis is a fast growing health and care group which sells health brands for people, plants and animals. The group owns a portfolio of market-leading health and care brands, which are housed in 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 has an expanding international presence and currently exports products to 52 countries, mainly in Africa and Europe. Listed on the JSE in November 2013, the market capitalisation of Ascendis is approximately R4 billion at the time of writing.

STRATEGY

Ascendis is 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, wholesale, pharmacies, hospitals, doctors 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 exceeded its pre-listing profit forecast in its maiden annual results to June 2014, with the performance driven by healthy organic growth and the benefit of strategic acquisitions made over the past year.

Revenue for the year increased by 171% from R598 million to R1 618 million and includes revenue for Surgical Innovations for six months, PharmaNatura for only one month and excludes recent acquisitions Respiratory Care Africa ("RCA") and Arctic Healthcare ("Arctic") (refer to Acquisitions below).

Revenue generated from foreign markets increased by 86% to R187 million, accounting for 11.5% of the group's total sales.

The gross margin expanded by 1.9% 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 310% from R53 million to R216 million as the operating margin improved from 8.8% to 13.3%.

Profit after tax exceeded the pre-listing forecast of R112 million and increased from R1.5 million to R140 million. Cash generated by operations was a healthy R176 million.

The performance for the year translated into headline earnings of R138 million (2013: R9.3 million), with headline earnings per share increasing from 9.20 cents to 64.98 cents.

A maiden final dividend of 15 cents per share has been declared.

OPERATIONAL PERFORMANCE

Consumer Brands generated revenue of R658 million (2013: R245 million) and accounted for 41% of group revenue; Pharma-Med R411 million (no comparative as businesses only acquired in FY2014) and Phyto-Vet R549 million (2013: R353 million). The medium-term targeted revenue split is Consumer Brands 40%, Pharma-Med 40% and Phyto-Vet 20%.

Ascendis brands are currently sold in 21 other African countries, which account for 68% of export sales. Major export markets outside the continent are the Scandinavian countries, Netherlands, Germany, Dubai and Australia.

ACQUISITIONS

Ascendis follows an acquisition strategy of buying established businesses and resilient brands which are integrated into divisional platforms without the full associated fixed overhead structure. This bolt-on strategy ensures immediate synergy benefits and efficiencies as well as enhanced sales and operating margins.

Since July 2013, the group has made strategic acquisitions totalling R1.4 billion, including four concluded after 30 June 2014.

Shortly after the listing Ascendis acquired Surgical Innovations, a distributor of high-end medical devices to surgeons, to create a medical devices platform in the Pharma-Med division.

In the second half of the financial year the group acquired Atka Pharma and PharmaNatura, which have been integrated into the Consumer Brands division, while RCA will bring further scale to the medical devices offering in the Pharma-Med division from August 2014 onwards.

Atka Pharma markets the BioBalance brand and PharmaNatura sells nutraceutical, homeopathic and herbal brands such as Vitaforce, Bettaway, Homeoforce and Herbaforce which are manufactured at their GMP accredited plant in Johannesburg.

RCA distributes specialist medical equipment and surgical consumables for critical care facilities such as intensive care units and operating theatres. The range of equipment is complementary to Surgical Innovations. Both companies will offer joint turnkey solutions to hospitals and further growth potential is expected from this opportunity.

Shortly after the end of the reporting period the group acquired from Arctic, a market-leading vitamin and mineral brand, including Chela-Fer, Menacal7 and Supa Chewz.

OUTLOOK

After an extensive strategic planning process Ascendis has identified the following medium-term imperatives: in the Consumer Brands division the focus will be on continued strong organic growth of its market-leading brands and developing a pipeline of innovative products to the high LSM market; profit enhancing bolt-on acquisitions in South Africa; integration and synergy projects and the internationalisation of selected brands.

In Phyto-Vet the focus will mainly be on profit enhancing bolt-ons and synergies between the existing businesses.

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. Pharma-Med plans to reduce its dependence on raw material imports, focus on internationalisation and new product launches to enhance profitability. The medical devices business will concentrate on economies of scale between Surgical Innovations and RCA, and better offerings for its complementary hospital customer base. Acquisitions will include complementary acquisitions, local bolt-ons and the first international acquisitions.

The group is well positioned to enhance the growth in its export operations and is targeting to achieve 30% of sales from international markets within three years.

The group has a healthy acquisition pipeline and is currently evaluating projects in all divisions. After 30 June 2014, a R2 billion domestic medium-term note programme has been launched. The first tranche of R400 million, together with further facilities (term facility, revolving credit facility and a trade finance facility) of R660 million, will be issued in September 2014. This programme is supported by leading local institutions and is a significant milestone to enable further growth of Ascendis Health. Management plans to increase the group's BEE shareholding and to raise further capital locally and internationally to fund its continued growth aspirations.

The key deliverables for the year ahead include the finalisation of current acquisition projects; the integration of the recently announced acquisitions of PharmaNatura, RCA and the Arctic brands; further organic growth; the extraction of vertical and horizontal synergies and internationalising its strong owned brands.

Dr Karsten Wellner
Chief Executive Officer

Robbie Taylor
Chief Financial Officer

Cape Town

9 September 2014

AUDITED SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Audited Year ended 30 Jun 2014 R'000	Audited Year ended (Restated) 30 Jun 2013 R'000
Continuing operations		
Revenue	1 617 946	597 531
Cost of sales	(890 100)	(339 934)
Gross profit	727 846	257 597
Selling and distribution costs	(46 829)	(19 263)
Administrative expenses	(502 891)	(179 589)
Other operating expenses	(30 538)	(14 896)
Other income	68 351	8 829
Operating profit	215 940	52 678
Finance income	25 592	6 866
Finance costs	(54 730)	(52 984)
Share of profit of investments accounted for using the equity method	(683)	–
Profit before income tax	186 119	6 560
Income tax expense	(45 950)	(5 091)
Profit for the year from continuing operations	140 169	1 469
Discontinued operations		
Profit/(loss) for the year from discontinued operations (attributable to owners of the parent)	(181)	147
Profit for the year	139 988	1 616
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		672
	–	672
Movement on foreign currency translation reserve		
Currency translation differences (with no tax effect)	(483)	–
Items that will not be subsequently reclassified to profit or loss:		
Gain on property revaluation	–	1 955
Taxation related to gain on property revaluation	–	(547)
Total comprehensive income for the year	139 505	3 696
Profit/(loss) attributable to:		
Owners of the parent		
– For continuing operations	137 945	9 334
– For discontinued operations	(181)	147
Non-controlling interests		
– For continuing operations	2 225	(7 865)
	139 988	1 616
Total comprehensive income/(loss) attributable to:		
Owners of the parent		
– For continuing operations	137 461	10 982
– For discontinued operations	(181)	147
Non-controlling interests		
– For continuing operations	2 225	(7 433)
	139 505	3 696
Earnings per share		
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)		
– From continuing operations	65.00	8.99
– From discontinued operations	(0.09)	0.14
	64.91	9.13

AUDITED SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION

	Audited Year ended 30 Jun 2014 R'000	Audited Year ended (Restated) 30 Jun 2013 R'000
Assets		
Non-current assets		
Property, plant and equipment	86 689	42 721
Goodwill	1 047 708	233 123
Intangible assets	251 337	86 968
Investments accounted for using the equity method	48 133	–
Deferred income tax assets	1 945	3 174
Loans to related parties	–	42 258
Other financial assets	–	198
	1 435 812	408 442
Current assets		
Inventories	431 516	169 492
Trade and other receivables	475 559	172 786
Loans to related parties	102 795	52 111
Other financial assets	2 647	3 612
Current tax receivable	–	2 360
Cash and cash equivalents	94 883	134 984
Non-current assets held for sale	13 361	–
	1 120 761	535 345
Total assets	2 556 573	943 787
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Ordinary shares	1 108 036	378 981
Other reserves	(56 119)	(7 376)
Retained earnings	153 998	16 234
	1 205 915	387 839
Non-controlling interests	6 805	347
	1 212 720	388 186
Total equity		
Liabilities		
Non-current liabilities		
Borrowings	415 286	84 876
Deferred income tax liabilities	62 239	14 755
Deferred vendor liabilities	36 423	–
	513 948	99 631
Current liabilities		
Trade and other payables	395 477	128 786
Provision for onerous contract	35 238	–
Derivative financial instruments	1 371	–
Current income tax liabilities	16 118	5 789
Borrowings	230 738	242 010
Bank overdraft	100 848	10 737
Loans from related parties	26 286	38 990
Deferred vendor liabilities	16 508	29 658
Non-current liabilities held for sale	7 320	–
	829 905	455 970
Total liabilities	1 343 853	555 601
Total equity and liabilities	2 556 573	943 787

AUDITED SUMMARISED STATEMENT OF CHANGES IN EQUITY

	Preference share R'000	Ordinary shares R'000	Stated capital R'000	Foreign translation reserve R'000
Balance as at 1 July 2012	**–**	**8 649**	**–**	**–**
Profit/(loss) for the year	–	–	–	–
Other comprehensive income/(loss) for the year	–	–	–	–
Issue of shares	–	370 332	–	–
Exchange differences on translating foreign operations	–	–	–	672
Dividends	–	–	–	–
Changes in ownership interest – control not lost	–	–	–	–
Purchase price adjustments	–	–	–	–
NCI allocation on acquisition	–	–	–	–
Balance as at 1 July 2013 (Restated)	**–**	**378 981**	**–**	**672**
Profit/(loss) for the year	–	–	–	–
Other comprehensive income/(loss) for the year	–	–	–	(483)
Transfer of ordinary shares to stated capital	–	(378 981)	378 981	–
Stated capital issued pre-private placement	–	–	173 834	–
Stated capital issued upon private placement	–	–	400 000	–
Listing fees capitalised against stated capital	–	–	(19 037)	–
Treasury shares on hand at year end	–	–	(14 594)	–
Issue of ordinary shares related to business combination	–	–	188 852	–
Share-based payment reserve	–	–	–	–
Non-controlling interest arising on business combination	–	–	–	–
Total changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	–	–
Balance as at 30 June 2014	**–**	**–**	**1 108 036**	**188**

Revaluation reserve R’000	Change in ownership reserve R’000	Share-based payment reserve R’000	(Accumulated loss)/ retained income R’000	Total attributable to equity holders of the Group/ Company R’000	Non-controlling interest R’000	Total equity R’000
–	**1 146**	**–**	**6 696**	**16 491**	**7 203**	**23 694**
–	–	–	12 039	**12 039**	(7 433)	**4 605**
976	–	–	–	**976**	–	**976**
–	–	–	–	**370 332**	–	**370 332**
–	–	–	–	**672**	–	**672**
–	–	–	–	**–**	(680)	**(680)**
–	(10 170)	–	–	**(10 170)**	(819)	**(10 990)**
–	–	–	(2 500)	**(2 500)**	–	**(2 500)**
–	–	–	–	**–**	2 077	**2 077**
976	**(9 024)**	**–**	**16 234**	**387 839**	**348**	**388 186**
–	–	–	137 764	**137 764**	2 225	**139 988**
–	–	–	–	**(483)**	–	**(483)**
–	–	–	–	**–**	–	**–**
–	400	–	–	**174 234**	–	**173 834**
–	–	–	–	**400 000**	–	**400 000**
–	–	–	–	**(19 037)**	–	**(19 037)**
–	–	–	–	**(14 594)**	–	**(14 594)**
–	–	–	–	**188 852**	–	**188 852**
–	–	13 233	–	**13 233**		**13 233**
–	–	–	–	**–**	4 633	**4 633**
–	(61 892)	–	–	**(61 492)**	(400)	**(61 892)**
976	(70 516)	13 233	153 998	1 205 915	6 805	1 212 720

AUDITED SUMMARISED GROUP STATEMENT OF CASH FLOWS

	Audited Year ended 30 Jun 2014 R'000	Audited Year ended (Restated) 30 Jun 2013 R'000
Cash flows from operating activities		
Cash generated from operations	176 520	7 734
Interest income	25 592	801
Interest paid	(54 730)	(52 429)
Dividends paid	–	(680)
Income tax paid	(43 680)	(10 679)
Net cash flows from operating activities: discontinued operations	(2 979)	(938)
Net cash generated from operating activities	100 723	(56 190)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(690 623)	(101 812)
Acquisition of investments in joint venture	(48 133)	–
Purchases of property, plant and equipment	(14 765)	(3 685)
Proceeds from sale of property, plant and equipment	36 501	326
Purchases of intangible assets	(1 750)	(1 841)
Loans granted to related parties	(20 997)	–
Loan repayments received from related parties	–	3 408
Repayment of deferred vendor liabilities	(33 549)	(10 868)
Proceeds from other financial assets	1 103	–
Dividends received	–	–
Net cash flows from investing activities: discontinued operations	(79)	(284)
Net cash used in investing activities	(772 292)	(114 755)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	366 370	370 332
Acquisition of non-controlling interest	(61 492)	(10 989)
Movement in redeemable preference shares	–	(14 677)
Proceeds from borrowings	504 993	–
Repayments of borrowings	(271 651)	(6 757)
Net cash movement from loans with related parties	–	(68 470)
Net cash flows from financing activities: discontinued operations	3 138	(1 159)
Net cash used in financing activities	541 357	268 279
Net (decrease)/increase in cash and cash equivalents	(130 212)	97 334
Cash and cash equivalents at beginning of year	124 247	26 913
Cash and cash equivalents at end of year	(5 965)	124 247

AUDITED SUMMARISED GROUP SEGMENTAL ANALYSIS

	Audited Year ended 30 Jun 2014 R'000	Audited Year ended (Restated) 30 Jun 2013 R'000
Operating segments		
Revenue		
The revenue of Ascendis Health is predominantly earned in southern Africa.		
Revenue split by division		
Consumer Brands	658 388	244 692
Phyto-Vet	548 919	352 839
Pharma-Med	410 639	–
Total revenue	1 617 946	597 531
Geographical revenue split		
South African	1 431 165	497 254
Foreign	186 781	100 277
Total revenue	1 617 946	597 531
Currently there are no intersegmental sales between operating segments within the group.		
EBITDA		
Consumer Brands		
Operating profit	96 912	30 972
Amortisation and depreciation	15 909	2 095
Impairment of assets	–	209
Consumer Brands EBITDA	112 821	33 276
Phyto-Vet		
Operating profit	37 659	31 193
Amortisation and depreciation	10 967	4 562
Impairment of assets	–	–
Phyto-Vet EBITDA	48 626	35 755
Pharma-Med		
Operating profit	99 856	–
Amortisation and depreciation	3 228	–
Pharma-Med EBITDA	103 084	–
Head office adjustments	(18 202)	(3 772)
Total EBITDA	246 329	65 259
Reconciliation of EBITDA to consolidated results		
Consolidated operating profit	215 940	52 678
Total consolidated amortisation, depreciation and impairments	30 601	12 789
Head-office portions excluded from segmental analysis	(212)	(208)
Total EBITDA	246 329	65 259

AUDITED SUMMARISED GROUP SEGMENTAL ANALYSIS (continued)

	Audited Year ended 30 Jun 2014 R'000	Audited Year ended (Restated) 30 Jun 2013 R'000
Segmental assets and liabilities		
Consumer Brands		
– Total assets	921 195	274 027
– Total liabilities	(592 139)	(106 629)
Consumer Brands net asset value	329 056	167 398
Phyto-Vet		
– Total assets	500 507	434 034
– Total liabilities	(431 118)	(411 396)
Phyto-Vet net asset value	69 389	22 638
Pharma-Med		
– Total assets	854 612	–
– Total liabilities	(330 647)	–
Pharma-Med net asset value	523 965	–
Holding company net asset value	290 310	198 150
Consolidated net asset value	1 212 720	388 186

EARNINGS PER SHARE

	Audited Year ended 30 June 2014 R'000	Audited Year ended (Restated) 30 June 2013 R'000
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.		
The number of shares in 2013 has been adjusted for the 8 000:1 share split that took place in the current financial year.		
Reported at beginning of period	166 616	91 984
Issue of ordinary shares	72 847	74 632
Minus treasury shares in issue	(95)	–
Total shares in issue net of treasury shares	239 368	166 616
Weighted average number of shares	212 228	102 952
Number of shares in issue		
Shares in issue at the beginning of the period	166 616	91 984
Shares issued during the period net of treasury shares	72 752	74 632
Number of shares in issue	239 368	166 616
Reconciliation between earnings and headline earnings		
Profit from continuing operations attributable to owners of the parent	137 944	9 334
Adjusted for:		
– Impairment of goodwill (gross amount)	–	–
– Loss/(profit) on the sale of property, plant and equipment	139	(161)
Gross amount	193	(223)
Tax effect	(54)	62
– Impairment of intangible assets	–	150
Gross amount	–	209
Tax effect	–	(59)
Headline earnings	138 083	9 323
Weighted average number of shares in issue	212 228	102 952
Reconciliation between weighted average number of shares and diluted weighted average number of shares:	Cents	Cents
Basic earnings per share (cents)	64.91	9.21
Diluted earnings per share (cents)	64.91	9.13
Basic headline earnings per share(cents)	64.98	9.20
Diluted headline earnings per share (cents)	64.98	9.12

NOTES TO THE AUDITED SUMMARISED CONSOLIDATED ANNUAL 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, 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 summarised consolidated group interim financial results as at and for the year ended 30 June 2014 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

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 2014 have been prepared under the supervision of the Financial Director, Mr RJ Taylor CA (Z) 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 consolidated 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.

3. Business combinations

Consumer Brands

During the current financial year Ascendis Health Limited acquired 100% of the following businesses:

- Solal Technologies Proprietary Limited and its subsidiaries (5 July 2013)
- Nimue Skin Southern Africa Proprietary Limited (25 July 2013)
- Bolus Distribution (1 October 2013)
- Dealcor Forty Proprietary Limited T/a Evox (1 November 2013)
- 74% of SwissGarde Proprietary Limited (1 November 2013)
- PharmaNatura Proprietary Limited (1 June 2014)

These acquisitions amounted to 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 R354 668 263, from the date of acquisition.

Pharma-Med

During the financial year Ascendis acquired the following businesses at a total consideration of R608 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 addition to the segmental revenue due to these acquisitions is R410 639 136, from the date of acquisition.

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 this acquisition is R146 790 624, from the date of acquisition

Acquisition Breakdown	Consumer Brands R'000	Pharma-Med R'000	Phyto-Vet R'000	2014 R'000	2013 R'000
Cash	424 691	288 303	14 357	727 351	103 142
Equity instruments	73 385	273 852	15 448	362 685	53 111
Vendor loans	10 823	46 000	–	56 823	29 658
Total consideration	**508 899**	**608 155**	**29 805**	**1 146 859**	**185 911**

4. Final dividend

The board of directors has approved a final gross ordinary dividend of 15 cents per share (2013: nil). 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 2.25 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 dividend of 12.75 cents per share net of DT.

The company has 239 367 785 ordinary shares in issue. Its income tax reference number is 9810/017/15/3.

Shareholders are advised of the following salient dates in respect of the final dividend:	
Last day to trade "cum" the dividend	Friday, 5 December 2014
Shares trade "ex" the dividend	Monday, 8 December 2014
Record date	Friday, 12 December 2014
Payment to shareholders	Monday, 15 December 2014

Share certificates may not be dematerialised or rematerialised between Monday, 8 December 2014 and Friday, 12 December 2014, 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, 5 December 2014, 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 2014

NOTES TO THE AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

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 770 917 and R21 721 349. 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 R3 998 532. 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:

	Audited year ended June 2014 R
Carrying amount of non-controlling interests acquired	399 970
Excess of consideration paid recognised in parent's equity	61 492 266
Consideration paid for non-controlling interest	61 892 236

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.

The bridge facility of R150 million classified as short term debt will be replaced by a long-term 5-year bond.

JSE Limited Listings Requirements

The final 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) 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, Andy Sims, for any additional information in this regard.

Contingent liabilities

There are no additional contingent liabilities since the reporting year ended on 30 June 2014.

Significant events after the reporting period

Arctic Health Care

The Company has concluded an agreement on 8 August 2014 in terms of which Ascendis has acquired certain market-leading brands from Arctic Healthcare for a consideration of R151 million.

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

A transaction between Coast2Coast and 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

With the acquisition of Respiratory Care Africa for R153.1 million on 19 August 2014 Ascendis will scale its medical devices platform in the Pharma-Med Division, to become a leading provider of medical devices throughout South Africa. RCA complements Surgical Innovations and will enhance Ascendis' ability to service hospitals, clinics and government tenders with leading brands and on a turnkey basis within a growing market.

Listing of a bond on the JSE

The bridge facility of R150 million classified as short-term debt will be replaced by a long-term five-year bond.

In October 2014 Ascendis refinanced 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 initial facilities, as follows:

1. R400 million 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. R650 million 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 R50 million.

To effect this in a tax efficient manner, the group debt will be introduced via a dedicated financing vehicle, Ascendis Financial Services Ltd (AFS), a 100% subsidiary of Ascendis.

Structure

The practice amongst domestic lenders requires the implementation of a ring-fenced security structure, as described 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 parri passu 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:

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

This programme will ensure the appropriate recapitalisation of current debt and support the Ascendis growth strategy.

SHAREHOLDER ANALYSIS
at 30 June 2014

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 (Pty) Limited	**43.4**
Coast2Coast Holdings (Pty) Limited	**5.9**
Investec Emerging Companies Fund	**2.3**
Major fund managers managing 1% or more	
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	23.0	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	100.0	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	**5 000**	**80 000**	**–**	**85 000**
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	**4 980 080**	**122 964 884**	**3 044 000**	**130 988 964**

The total number of ordinary shares in issue is 239 463 381. Percentage of issued share capital held beneficially by directors is 53.4%. Details of all dealings in Ascendis shares by directors during the financial year are reported on SENS announcements and are recorded on the company's website www.ascendis.co.za.

Beneficial shareholders by region	Number of holders	Percentage of holders	Number of shares	Percentage of shares
South Africa	**810**	**96.8%**	**232 329 340**	**97.0%**
United Kingdom	**11**	**1.3%**	**3 764 029**	**1.6%**
Zimbabwe	**4**	**0.5%**	**1 705 000**	**0.7%**
Cayman Island	**2**	**0.2%**	**695 518**	**0.3%**
Germany	**3**	**0.4%**	**345 000**	**0.1%**
Italy	**1**	**0.1%**	**280 000**	**0.1%**
United States	**1**	**0.1%**	**176 000**	**0.1%**
Sweden	**1**	**0.1%**	**105 264**	**0.0%**
Luxembourg	**1**	**0.1%**	**42 000**	**0.0%**
Mauritius	**1**	**0.1%**	**16 000**	**0.0%**
Australia	**1**	**0.1%**	**4 230**	**0.0%**
Ireland	**1**	**0.1%**	**1 000**	**0.0%**
	837	**100.0%**	**239 463 381**	**100.0%**

Foreign/Non-Foreign Shareholders	Number of holders	Percentage of holders	Number of shares	Percentage of shares
SA residents	**810**	**96.8%**	**232 329 340**	**97.0%**
Foreign shareholders	**27**	**3.2%**	**7 134 041**	**3.0%**
	837	**100.0%**	**239 463 381**	**100.0%**

Ascendis Health Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2008/005856/06)
(Share code: ASC ISIN: ZAE 000185005)
("**Ascendis Health**" or "**Company**")

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the second annual general meeting of the shareholders of the Company will be held at 9 a.m. on 13th November 2014, at Kirstenbosch National Botanical Garden, Rhodes Avenue, Newlands, 7700, to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out below, in the manner required by the Companies Act No. 71 of 2008, as amended ("the Act") and subject to the applicable Listings Requirements of the JSE Limited ("JSE Listings Requirements") on which the Company's ordinary shares are listed.

Record Date

The board of directors of the Company has determined that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of this annual general meeting is 10 October 2014, and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the annual general meeting is Friday 7 November 2014. Accordingly, only shareholders who are registered in the Companies' securities register on Friday, 7 November 2014 will be entitled to participate in and vote at the annual general meeting.

When reading the resolutions below, please refer to the explanatory notes for these resolutions which are set out on pages 8 to 10 of this Notice.

1. Adoption of the annual financial statements
Ordinary Resolution Number 1

"Resolved that the audited annual financial statements of the Company and its subsidiaries as approved by the board of directors be and are hereby received and adopted."

The annual financial statements are available on the company's website: www.ascendis.co.za in the Financial Results section of Investor Relations.

The percentage voting rights required for Ordinary Resolution number 1 to be adopted: more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the annual general meeting.

2. Reappointment of auditors
Ordinary Resolution Number 2

"Resolved that PricewaterhouseCoopers, practice number 901121, with registered office at 2 Eglin Road, Sunninghill, Johannesburg, Gauteng, be and is hereby re-appointed as the Company's auditor and to note that the individual registered auditor who will perform the function of auditor is Louis Rossouw, identity number 7403195254080, provided that PricewaterhouseCoopers is acceptable to the Company's audit committee as being independent of the Company, having regard to the matters enumerated in section 94(8)."

The percentage voting rights required for Ordinary Resolution number 2 to be adopted: More than 50% (fifty percent) of the votes cast by shareholders present or represented by proxy at the annual general meeting.

3. Re-election of directors of the Company
Ordinary Resolution Numbers 3.1 and 3.2

"Resolved that the following directors of the company, who, being eligible, have offered themselves for re-election, are re-elected by separate resolutions, and each by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, in terms of article 26.3 of the company's Memorandum of Incorporation:

- Gary John Shayne (non-executive director)
- Crispin Douglas Dillon (non-executive director)"

Brief biographies in respect of each director offering himself for election are on the company's website at www.ascendis.co.za.

The percentage voting rights required for Ordinary Resolution Numbers 3.1 and 3.2 to be adopted: more than 50% (fifty percent) of the votes cast by shareholders present or represented by proxy at the annual general meeting.

4. Appointment of Audit Committee

The board recommends the following three independent non-executive directors to the Audit Committee of the Company.

- Bharti Harie
- John Andrew Bester
- Osment Philip Cunningham

The board is satisfied that they have the necessary qualifications and/or experience in the areas required to fulfill their responsibilities as members of the Audit Committee.

Ordinary Resolution Numbers 4.1 to 4.3

"Resolved that, subject to the passing of ordinary resolution number 3.1, the Company appoints the following independent non-executive directors as members of Company's audit committee with effect from the date of passing of this resolution:

- Bharti Harie (chairman)
- John Andrew Bester
- Osment Philip Cunningham"

It is recorded that John Andrew Bester is the appointed chairman of the board. In terms of this Ordinary Resolution number 4, John Bester is also proposed to be appointed as a member of the Audit Committee. In terms of the Guidance Letter on Corporate Governance issued by the JSE Limited ("JSE") on the 31 January 2013 an independent, non-executive chairman of the board may be appointed as a member of the audit committee provided, among other things, that (i) all other members on the audit committee are independent non-executive directors, and (ii) that the Shareholders have approved the appointment of the chairman as a member of the audit committee at the annual general meeting.

Each of John Andrew Bester, Bharti Harie and Osment Philip Cunningham qualify as independent non-executive directors of the Company. It is accordingly permissible for John Bester to serve both as chairman of the board and a member of the audit committee.

The percentage voting rights required for Ordinary Resolution Numbers 4.1 to 4.3 to be adopted: more than 50% (fifty percent) of the votes cast by shareholders present or represented by proxy at the annual general meeting.

5. General Authority to issue shares of the Company
Ordinary Resolution Number 5

"Resolved that the directors of the Company be and are hereby authorised, by way of a general authority in accordance with the Memorandum of Incorporation of the Company, to issue all of the authorised but unissued ordinary shares in the capital of the Company in its discretion until the next annual general meeting of the Company, provided that such authority may be varied or revoked by any general meeting of the shareholders prior to such annual general meeting, and provided that, upon the listing of the ordinary shares on the exchange operated by the JSE, any issue of ordinary shares shall also be subject to the provisions of the JSE Listings Requirements ("Listing Requirements")."

The percentage voting rights required for Ordinary Resolution Number 5 to be adopted: more than 50% (fifty percent) of the votes cast by shareholders present or represented by proxy at the annual general meeting.

6. General Authority to issue shares of the Company for cash
Special Resolution Number 1

""Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue all or any of the authorised but unissued shares in the capital of the Company for cash as they in their discretion deem fit, subject to the limitations as set out in the Act, the Memorandum of Incorporation of the Company and the Listings Requirements from time to time, being, as at the date of this resolution:

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class of shares already in issue;
- any such issue will only be made to public shareholders (as defined by the Listings Requirements) and not to related parties (as defined by the Listings Requirements);
- that issues of shares in the aggregate in any one financial year may not exceed 15% (fifteen percent) of the number the Company's issued shares of that class, representing 36 676 633 of the shares in issue at the date of this notice;
- the maximum discount at which the shares may be issued is 10% (ten percent) of the weighted average traded price of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the Company and the party/ies subscribing for the shares. The JSE should be consulted for a ruling if the Company's securities have not traded in such 30 (thirty) business day period;

- this general authority shall be valid until the next annual general meeting of the Company, provided that it shall not extend beyond 15 (fifteen) months from the date that this general authority is given; and
- upon any issue of ordinary shares which, together with prior issues of ordinary shares during the same financial year, will constitute 5% (five percent) or more of the total number of ordinary shares in issue prior to that issue, the Company shall, publish an announcement in terms of section 11.22 of the Listings Requirements."

The percentage voting rights required for Special Resolution number 1 to be adopted: In terms of the Listings Requirements, more than 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the annual general meeting.

7. Approval of independent non-executive directors remuneration Special resolution number 2

"Resolved that, subject to ordinary resolution number 3.1 being adopted, the following remuneration of independent non-executive directors of the Company for their services as directors of the Company for the year ended 30 June 2015 be and is hereby approved, in terms of the provisions of section 66(9) of the Act ."

Proposed annual remuneration for directors for the year ended 30 June 2015:

Director	Directors' fees R
John Andrew Bester	342 375
Bharti Harie	259 375
Osment Philip Cunningham	259 375
Total	**861 125**

The percentage voting rights required for Special Resolution number 2 to be adopted: more than 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the annual general meeting.

8. General Authority to repurchase shares in the Company Special resolution number 3

"Resolved that the Company and/or any subsidiary of the Company be and is hereby authorised, by way of a general authority, to repurchase ordinary shares in the capital of the Company upon such terms and conditions and in such amounts as the directors may from time to time determine in terms of and subject to:

- sections 4, 46 and 48 of the Act; and
- the Listings Requirements, being, as at the date of this resolution, that:
  - the repurchase of ordinary shares shall be effected through the order book operated by the JSE trading system, and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty;
  - the general repurchase by the Company, and/or by its subsidiaries, of the Company's ordinary shares is authorised by its Memorandum of Incorporation;
  - this general authority shall be valid until the Company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this Special Resolution number 3;
  - repurchases must not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction is effected and the JSE should be consulted for a ruling if the applicant's securities have not traded in such 5 (five) business day period;
  - repurchases by the Company of its shares shall not, in the aggregate in any one financial year, exceed 20% of the Company's issued share capital of that class;
  - at any point in time the Company may only appoint one agent to effect any repurchase on the Company's behalf or on behalf of any subsidiary of the Company;
  - the passing of a resolution by the board of directors authorizing the repurchase, that the Company passed the solvency and liquidity test and that since the test was performed there have been no material changes to the financial position of the group;
  - the Company and its subsidiaries will not repurchase ordinary shares during a prohibited period (as defined in the Listings Requirements) unless they have in place a repurchase programme where the dates and quantities of ordinary shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
  - prior to entering the market to repurchase shares, the Company's sponsor has provided written confirmation to the JSE regarding the adequacy of the Company's working capital in according with Schedule 25 of the Listings Requirements;

– an announcement complying with paragraph 11.27 of the Listings Requirements will be published by the Company or its subsidiary (i) when the Company and/or its subsidiaries have cumulatively repurchased 3% (three percent) of the ordinary shares in issue as at the date of the listing of the ordinary shares in the Company on the JSE ("the initial number") and (ii) for each 3% (three percent) in the aggregate of the initial number of the ordinary shares acquired thereafter by the Company and/or its subsidiaries."

The directors of the Company have no specific intention at present to effect the general repurchase but will continually review this position having regard to prevailing circumstances.

This resolution requires the approval of at least 75% (seventy five percent) of the voting rights of shareholders exercised on the resolution, in accordance with section 65(11) of the Act and paragraph 5.72(c) of the Listings Requirements.

Statement of the directors of the Company in respect of Special Resolution 3

The directors of the Company undertake, after considering the effect of the general repurchase under Special Resolution 3, that they will not give effect to any such repurchase unless:

- the Company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the annual general meeting;
- the assets of the Company and the group will be in excess of the liabilities of the Company and the group for a period of 12 months after the date of the notice of the annual general meeting, such assets and liabilities to be recognized and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- the share capital and reserves of the Company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting; and
- the Company's and the group's working capital will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting."

Additional information in respect of Special Resolution 3

In terms of section 11.26 of the Listings Requirements, the disclosures regarding directors and management, major shareholders, directors' interests in securities, share capital of the Company appear in the Shareholders' analysis report which is available on the company's website: www.ascendis.co.za in the Financial Results section of Investor Relations.

Litigation statement

The directors are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or had in the recent past, being at least the previous 12 months, a material effect on the Company's and group's financial position.

Directors' responsibility statement

The directors collectively and individually accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the Listings Requirements.

Material changes

There have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of the notice of annual general meeting.

9. APPROVAL OF FINANCIAL ASSISTANCE IN TERMS OF SECTION 44 OF THE ACT SPECIAL RESOLUTION NUMBER 4

"Resolved that in terms of section 44(3) of the Act the Company be and is hereby authorised, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, to provide any person with financial assistance for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that –

- the recipient or recipients of such financial assistance, and the form, nature and extent of such financial assistance, and the terms and conditions under which such financial assistance is provided, are determined by the board of directors of the Company from time to time; and
- the board of directors of the Company may not authorize the Company to provide any financial assistance pursuant to this special resolution unless the board meets all those requirements of section 44 of the Act which it is required to meet in order to authorize the Company to provide such financial assistance; and

- in terms of section 44(3)(a)(ii) of the Act the board of directors of a Company may not authorize any financial assistance unless pursuant to a special resolution of the shareholders adopted within the previous two years, either as a general or specific authority, the shareholders of the Company have approved such financial assistance. The effect of this resolution is to grant the board of directors of the Company the general authority to provide direct or indirect financial assistance to the persons mentioned above. This authority will be in place for a period of two years from the date of adoption of this resolution."

The percentage voting rights required for Special Resolution number 5 to be adopted: more than 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the annual general meeting.

10. APPROVAL OF FINANCIAL ASSISTANCE IN TERMS OF SECTION 45 OF THE ACT SPECIAL RESOLUTION NUMBER 5

"Resolved that, in terms of section 45(3) of the Act the Company be and is hereby authorised, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, to provide any direct or indirect financial assistance as contemplated in such section of the Act to any director or prescribed officer of the Company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, provided that –

- the recipient or recipients of such financial assistance, and the form, nature and extent of such financial assistance, and the terms and conditions under which such financial assistance is provided, are determined by the board of directors of the Company from time to time; and
- the board of directors of the Company may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the board meets all those requirements of section 45 of the Act which it is required to meet in order to authorize the Company to provide such financial assistance; and
- such financial assistance to a recipient thereof is, in the opinion of the board of directors of the Company, required for the purpose of (i) meeting all or any of such recipient's operating expenses (including capital expenditure), and/or (ii) funding the growth, expansion, reorganization or restructuring of the businesses or operations of such recipient, and/or (iii) funding such recipient for any other purpose which in the opinion of the board of directors of the Company is directly or indirectly in the interests of the Company."

In terms of section 45(3)(a)(ii) of the Act the board of directors of a Company may not authorise any financial assistance unless pursuant to a special resolution of the shareholders adopted within the previous two years, either as general or specific authority, the shareholders of the company have approved such financial assistance. The effect of this resolution is to grant the board of directors of the Company the general authority to provide direct or indirect financial assistance to the persons mentioned above, including in the form of loans or the guaranteeing of their debts. This authority will be in place for a period of two years from the date of adoption of this resolution."

The percentage voting rights required for Special Resolution number 6 to be adopted: more than 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the annual general meeting.

11. Endorsement of Ascendis Remuneration Policy Ordinary resolution number 6

"Resolved, by way of a non-binding vote, that the company's remuneration policy, excluding the remuneration of the independent non-executive directors for their services as directors, is endorsed". This policy is available in the Corporate Governance section on the Company's website at www.ascendis.co.za

12. General authority to sign all documents Ordinary resolution number 7

"Resolved that any director or secretary of the Company or any other person to whom a director has delegated his authority to do so, be and is hereby authorised to sign all documents and any amendments thereto, take all such steps and do all such other things as may be necessary in order to give effect to and/or implement the resolutions contained herein."

The percentage voting rights required for Ordinary Resolution number 7 to be adopted: more than 50% (fifty percent) of the votes cast by shareholders present or represented by proxy at the annual general meeting.

13. Other business

Further to transact any other business that may be transacted at the annual general meeting.

VOTING AND PROXIES

Participation by Electronic Communication

The AGM will be available live on webcasting by 7th November 2014, by following the link provided for on the website: www.ascendis.co.za.

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

Certificated shares

If you hold certificated shares (i.e. have not dematerialised your shares in the Company) or are registered as an own name dematerialised shareholder (i.e. have specifically instructed your Central Security Depository Participant ('CSDP') to hold your shares in your own name on the company's sub-register), then:

- you may attend and vote at the annual general meeting; alternatively
- you may appoint a proxy (who need not also be a shareholder of the Company) to represent you at the annual general meeting by completing the attached form of proxy and, for administrative reasons, returning it to the office of the company's transfer secretaries not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays). Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy as stipulated in section 58(3)(b) of the Act. Please also note that the attached form of proxy may be delivered to the Company at the time stipulated in the proxy form below, before the annual general meeting and must be so delivered before your proxy may exercise any of your rights as a shareholder at the annual general meeting.

Dematerialised shares

Please note that if you are the owner of dematerialised shares with electronic records of ownership under the JSE's electronic settlement system, Strate Limited ('Strate'), held through a CSDP or broker and are not registered as an 'own name' dematerialised shareholder you are not a registered shareholder of the company, but appear on the sub-register of the company held by your CSDP. Accordingly, in these circumstances subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to attend the annual general meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from them; alternatively
- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish them with your voting instructions in respect of the annual general meeting and/or request them to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by them.

CSDPs, brokers or their nominees, as the case may be, recorded in the company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the company, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the company's transfer secretaries not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

Identification

Section 63(1) of the Companies Act requires that a person wishing to participate in the annual general meeting (including any representative or proxy) must provide satisfactory identification (such as identity documents, driver's licences or passports) before they may attend or participate at such meeting.

Voting

Each shareholder whether present in person or represented by proxy, is entitled to attend and vote at the annual general meeting.

Votes at the annual general meeting will be taken by way of a poll and not on a show of hands.

Quorum

A quorum for the purposes of considering the resolutions shall comprise 25% of all the voting rights that are entitled to be exercised by shareholders in respect of each matter to be decided at the annual general meeting. In addition, a quorum shall consist of three shareholders of the company personally present of represented by proxy (and if the shareholder is a body corporate, it must be represented) and entitled to vote at the annual general meeting.

Proxies

Each shareholder is entitled to appoint one or more proxies (who need not be shareholders of Ascendis Health) to attend, speak and vote in his/her stead. On a poll, every shareholder present in person or by proxy shall have one vote for each share held by him/her. Shareholders who are unable to attend the annual general meeting but who wish to be represented thereat, are required to complete and return the attached form of proxy.

It is requested that this form of proxy be lodged or posted or faxed to the transfer secretaries, Computershare Investor Services Proprietary Limited at 70 Marshall Street, Johannesburg, 2001, or at PO Box 61051, Marshalltown, 2107, South Africa or by fax on +27 11 688 6238, to be received by them no later than 9 a.m. on 11th November, 2014.

In compliance with the provisions of section 58(8)(b)(i) of the Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Act, is set out below:

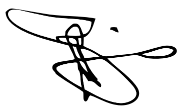
- An ordinary shareholder entitled to attend and vote at the annual general meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the annual general meeting in the place of the shareholder. A proxy need not be a shareholder of the Company.
- A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the annual general meeting.
- A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
- The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
- The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
- If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the "Notes to the form of proxy".

Representation

Shareholders of the company that are companies, that wish to participate in the annual general meeting, may authorise any person to act as its representative at the annual general meeting.

By order of the Board



Andy Sims
Company Secretary

16th October 2014

EXPLANATORY NOTES

ORDINARY RESOLUTION NUMBER 1

Adoption of annual financial statements

In terms of article 33.5 of the Company's Memorandum of Incorporation, the shareholders must consider the annual financial statements.

ORDINARY RESOLUTION NUMBER 2

Reappointment of auditors

In terms of section 90(1) of the Act, each year at its annual general meeting, the Company must appoint an auditor who complies with the requirements of section 90(2) of the Act. Following a detailed review, which included an assessment of its independence, the current Audit Committee of the Company has recommended that PricewaterhouseCoopers be reappointed as the auditors of the Company. Section 94(9) of the Companies Act entitles a company to appoint an auditor at its annual general meeting, other than one nominated by the audit committee, but if such an auditor is appointed, the appointment is valid only if the audit committee is satisfied that the proposed auditor is independent of the Company.

ORDINARY RESOLUTION NUMBERS 3.1 and 3.2

Re-election of directors

In terms of the Company's Memorand um of Incorporation, 1/3 (one third) of the non-executive directors shall retire from office at each annual general meeting of the Company. The non-executive directors so to retire at each annual general meeting shall those who have been longest in office since their last election. For avoidance of doubt, in determining the number of non-executive directors to retire, no account shall be taken of any executive directors. Retiring non-executive directors shall be eligible for re-election.

The board of directors has evaluated the past performance and contribution of the retiring non-executive directors and recommends that they be re-elected.

ORDINARY RESOLUTION NUMBERS 4.1 to 4.3

Re-election of members of the Audit Committee

The members of the Audit Committee have been nominated by the board of directors of the Company for election as members of the Company's Audit Committee in terms of section 94(2) of the Act.

The board has reviewed the proposed composition of the Audit Committee against the requirements of the Act and the JSE Listings Requirements, and has confirmed that if all the individuals referred to above are re-elected, the committee will comply with the relevant requirements and have the necessary knowledge, skills and experience to enable it to perform its duties in terms of the Act.

ORDINARY RESOLUTION NUMBER 5

Approval for the issue of authorised but unissued ordinary shares

In terms of the Company's Memorandum of Incorporation, read with the JSE Listings Requirements, the shareholders of the Company may authorise the directors to, inter alia, issue any unissued ordinary shares and/or grant options over them, as the directors in their discretion think fit.

The existing authority granted by the shareholders at the previous annual general meeting is proposed to be renewed at this annual general meeting. The authority will be subject to the provisions of the Act and the JSE Listings Requirements.

The directors have decided to seek annual renewal of this authority in accordance with best practice. The directors have no current plans to make use of this authority, but wish to ensure, by having it in place, that the Company has some flexibility to take advantage of any business opportunities that may arise in the future.

SPECIAL RESOLUTION NUMBER 1

Approval for the issuing of equity securities for cash

In terms of Ordinary Resolution Number 5, the shareholders authorised the directors to allot and issue a portion of the authorised but unissued shares, as the directors in their discretion think fit.

In terms of the JSE Listings Requirements, when shares are issued, or considered to be issued, for cash (including the extinction of liability, obligation or commitment, restraint, or settlement of expenses), the shareholders have to authorise such issue with a 75% (seventy-five per cent) majority.

The existing general authority to issue shares for cash granted by the shareholders at the previous annual general meeting will expire at this annual general meeting, unless renewed. The authority will be subject to the provisions of the Act and the JSE Listings Requirements. The aggregate number of ordinary shares capable of being allotted and issued for cash are limited as set out in the resolution.

The directors consider it advantageous to renew this authority to enable the Company to take advantage of any business opportunity that may arise in future.

SPECIAL RESOLUTION NUMBER 2

Approval for the remuneration of non-executive directors

Special Resolution Number 2 is proposed to enable the Company to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the Act, which stipulate that remuneration to directors for their service as directors may be paid only in accordance with a special resolution approved by shareholders.

SPECIAL RESOLUTION NUMBER 3

Acquisition of the Company's own shares

Special Resolution Number 3 is sought to allow the Company and/or its subsidiaries ("the Group") by way of a general authority to acquire its own issued shares (reducing the total number of ordinary shares of the Company in issue in the case of an acquisition by the Company of its own shares).

At the present time, the directors have no specific intention with regard to the utilisation of this authority which will only be used if the circumstances are appropriate. Any decision by the directors to use the general authority to acquire shares of the Company will be taken with regard to the prevailing market conditions and other factors and provided that, after such acquisition, the directors are of the opinion that:

(i) the Group will be able to pay its debts in the ordinary course of business for a period of 12 (twelve) months after the date of this notice;

(ii) the assets of the Group will exceed the liabilities of the Company and its subsidiaries for a period of 12 (twelve) months after the date of this notice, recognised and measured in accordance with the accounting policies used in the latest audited annual Group financial statements;

(iii) the ordinary share capital and reserves of the Company and its subsidiaries will be adequate for the purposes of the business of the Company and its subsidiaries for the period of 12 (twelve) months after the date of this notice; and

(iv) the working capital of the Company and its subsidiaries will be adequate for the purposes of the business of the Company and its subsidiaries for the period of 12 (twelve) months after the date of this notice.

The Company will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any acquisition of the Company's shares on the open market.

SPECIAL RESOLUTION NUMBER 4 AND 5

Approval for the Company to grant financial assistance in terms of sections 44 and 45 of the Act.

Notwithstanding the title of section 45 of the Act, being "Loans or other financial assistance to directors", on a proper interpretation thereof, the body of the section also applies to financial assistance provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation, and to a person related to any such company, corporation or member.

Further section 44 of the Act may also apply to the financial assistance so provided by a company to any related and inter-related company or corporation, a member, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or a purchase of any securities of the Company or a related or inter-related company.

Both sections 44 and 45 of the Act provide, that the particular financial assistance must be provided only pursuant to a special resolution of shareholders, adopted within the previous 2 (two) years, which approved such assistance either for a specific recipient or generally for a category of potential recipients, and the specific recipient falls within the general recipients and the board is satisfied that: (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in the Act); and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

As part of the normal conduct of the business of the Group, the Company, where necessary, usually provides guarantees and other support undertakings to third parties which enter into financial agreements with its subsidiaries. In the circumstances and in order, inter alia, to ensure that the Company and its subsidiaries have access to financing and refinancing existing facilities and funding their corporate and working capital requirements, it is necessary to obtain the approval of the shareholders as set out in this special resolution. The Company would like the ability to continue to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Act.

Furthermore, it may be necessary for the Company to provide financial assistance to any of its present or future subsidiaries, and/or to any related or inter-related company or corporation, and/or to a member of a related or inter-related corporation, to subscribe for options or securities of the Company or another company related or inter-related to it. Under the Act, the Company will require the special resolution referred to above to be adopted.

It is therefore imperative that the Company obtains the approval of shareholders in terms of Special Resolution Numbers 5 and 6 so that it is able to effectively organise its internal financial administration.

ORDINARY RESOLUTION NUMBER 6

Endorsement of Ascendis Remuneration Policy

In terms of King III, every year, the company's remuneration policy should be tabled for a non-binding advisory vote at the annual general meeting. The essence of this vote is to enable the shareholders to express their views on the remuneration policies adopted and on their implementation.

Accordingly, the shareholders are requested to endorse the company's remuneration policy as recommended by King III.

Ascendis Health Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2008/005856/06)
(Share code ASC ISIN: ZAE 000185005)
("**Ascendis Health**" or "**Company**")

ANNUAL GENERAL MEETING

13 November 2014 at Kirstenbosch National Botanical Garden, Rhodes Avenue, Newlands, 7700.

Proxy form – for use only by certified shareholders and own name dematerialised shareholders at the annual general meeting of shareholders of the Company to be held at 9:00 on 13 November 2014 ("the second annual general meeting")

A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend the meeting and speak and, on a poll, to vote in his/her stead. A proxy need not be a member of the Company.

I/We (please print name in full)

of (address)

being a member/s of Ascendis Health Limited and entitled to votes

Telephone number Cellphone number

e-mail address

hereby appoint (please print name in full)

of

or failing him/her, of

or, failing him/her, the chairman of the meeting, as my/or proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at Kirstenbosch National Botanical Garden, Rhodes Avenue, Newlands, 7700 at 9:00 on 13 November 2014 and at any adjournment thereof, as follows:

		IN FAVOUR	AGAINST	ABSTAIN
PROPOSED RESOLUTIONS				
Ordinary Resolution Number 1:	Adoption of annual financial statements			
Ordinary Resolution Number 2:	Re-appointment of auditors			
Ordinary Resolution Number 3.1:	Re-appointment of Gary John Shayne as a non-executive director			
Ordinary Resolution Number 3.2:	Re-appointment of Crispian Douglas Dillon as a non-executive director			
Ordinary Resolution Number 4.1:	Appointment of Bharti Harie as a member of the Audit Committee			
Ordinary Resolution Number 4.2:	Appointment of John Andrew Bester as a member of the Audit Committee			
Ordinary Resolution Number 4.3:	Appointment of Osment Philip Cunningham as a member of the Audit Committee			
Ordinary Resolution Number 5:	General authority to issue shares of the Company			
SPECIAL RESOLUTIONS				
Special Resolution Number 1:	General authority to issue shares of the Company for cash			
Special Resolution Number 2:	Approval of independent non-executive directors' remuneration			
Special Resolution Number 3:	General authority to repurchase shares in the Company			
Special Resolution Number 4:	Approval of financial assistance in terms of section 44 of the Act			
Special Resolution Number 5:	Approval of financial assistance in terms of section 45 of the Act			
PROPOSED RESOLUTIONS				
Ordinary Resolution Number 6:	Endorsement of Ascendis' Remuneration Policy			
Ordinary Resolution Number 7:	Authority to sign all documents			
(Indicate instructions to proxy by way of a cross in the spaces provided above, failing which the proxy may vote as he/she thinks fit.)				

Signed by me/us this day of 2014

Name of shareholder:
(please print)

Signature:

Please read the notes overleaf.

NOTES TO THE PROXY FORM

Proxy Notes:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the spaces provided, with or without deleting "the chairman of the annual general meeting," but any such deletion must be initialed by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are filled in the proxy shall be exercised by the chairman of the annual general meeting.
2. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercised by that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorize the proxy to vote or to abstain from voting at the annual general meeting as he deems fit in respect of all the shareholder's votes exercised thereat. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast in respect of which abstentions recorded may not exceed the total votes exercisable by the shareholder or his proxy.
3. This form of proxy be lodged or posted or faxed to the transfer secretaries, Computershare Investor Services Proprietary Limited at 70 Marshall Street, Johannesburg, 2001, or at PO Box 61051, Marshalltown, 2107, South Africa or by fax on +27 11 688 6238, to be received by them no later than 9 a.m. on 11th November, 2014.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting, speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary proof establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the chairman of the twenty second annual general meeting.
6. Any alterations to the form of proxy must be initialed by the signatories.

Notes

Shareholders' diary

Annual general meeting	13 November 2014
Results and reporting	
Interim results to December 2014	on or about 11 March 2015
Annual results to June 2015	on or about 9 September 2015
Publication of 2015 integrated annual report	October 2015
Ordinary dividend	
2014 final dividend	
Last day to trade "cum" the dividend	5 December 2014
Record date	12 December 2014
Dividend payment	15 December 2014

Corporate information

Ascendis Health Limited
Incorporated in the Republic of South Africa
Registration number 2008/005856/06
Income tax number 9810/017/15/3

JSE share code	ASC
ISIN	ZAE000185005
Registered office	22 Sloane Street, Bryanston, Gauteng 2191
Postal address	PostNet Suite #252, Private Bag X21, Bryanston 2021
Contact details	+27 11 036 9600/info@ascendis.co.za
Company secretary	AP Sims
Auditors	PricewaterhouseCoopers Inc
Principal bankers	The Standard Bank of South Africa Limited
JSE sponsor	Investec Bank Limited
Transfer secretaries	Computershare Investor Services (Pty) Limited 70 Marshall Street, Johannesburg, 2001 PO Box 61051, Marshalltown, 2107 Telephone: +27 11 370 5000
Directors	J Bester *(Chairman)** Dr K Wellner *(Chief Executive Officer)* OP Cunningham* CD Dillon# B Harie* GJ Shayne# RJ Taylor *(Chief Financial Officer)*

* *Independent non-executive*
\# *Non-executive*

For more information, please visit our website on www.ascendis.co.za

From left to right: Richard Crouse (Chief Operating Officer), Dr. Karsten Wellner (Chief Executive Officer), Robbie Taylor (Chief Financial Officer)

Ascendis HEALTH

www.ascendis.co.za