



Ascendis HEALTH

(Registration number 2008/005856/06)



Pro forma Financial information:
The acquisition of the Scientific Group
2015

Pro Forma Financial Information of Ascendis Health Group

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Pro Forma Financial Information of Ascendis Health Group - Directors statement

The pro forma statement of comprehensive income set out below has been prepared to show the financial effects of the acquisition the diagnostics business of the Scientific Group ("the Scientific Group Acquisition") assuming that the acquisition was effective 1 July 2014. These pro forma financial effects have been prepared for illustrative purposes only and due to its pro forma nature may not give a fair reflection of Ascendis' results of operations. The pro forma financial information presented below provides updated financial effects on the EPS and HEPS previously disclosed in the announcement in regards of the Scientific Group acquisition published on SENS on 27 October 2014.

Due to the fact that this is pro forma information on current year financial information it is critical that the reader of this pro forma financial information interprets this in conjunction with the 30 June 2015 audited consolidated group financial statements of Ascendis.

The pro forma financial information does not include any adjustments for other acquisitions or activities during the year not relating to the purchase of the diagnostics business of the Scientific Group.

The directors of Ascendis are responsible for the preparation of the pro forma financial information. The pro forma financial information has been prepared using accounting policies that are consistent with IFRS and with the basis on which the historical financial information has been prepared in terms of the accounting policies of Ascendis as at 30 June 2015. The pro forma financial information has been prepared in accordance with the JSE Listings Requirements and the revised Guide on Pro Forma Financial Information issued by SAICA.

PricewaterhouseCoopers Inc. is the Independent Reporting Accountants' whom reviewed the pro forma financial information, their report is set out on page 5 on this document.

Pro Forma Financial Information of Ascendis Health Group - Statement of comprehensive income

Notes	1	2	3	4	5
Statement of comprehensive income	June 2015 Audited Consolidated Group results	Incorporating the Part Year Scientific Group	Purchase Price Adjustment Annualised	Additional Finance cost Annualised	June 2015 Pro Forma Consolidated Group Results
(Rands)					
Continuing operations					
Revenue	2 816 716 851	191 669 110	-	-	3 008 385 961
Cost of sales	(1 588 194 039)	(121 926 067)	-	-	(1 710 120 106)
Gross profit	1 228 522 812	69 743 043	-	-	1 298 265 855
Selling and distribution costs	(291 515 894)	(6 307 606)	(1 721 199)	-	(299 544 700)
Administrative expenses	(502 288 618)	(20 822 845)	-	-	(523 111 463)
Other operating expenses	(100 020 159)	(8 286 805)	-	-	(108 306 964)
Other income	27 475 917	-	-	-	27 475 917
Operating profit	362 174 058	34 325 786	(1 721 199)	-	394 778 645
Finance income	24 233 919	-	-	-	24 233 919
Finance costs	(93 299 718)	(4 734 339)	-	(9 590 808)	(107 624 865)
Share of profit of investments accounted for using the equity method	(545 665)	-	-	-	(545 665)
Profit before income tax	292 562 594	29 591 448	(1 721 199)	(9 590 808)	310 842 034
Income tax expense	(82 575 460)	(7 209 963)	481 936	2 685 426	(86 618 061)
Profit for the year from continuing operations	209 987 134	22 381 485	(1 239 264)	(6 905 382)	224 223 973
Discontinued operations					
Profit/(loss) for the year from discontinued operations (attributable to owners of the parent)	-	-	-	-	-
Profit for the year	209 987 134	22 381 485	(1 239 264)	(6 905 382)	224 223 973
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	(949 002)	-	-	-	(949 002)
	(949 002)	-	-	-	(949 002)
Movement on foreign currency translation reserve	-	-	-	-	-
Currency translation differences (with no tax effect)	-	-	-	-	-
Items that will not be subsequently reclassified to profit or loss:	-	-	-	-	-
Gain on property revaluation	-	-	-	-	-
Taxation related to gain on property revaluation	-	-	-	-	-
Total comprehensive income for the year	209 835 544	22 381 485	(1 239 264)	(6 905 382)	223 274 971
Profit/(loss) attributable to:					
Owners of the parent	-	-	-	-	-
- For continuing operations	209 835 544	22 381 485	(1 239 264)	(6 905 382)	224 072 383
- For discontinued operations	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
- For continuing operations	151 590	-	-	-	151 590
	209 987 134	22 381 485	(1 239 264)	(6 905 382)	224 223 973
Total comprehensive income/(loss) attributable to:					
Owners of the parent	-	-	-	-	-
- For continuing operations	208 886 542	22 381 485	(1 239 264)	(6 905 382)	223 123 381
- For discontinued operations	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
- For continuing operations	151 590	-	-	-	151 590
	209 038 132	22 381 485	(1 239 264)	(6 905 382)	223 274 971
Weighted average number of shares in issue	260 526 784	260 526 784	260 526 784	260 526 784	260 526 784
EPS (Cents)	81				86
HEPS (Cents)	80				86
Normalised HEPS (Cents)	94				100

The Notes on page 4 forms an integral part of the pro forma statement of comprehensive income above

Pro Forma Financial Information of Ascendis Health Group - Notes to the Statement of comprehensive income

Notes:

- 1) The "June 2015 Audited Consolidated Group results" column information is extracted from the audited annual financial statements of Ascendis for the year ended 30 June 2015. The headline earnings adjustments represent R779 320 for the after tax proceeds on assets sold during the year.
- 2) The "incorporating the part year Scientific Group" column represents the portion of the income statement not consolidated in the 30 June 2015 financial statements of the Ascendis Group, this column therefore assumes the effective date of The Scientific Group acquisition was 1 July 2014 and not 17 January 2015 as per the audited financial information. According to IFRS 3 income and expense items are only recognised from the period of acquisition onwards, these items reflect the income and expense items affecting the statement of comprehensive income for the period 1 July 2014 to 17 January 2015. When these items are added to the income and expenses recognised in the 30 June 2015 financial annual financial statements it reflects the acquisition as if it occurred on 1 July 2014 therefore a full twelve months. The total effect is an additional R 22 381 485 after tax net profit added to the profits already recognised in the 30 June 2015 annual financial statements. These numbers were derived from a special purpose set of accounts prepared by Deloitte for the 12 month period ending 30 June 2015 and then deducting the numbers already reflected in the Ascendis Group consolidated accounts from 17 January to 30 June 2015.
- 3) The "Purchase Price Adjustment Annualised" column represents the portion of the amortisation on the intangible assets that was originally identified during the acquisition as required by IFRS3 to be adjusted for a full period of amortisation and deferred taxation assuming that the effective date of The Scientific Group Acquisition was 1 July 2014 and not 17 January 2015 as per the audited financial information.

On any acquisition of a business goodwill originates on the acquisition date which is the amount with which the purchase consideration exceeds the fair value of the net identifiable assets and liabilities.

The measurement principle in IFRS 3 requires that the identifiable assets acquired and the liabilities assumed in a business combination gets measured at its fair value. All identifiable intangible assets are required to be recognised this includes certain intangible assets not previously recognised in the financial statements of the acquiree. Therefore identification, recognition and measurement of intangible assets during a business combination is of critical importance. These intangible assets are separated from the goodwill amount originally recognised, therefore giving rise to a decrease in goodwill and an increase in intangible assets. The intangible assets and the valuation techniques used to attribute a value to these assets is discussed in the

"Business Combinations" note in the June 2015 annual financial statements.

Due to the nature of the intangible assets being amortised to the statement of comprehensive income over their useful lives a temporary difference arises for taxation purposes. On acquisition date a deferred tax liability is assumed, the deferred tax liability is recognised against the goodwill amount on acquisition date since this is a liability arising on acquisition.

The intangible assets recognised are amortised to the income statement over its expected useful lives as an amortisation expense, accompanied by the deferred tax charge applicable.

The portion of amortisation and deferred taxation recognised is for the period 1 July 2014 to 17 January 2015, to ensure a full twelve months are reflected in the statement of comprehensive income.

	R
Total amount of amortisation recognised for this period	(1 721 199)
Total amount of deferred taxation recognised for this period	481 936
Total post tax reduction of profit	<u>(1 239 264)</u>

- 4) The "Additional Finance Cost Annualised" column represents the portion of the interest on the additional financing of the day one payment of R 153 Million in additional debt facilities assuming an effective date of The Scientific Group Acquisition was 1 July 2014 and not 17 January 2015 as per the audited financial information. The additional debt finance acquired to pay the day one payment of R153 Million has a weighted finance cost of 10.44% per annum.

The interest mentioned above is income tax deductible at the South - African corporate tax charge of 28%.

	R
Total amount of interest recognised for this period	(9 590 808)
Total amount of taxation recognised for this period	2 685 426
Total post tax reduction of profit	<u>(6 905 382)</u>

- 5) The "June 2015 Pro Forma Consolidated Group Results" column represents the 30 June 2015 Group Consolidated results with the effects of adjustments required to adjust these results to reflect a state where these results include a full year consolidated effect for The Scientific Group Acquisition. Therefore an assumption was made that the effective date of the acquisition was 1 July 2014 and not 17 January 2015 as per the audited financial information.

The effect of this transaction will add R 38 666 194 to the Pharma-Med Segment's EBITDA (earnings before, interest, tax, amortisation and depreciation), all adjustments made in these pro forma accounts will be continuing in nature.



8 September 2015

The Board of Directors
Ascendis Health Limited
The Terraces
Steenberg Office Park
Silverwood Close
Tokai
7945

Independent reporting accountant's assurance report on the compilation of pro forma financial information of Ascendis Health Limited ("the Company")

Introduction

Ascendis Health Limited ("the Company") is issuing an announcement to its shareholders ("the Announcement") regarding the financial effects of the acquisition of the diagnostics business of the Scientific Group ("the Transaction").

At your request and for the purposes of the Announcement to be dated on or about 8 September 2015, we present our assurance report on the compilation of the pro forma financial information of Ascendis Health Limited by the directors. The pro forma financial information, presented in the Announcement, consists of the pro forma statement of comprehensive income for the 12 months ended 30 June 2015 and the pro forma financial effects ("the Pro Forma Financial Information"). The Pro Forma Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the company's financial performance for the period then ended, as if the Transaction had taken place at 1 July 2014. As part of this process, information about the company's financial performance has been extracted by the directors from the company's financial statements for the year ended 30 June 2015, on which an audit report has been published.

Directors' responsibility

The directors are responsible for the compilation, contents and presentation of the Pro Forma Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described on page 2 of the Announcement. The directors are also responsible for the financial information from which it has been prepared.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the Pro Forma Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

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



We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus.

This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

As the purpose of Pro Forma Financial Information included in an announcement is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the Pro Forma Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described on page 2 of the Announcement.

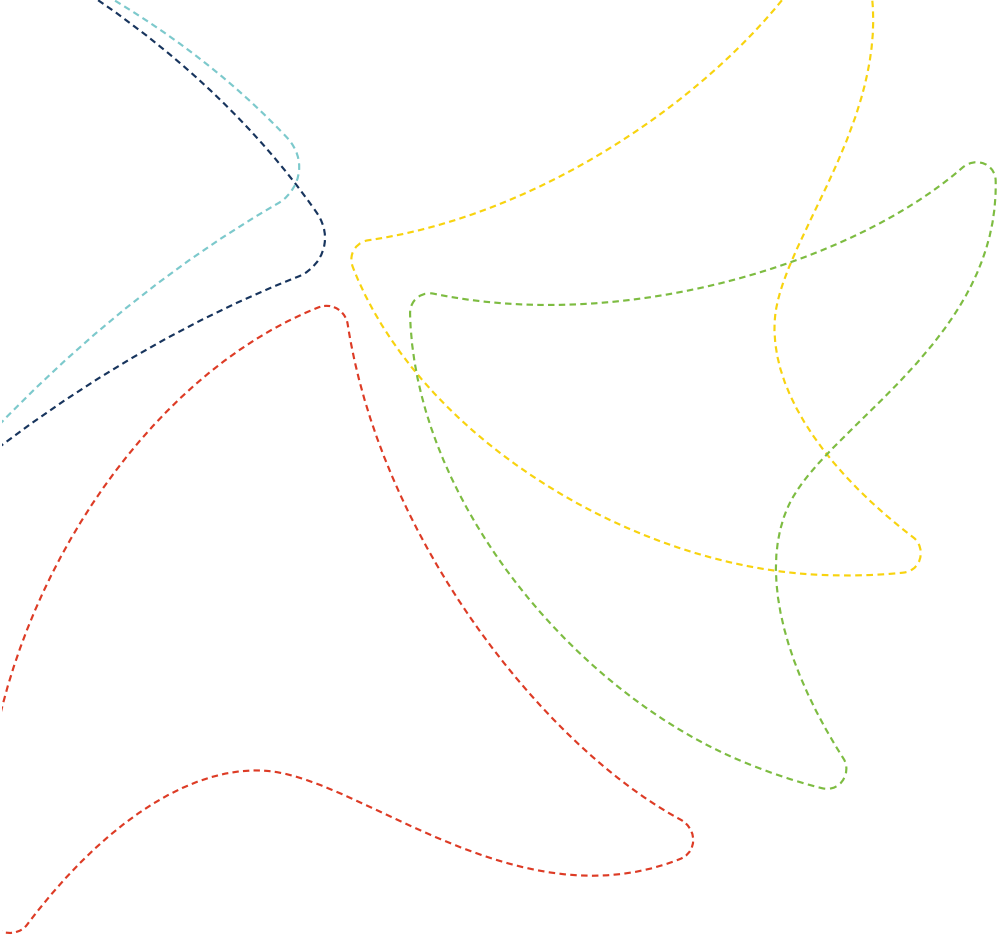
PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Louis Rossouw

Registered Auditor

8 September 2015



HEALTH & CARE BRANDS



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