

Ascendis Health Limited
(Incorporated in the Republic of South Africa)
Registration number 2008/005856/06
JSE share code ASC
ISIN ZAE000185005
("Ascendis" or "the group")

INTERIM RESULTS
for the six months ended 31 December 2015

HIGHLIGHTS

Revenue
R1.9 billion UP 40%

EBITDA
R287 million (margin up 100 bps) UP 50%

Operating profit
R245 million UP 52%

Headline earnings per share
49 cents per share UP 37%

Normalised HEPS
56 cents per share UP 31%

Interim dividend
9.5 cents per share UP 19%

- Continued strong profit growth of 66%
- Margin expansion through focus on efficiencies and cost control
- Successful mitigation of foreign exchange impact
- Integration of first international acquisition in Spain
- Announced R345 million Akacia pharma acquisition

Commentary

Overview

The directors are pleased to present the interim results to the stakeholders of Ascendis Health and the broader investment community both in South Africa and offshore. The business continues to be one of the top performers on the JSE and has proved to be resilient in difficult trading conditions. The current financial year has primarily been a period of consolidation following numerous acquisitions in the past three years, including the first international acquisition in Europe. Management has been focused on maximising the efficiencies and the synergies between the business units, and the fruits of these efforts are demonstrated in the quality of the underlying financial results.

Business model

Ascendis Health is an integrated health and care company selling a portfolio of market-leading brands for animals, plants and humans. The brands are housed in three divisions: Consumer Brands (nutraceuticals, complementary medicines, sports nutrition and derma-cosmeceuticals); Phyto-Vet (plant and animal health and care) and Pharma-Med (prescription drugs, OTC and medical devices).

The business model is designed around strong and resilient brands, with many being price setters in their market segments. The brands are integrated along the value chain, from sourcing of raw materials, new product development and manufacturing, to marketing and selling products to consumers through retail, wholesale, pharmacies, hospitals, laboratories, public tenders, dispensing doctors and direct selling channels in Southern Africa and increasingly in global markets.

The group's strategy is based on organic, acquisitive and synergistic growth locally and internationally. The group

is targeting to achieve 30% revenue from outside South Africa in the medium term through its international expansion strategy which includes exports, establishing own offices or subsidiaries and acquiring international businesses. Ascendis brands are currently exported to more than 50 countries globally.

Financial performance

Revenue for the first half increased by 40% to R1 870 million (Dec 2014: R1 333 million), with the performance driven by new product launches, international growth and key acquisitions concluded over the past year.

This includes revenue from the acquisition of Farmalider in Spain for five months. Revenue generated from foreign markets increased by 220% to R365 million, accounting for 20% of the group's total sales (Dec 2014: 9%).

On the divisional performance, Pharma-Med increased revenue by 95% to R1 037 million (55% of total revenue). Consumer Brands grew revenue by 3% to R478 million (26% of group revenue). Phyto-Vet revenue increased by 16% to R355 million, contributing 19% of group revenue.

The group's gross margin at 43.5% (2014: 44.8%) was mainly impacted by a change in product mix due to acquisitions. The group's prudent hedging strategy, growth in exports and above-inflation price increases limited the impact of the currency devaluation on the gross margin.

Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 50% to R287 million, with an EBITDA margin of 15.3% (Dec 2014: 14.3%). Strict cost control and restructuring activities helped to limit overall fixed cost growth and to improve the EBITDA margin over the previous financial year. These restructuring projects started in the reporting period and have created the base for further scalability of the Ascendis business.

Operating profit increased by 52% to R245 million (Dec 2014: R161 million). Profit after tax was 66% higher at R147 million (Dec 2014: R89 million). Profit attributable to shareholders increased by 49% to R132 million, including R16 million attributable to minority shareholders in relation to the Farmalider business.

The performance for the six months translated into headline earnings growth of 48% to R131 million (Dec 2014: R89 million), with headline earnings per share (HEPS) increasing 37% to 49 cents. HEPS on a normalised basis increased by 31% to 56 cents.

The directors have increased the interim dividend by 19% to 9.5 cents per share.

Acquisitions

The Scientific Group, which was bought in February 2015, has been successfully integrated into the Pharma-Med division and is delivering sales and profits according to expectations. Their export activities in Southern Africa are currently used as a base for an African export strategy for the remaining Medical brands.

The first international acquisition of Spanish pharmaceutical group, Farmalider SA, for R210 million was accounted for from 1 August 2015. Farmalider follows a successful business-to-business model and develops, out-licenses and manufactures mainly generic pharmaceutical products, with a market leading position in the ibuprofen and paracetamol markets in Spain and a growing presence in other European markets.

Ascendis purchased 49% of Farmalider and has the right to acquire the remainder of the business over the next five years. The acquisition is aligned with the group's international growth strategy of diversifying across different markets and increasing foreign denominated earnings. Farmalider contributed R212 million sales and R29 million profit after tax to the Pharma-Med division for the five months ended December 2015. The cross licensing of dossiers between Farmalider and the Pharma division in South Africa is already under way.

Smaller bolt-on acquisitions were concluded and integrated into the three operating divisions. This includes the acquisition of Sandoz dossiers which will unlock considerable sales potential for Ascendis Pharma.

The group announced the R345 million acquisition of the pharmaceutical business of Akacia Healthcare in November 2015 and the final condition precedent is expected to be met during March. Akacia manufactures the market leading Reuterina probiotic range and cold and flu brands Sinucon and Sinuend, and the integration into Ascendis will create access for these brands into the dispensing doctors market. Akacia also owns a sizeable manufacturing facility in Johannesburg. Akacia is expected to contribute to earnings in the second half of the financial year.

Outlook

Following on from a period of consolidation of its operations in South Africa, management will continue to focus on international acquisitive growth to further improve its hard currency revenue base. Opportunities are currently being evaluated to acquire platform companies for all three divisions in Australia and Europe. In South Africa, the group is in negotiations for further bolt-on acquisitions across all divisions.

The finalisation and integration of the Akacia acquisition for the Pharma division will enhance operating margins and open up new distribution channels for Ascendis Pharma. Management is focusing on extracting synergies across the three pharma manufacturing sites in Johannesburg and Madrid, and on increasing in-house and domestic production to de-risk the business from Rand volatility and to improve the value chain.

Operationally the group's priorities are to improve margins through strict cost control and focus on efficiencies, finalise the Sports Nutrition joint production project, open new routes to market in South Africa, accelerate growth in export sales and continue new product development and innovation.

In striving to deliver competitive returns to shareholders, the group will pursue its organic, acquisitive and synergistic growth strategies as it develops Ascendis into a global company founded on strong South African health brands.

Dr Karsten Wellner
Chief Executive Officer

Kieron Futter
Chief Financial Officer

Johannesburg
9 March 2016

Unaudited condensed group statement of financial position
at 31 December 2015

	Unaudited six months ended 31 December 2015 R'000	Unaudited six months ended 31 December 2014 R'000	Audited year-end 30 June 2015 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	257 015	158 313	149 252
Intangible assets and goodwill	2 506 053	1 582 915	2 054 456
Investment in subsidiaries	-	44 044	-
Investment in joint ventures and associates	-	-	-
Other financial assets	-	1 731	17 949
Loan to related party	26 098	49 596	-
Deferred income tax asset	19 930	-	20 888
Derivative financial instruments	2 662	-	4 335
	2 811 758	1 836 599	2 246 880
Current assets			
Inventories	762 218	520 325	585 081
Loans to related parties	65 417	37 951	78 802
Trade and other receivables	787 617	520 446	571 450
Other financial assets	28 497	11 908	20 539
Current tax receivable	-	-	3 395
Derivative financial instruments	15 417	-	15 706
Cash and cash equivalents	140 404	219 928	125 428
	1 799 570	1 310 558	1 400 401
Non-current assets held for sale and assets of disposal groups	425	435	425
Total assets	4 611 753	3 147 592	3 647 706
EQUITY			
Equity attributable to holders of parent			
Stated capital	1 591 512	1 590 262	1 576 730
Retained earnings	348 757	199 815	299 417
Other reserves	(74 363)	(51 761)	(51 909)
	1 865 906	1 738 316	1 824 238
Non-controlling interest	140 075	-	-
	2 005 980	1 738 316	1 824 238
LIABILITIES			
Non-current liabilities			
Derivative financial instruments	2 933	-	4 890
Borrowings and other financial liabilities	856 834	547 430	798 258
Other financial liabilities	122 420	-	-
Deferred vendor liabilities	15 761	41 857	36 758
Deferred income tax liabilities	214 594	118 526	134 937

Current liabilities	1 212 542	707 813	974 843
Trade and other payables	638 079	367 288	463 548
Provision for onerous contracts	-	16 510	-
Derivative financial instruments	7 169	-	15 039
Borrowings and other financial liabilities	345 498	177 478	38 371
Current tax payable	22 868	16 786	-
Deferred vendor liabilities	289 508	66 514	281 048
Loans from related parties	26 453	26 286	26 405
Bank overdraft	63 656	30 601	24 214
	1 393 231	701 463	848 625
Total liabilities	2 605 772	1 409 276	1 823 468
Total equity and liabilities	4 611 753	3 147 592	3 647 706

Unaudited condensed group statement
of comprehensive income
for the six months ended 31 December 2015

	Unaudited six months ended 31 December 2015 R'000	Note 1	Unaudited six months ended 31 December 2014 R'000	Audited year-end 30 June 2015 R'000
Revenue	1 870 500	40%	1 333 229	2 816 717
Cost of sales	(1 056 621)		(735 597)	(1 588 194)
Gross profit	813 879	36%	597 632	1 228 523
Other income (Note 2)	8 600		25 515	27 476
Selling and distribution cost	(203 158)		(152 781)	(291 516)
Administrative expenses	(304 029)		(246 363)	(502 289)
Other operating expenses	(70 077)		(63 010)	(100 020)
Operating profit/loss	245 215	52%	160 993	362 174
Net finance cost	(47 741)		(37 020)	(69 066)
Losses from equity accounted investments	-		(850)	(546)
Profit before taxation	197 474	60%	123 123	292 562
Taxation	(50 103)		(34 464)	(82 575)
Profit for the period	147 371	66%	88 659	209 987
Other comprehensive income				
Items that may be reclassified to profit and loss:				
Foreign currency translation reserve	29 897		6	-
Effects of cash flow hedges	204		(798)	(949)
Other reserves	(1 700)			
Other comprehensive income for the year net of taxation	28 401		(792)	(949)
Total comprehensive income for the year	175 772		87 867	209 038

Note 1: 12-month growth December 2014 to December 2015.

Note 2: Other income mainly relates to unrealised foreign exchange gains in 2015.

Total comprehensive income attributable to:				
Owners of the parent	157 046		87 719	208 887
Non-controlling interest	18 726		152	152
Profits attributable to:				
Owners of the parent	131 760		88 507	209 836
Non-controlling interest	15 611		152	152
Other comprehensive income attributable to:				
Owners of the parent	25 286		(788)	(949)
Non-controlling interest	3 115			
Earnings per share				
Basic earnings per share (cents)	48.75		35.50	80.54
Diluted earnings per share (cents)	48.75		35.13	80.54

Unaudited condensed group statement of changes in equity
for the six months ended 31 December 2015

Total
attributable

	Stated capital	Other reserves	Accumulated (loss)/ retained income	to equity holders of the group/ company	Non-controlling Interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000
Balance as at 1 July 2014 (Restated)	1 108 036	(56 119)	152 068	1 203 985	6 805	1 210 790
Profit for the period			88 507	88 507	152	88 659
Other comprehensive income/(loss) for the period		(788)		(788)		(788)
Total comprehensive income for the year	-	(788)	88 507	87 719	152	87 871
Dividends			(40 760)	(40 760)		(40 760)
Issue of ordinary shares	483 124			483 124		483 124
Raising fees capitalised	(898)			(898)		(898)
Total changes in ownership interests in subsidiaries that do not result in a material loss of control		5 159		5 159	(6 957)	(1 798)
Total contributions by and distributions to owners of the company recognised directly in equity	482 226	5 159	(40 760)	446 625	(6 957)	439 668
Balance as at 31 December 2014	1 590 262	(51 748)	199 815	1 738 329	-	1 738 329
Profit for the period			121 329	121 329	-	121 329
Other comprehensive income/(loss) for the period		(161)		(161)		(161)
Total comprehensive income for the year	-	(161)	121 329	121 168	-	121 168
Purchase of own/treasury shares	(13 371)			(13 371)		(13 371)
Raising fees capitalised	(161)			(161)		(161)
Dividends			(21 727)	(21 727)		(21 727)
Total contributions by and distributions to owners of the company recognised directly in equity	(13 532)	-	(21 727)	(35 259)	-	(35 259)
Balance as at 30 June 2015	1 576 730	(51 909)	299 417	1 824 238	-	1 824 238
Profit for the period	-	-	131 760	131 760	15 611	147 371
Total comprehensive income for the period	-	25 286	-	25 286	3 115	28 401
Total comprehensive income for the year	-	25 286	131 760	157 046	18 726	175 772
Dividends	-	-	(30 296)	(30 296)	-	(30 296)
Treasury shares held for payments of acquisitions	14 782	-	-	14 782	-	14 782
Reclassify to retained earnings	-	52 124	(52 124)	-	-	-
Non-controlling interest arising on business combination	-	-	-	-	121 349	121 349
Put option written on non-controlling interest	-	(99 865)	-	(99 865)	-	(99 865)
Total contributions by and distributions to owners of the company recognised directly in equity	14 782	(47 741)	(82 420)	(115 379)	121 349	5 970
Balance as at 31 December 2015	1 591 512	(74 364)	348 757	1 865 905	140 075	2 005 980

Unaudited condensed group cash flow statement
for the six months ended 31 December 2015

	Unaudited six months ended 31 December 2015 R'000	Unaudited six months ended 31 December 2014 R'000	Audited year-end 30 June 2015 R'000
Cash flows from operating activities	257 908	120 776	285 805
Income taxes paid	(32 549)	(34 368)	(122 988)
Investment income received	5 075	9 680	24 234
Interest expense paid	(54 305)	(46 699)	(93 300)
Net cash inflow from operating activities	176 129	49 389	93 751
Cash flows from investing activities			
Net cash used in investing activities			
Payment for acquisition of subsidiary, net of cash acquired	(79 923)	(275 646)	(453 099)
Payment for acquisition of joint venture	-	4 089	5 768
Purchases of property, plant and equipment	(93 208)	(18 180)	(45 918)
Proceeds from sale of property, plant and equipment	-	1 211	16 646
Payments to acquire an intangible assets	(231 538)	(1 298)	(43 156)
Proceeds from deferred vendor loans raised	124 857	-	-
Repayments on deferred vendor loans	(137 394)	(16 934)	(13 511)
Payments of loans to related parties	-	-	(14 748)
Repayments on loans from related parties	25 867	-	-
Proceeds on loans from related parties	-	-	54 000
Payments made to acquire Other financial assets	(14 888)	-	(9 009)
Proceeds from Other financial instruments	-	2 115	-
Non-current assets held for sale	-	-	5 616

Cash flows from financing activities	(406 227)	(304 643)	(497 411)
Net cash used in financing activities			
Loans to shareholder	-	-	(41 670)
Proceeds on shareholder loans	-	15 249	119
Repayments on shareholder loans	(2 000)	-	-
Proceed from issue of shares	-	455 059	479 465
Payments for shares bought back	-	-	(10 771)
Proceeds from borrowings raised	320 325	(96 900)	850 000
Repayments of borrowings	(80 670)	129 849	(691 315)
Finance lease payments	-	549	-
Dividends paid	(29 440)	(40 760)	(62 487)
Non-controlling interest acquired as part of the business combination	-	(12 500)	(12 500)
	208 216	450 546	510 841
Net increase/(decrease) in cash and cash equivalents	(21 884)	195 292	107 181
Cash and cash equivalents at beginning of period	101 214	(5 966)	(5 966)
Effect of exchange difference on cash balances	(2 582)	-	-
Cash and cash equivalents at end of period	76 748	189 326	101 215

* All acquisition cost relating to the business combinations are incurred by and for the account of Coast to Coast.

** No cash transactions with non-controlling interest occurred during the interim period.

Earnings per share, diluted earnings per share and headline earnings per share

The group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue for the dilutive effects of all share options granted to employees.

The calculation of headline earnings per share is based on the profit attributable to equity holders of the parent, after excluding all items of a non-trading nature, divided by the weighted average number of ordinary shares in issue during the period. The presentation of headline earnings is not an IFRS requirement, but is required by JSE Listings Requirements and the JSE Circular 3 of 2012.

(a) Basic

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

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

	Unaudited six months ended 31 December 2015 R'000	Unaudited six months ended 31 December 2014 R'000	Audited year end 30 June 2015 R'000
Profit from continuing operations	131 760	88 507	209 836
Total	131 760	88 507	209 836
Weighted average number of ordinary shares in issue	270 259	249 601	260 527
Earnings per share (cents) continuing operations	48.75	35.46	80.54

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The company has three categories of dilutive potential ordinary shares: share options, share appreciation rights and convertible preference shares. The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is done to

determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The closing price is used for share appreciation rights, as these are classified as contingently issuable shares in terms of IAS 33 - Earnings per share. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Unaudited six months ended 31 December 2015 R'000	Unaudited six months ended 31 December 2014 R'000	Audited year-end 30 June 2015 R'000
(b) Diluted Earnings			
Profit from continuing operations attributable to owners of the parent	131 760	88 507	209 836
Profit used to determine diluted earnings per share	131 760	88 507	209 836
Profit from discontinued operations attributable to owners of the parent			
Total	131 760	88 507	209 836
Weighted average number of ordinary shares in issue	270 259	251 958	260 527
Weighted average number of ordinary shares for diluted earnings per share	270 259	251 958	260 527
Earnings per share (cents) - continuing operations	48.75	35.13	80.54
(c) Headline earnings per share			
Profit attributable to equity holders of the parent - continued operations	131 760	88 507	209 836
Adjusted for:			
- Loss/(profit) on the sale of property, plant and equipment	(395)	-	(779)
Gross amount	(549)	-	(1 082)
Tax effect	154	-	303
- Impairment of intangible assets	-	74	-
Gross amount	-	103	-
Tax effect	-	(29)	-
- Loss/(profit) on investment disposal	(234)	-	-
Gross amount	(325)	-	-
Tax effect	91	-	-
Headline earnings	131 131	88 581	209 057
Weighted average number of shares in issue	270 259	249 601	260 527
Headline earnings per share - continuing operations	48.52	35.49	80.24
(d) Diluted headline earnings			
Profit attributable to equity holders of the parent - continued operations	131 760	88 507	209 056
Adjusted for:			
- Loss/(profit) on the sale of property, plant and equipment	(395)	-	-
Gross amount	(549)	-	-
Tax effect	151	-	-
- Impairment of intangible assets	-	74	-
Gross amount	-	103	-
Tax effect	-	(29)	-
- Loss/(profit) on investment disposal	(234)	-	-
Gross amount	(325)	-	-
Tax effect	91	-	-
Headline earnings	131 131	88 581	209 056
Weighted average number of ordinary shares for diluted earnings per share	270 259	251 958	260 527
Diluted headline earnings per share (cents) - continuing operations	48.52	35.16	80.24

e) Normalised headline earnings per share

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

Normalised headline earnings is calculated by excluding amortisation from earnings. Since Ascendis Health is a pharmaceutical

company and not an investment entity, the income statement effect of intangible assets of its subsidiaries should be excluded.

	Unaudited six months ended 31 December 2015 R'000	Unaudited six months ended 31 December 2014 R'000	Audited year-end 30 June 2015 R'000
Reconciliation of normalised headline earnings			
Headline earnings	131 137	88 581	209 056
Adjusted for:			
Once-off costs	3 200	5 731	12 474
Finance cost on derivative	1 485		
Tax effect thereof	(1 104)	(1 758)	(3 493)
Amortisation	22 884	20 220	37 127
Tax effect thereof	(6 155)	(5 662)	(10 396)
Normalised headline earnings	151 447	107 112	244 768
Weighted average number of shares in issue	270 259	249 601	260 527
Normalised headline earnings per share (cents)	56.04	42.91	93.95
(f) Normalised diluted headline earnings per share			
Normalised diluted headline earnings per share is calculated on the same basis used for calculating diluted earnings per share, other than normalised headline earnings being the numerator.			
Normalised headline earnings:	151 447	107 112	244 769
Adjusted normalised headline earnings	151 447	107 112	244 769
Weighted average number of shares for diluted headline earnings per share	270 259	251 958	260 527
Shares to be issued to vendors			
Weighted average number of shares in issue	270 259	251 958	260 527
Diluted normalised headline earnings per share (cents)	56.04	42.51	93.95

Reporting segments

(a) Ascendis Health Limited Group accounting policy

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

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

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

(b) Ascendis Health Limited Group qualitative application of the segmental accounting policy

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

The EXCO considers the business from both a geographic and product perspective. Geographically, management considers the performance within South Africa and internationally. From a product perspective, management separately considers the activities in these geographies on a segmental basis. Ascendis operates and sells health and care products through three divisions across the full health spectrum, two of which cater for human health (Consumer Brands and Pharma-Med) and one for the plant and animal health sector (Phyto-Vet).

The three operating divisions are:

- Consumer Brands Division (human health), incorporating all of the Ascendis Over The Counter (OTC), derma-cosmeceuticals and Complementary and Alternative Medicines (CAMs) consumer brands products;
- Pharma-Med Division (human health), incorporating Ascendis' pharmaceutical business and its medical

devices business; and

- Phyto-Vet Division (animal and plant health), incorporating all of the Ascendis animal and plant health and care products.

Consumer Brands Division

The Consumer Brands Division comprises health and personal care products sold to the general public, primarily at the retail store level. The health products sold to these consumers are products catering for preventative health needs and can be categorised into OTC medicines and CAMS (including vitamins and minerals), homeopathic, ayurveda products, herbals, derma-cosmeceuticals, functional foods, functional super foods, sports nutrition, health beverages, weight management and therapeutic cosmetics.

The brands have been established in the South African market for between 6 and 45 years and are generally targeted at higher LSM customers. Some of the divisions' products are already successfully exported into Euro and Dollar export markets. As a result this division has shown itself to be resilient in difficult economic times, hence its consistently strong historical financial performance.

Pharma-Med Division

This division comprises the sale of prescription, selected OTC pharmaceuticals, and includes medical devices.

Ascendis' pharmaceutical products are typically sold through dispensing and doctors, wholesalers, pharmaceutical retailers and hospitals to both the Private and Government sectors. Ascendis' medical device products are focused on the areas of general surgery gynaecology, urology, ear, nose and throat, cardiology, diagnostic and radiology and the marketing of devices in a South African agent function, on an exclusive basis, for international brands of high value-add. Ascendis imports and sells pharmaceutical products and medical devices through its Pharma-Med Division which targets the human health sector via medical professionals (doctors and pharmacists) using the following channels: medical practices, pharmacies, wholesalers, laboratory and pathology service providers and hospitals (both state and privately owned).

Phyto-Vet Division

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

(c) Ascendis Health Limited Group quantitative application of the segmental accounting policy.

(c1) Statement of comprehensive income measures applied

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

There has been no inter-segment revenue during the financial period. All revenue figures represents revenue from external customers.

Total segment revenue

	Unaudited six months ended 31 December 2015 R'000	Unaudited six months ended 31 December 2014 R'000	Audited year-end 30 June 2015 R'000
Revenue			
Revenue split by division			
Consumer Brands	478 177	462 457	949 127
Phyto-Vet	355 551	340 217	619 568
Pharma-Med	1 036 772	530 555	1 248 022
Total revenue	1 870 500	1 333 229	2 816 717
Geographical revenue split			
South Africa	1 505 986	1 219 072	2 557 665
Foreign	364 514	114 157	259 052
Total revenue	1 870 500	1 333 229	2 816 717

The group has an expanding international presence and currently exports products to 52 countries, mainly in Africa and Europe.

During the financial period the group made a total of R364 514 (2014: R114 157) in foreign sales (other African countries and Europe).

	Unaudited six months	Unaudited six months	Audited
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	ended 31 December 2015 R'000	ended 31 December 2014 R'000	year-end 30 June 2015 R'000
EBITDA			
Consumer Brands			
Operating profits	76 289	77 052	139 985
Amortisation	8 491	9 362	17 384
Depreciation	4 944	2 518	6 894
Impairment of assets	-	-	-
Consumer Brands EBITDA	89 733	88 932	164 262
Phyto-Vet			
Operating profits	42 012	34 898	69 435
Amortisation	3 588	3 372	7 339
Depreciation	3 358	2 944	4 801
Impairment of assets	-	103	-
Phyto-Vet EBITDA	48 959	41 317	81 574
Pharma-Med			
Operating profits	163 116	76 816	210 143
Amortisation	12 679	6 735	12 405
Depreciation	8 792	3 971	10 287
Impairment of assets	-	-	-
Pharma-Med EBITDA	184 587	87 522	232 834
Head office adjusted expenses	(36 211)	(26 819)	(56 228)
Non-controlling interest proportionate share	(20 724)		
Total EBITDA attributable to the parents	266 344	190 952	422 442

	Unaudited six months ended 31 December 2015 R'000	Unaudited six months ended 31 December 2014 R'000	Audited year-end 30 June 2015 R'000
Reconciliation of EBITDA to Consolidated Results			
Consolidated operating profit	245 215	160 993	362 174
Total consolidated Amortisation, Depreciation and Impairments	41 853	29 005	60 268
Head-office portions excluded from segmental analysis	-	954	-
Non-controlling interest proportionate share	(20 724)		
Total EBITDA attributable to the parents	266 344	190 952	422 442

EBITDA is a measure of a company's operating profitability. It equals earnings before interest, tax, depreciation and amortisation. Due to the fact that EBITDA excludes depreciation and amortisation, EBITDA therefor provides a measurement criteria view of a segment's core profitability.

(c2) Statement of financial position measures applied

	Unaudited six months ended 31 December 2015 R'000	
	Total assets	Total liabilities
Segmental assets		
Consumer Brands	1 243 813	(600 818)
Phyto-Vet	622 249	(381 982)
Pharma-Med	2 707 603	(1 593 954)
Head office	38 088	(29 020)
Consolidated value	4 611 753	(2 605 774)

	Audited year-end 30 June 2015 R'000	
	Total assets	Total liabilities
Segmental assets and liabilities		
Consumer Brands	1 231 058	(535 684)
Phyto-Vet	525 689	(295 683)
Pharma-Med	1 745 922	(972 940)
Head office	145 037	(19 161)
Consolidated value	3 647 706	(1 823 468)

	Unaudited six months ended 31 December 2014 R'000	
	Total assets	Total liabilities
Segmental assets and liabilities		
Consumer Brands	1 063 917	(401 370)
Phyto-Vet	407 162	(348 936)
Pharma-Med	1 589 332	(648 334)
Head office	87 182	(10 636)
Consolidated value	3 147 592	(1 409 276)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Corporate information

Ascendis is a fast growing health and care brands company consisting of three divisions, Consumer Brands (nutraceuticals, vitamins, sports nutrition and derma-cosmeceuticals); Pharma-Med (prescription drugs and medical devices) and Phyto-Vet (plant and animal health). The group's vision, which is encapsulated in its motto 'A healthy home, a healthy you', is to bring health to the consumer at all stages of his or her life - from health maintenance (preventative medicine) to chronic medication and critical care (intervention). These consolidated group interim financial results as at and for the six months ended 31 December 2015 comprise of the company and its subsidiaries (together referred to as the group) and the group's interest in joint ventures.

2. Going concern

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

3. Presentation of annual financial statements:

The interim consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports, and the requirements of the Companies Act applicable to interim financial statements. The Listings Requirements require interim 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 also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the interim consolidated financial statements 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.

3.1 Statement of Compliance

The unaudited condensed group interim financial results for the six-month period ended 31 December 2015 have been prepared under the supervision of K Futter (CA)SA, in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the JSE Limited, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act, No 71 of 2008. The condensed unaudited group interim financial results should be read in conjunction with the audited group annual financial statements as at and for the year ended 30 June 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3.2 Basis of preparation

The interim financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments and property, plant and equipment at fair value. The accounting policies used in preparation of the interim financial results are consistent with those applied in the audited financial statements for the year ended 30 June 2015.

The interim financial statements are presented in South African Rands, which is the functional currency of Ascendis Health Group.

3.3 Judgments and estimates

In preparing these unaudited condensed group interim financial results, management made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts

of assets, liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the group's accounting policies and the key source of estimation uncertainty were the same as those applied to the audited group annual financial statements as at end for the year ended 30 June 2015 with the exception of the following:

- The acquisition of a 49% interest in Farmalider in the current reporting period. The ultimate aim of the transactions is for the value of the Company to grow sustainably over the mid-term and for Ascendis to acquire 100% of the company via the put option. The control assessment in terms of IFRS 10 of Farmalider is considered to be a key estimate.
 - Management has considered the requirements of IFRS 10, the terms of the contractual arrangement and the substance of the transaction and concluded Ascendis has sufficient substantive voting rights which provides Ascendis with the power to direct the relevant activities and receive variable returns from Farmalider. Ascendis controls Farmalider in terms of IFRS 10, and has accounted for it accordingly.
 - In addition to the above, management of Ascendis has assessed the risk and reward relating to the remaining 51% interest to which the parties to the contract are exposed to. Management concluded both Ascendis and the non-controlling interest party share in the risks and the rewards associated with the day-to-day business operations in relation to their proportionate shareholding. Based on the above the risk and rewards have not transferred to Ascendis. Ascendis has recognised the non-controlling interest (51%).

3.4 Underlying concepts

The financial statements are prepared on the going concern basis using accrual accounting.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standards. If no such guidance is given, they are applied retrospectively, unless it is impractical to do so, in which case they are applied prospectively. Changes in accounting estimates are recognised in profit or loss. Prior period errors are retrospectively restated unless it is impractical to do so, in which case they are applied prospectively.

3.5 Recognition of assets and liabilities

Assets are only recognised if they meet the definition of an asset. It is probable that future economic benefits associated with the asset will flow to the Group and the cost or fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability. It is probable that future economic benefits associated with the liability will flow from the entity and the cost or fair value can be reliably measured.

Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instruments. Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract. Regular way purchase and sales are recognised using trade date accounting.

4. JSE Limited Listings Requirements

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

5. 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.

Please contact the Group Company Secretary, A Sims, for any additional information in this regard.

6. Significant accounting policies

6.1 Standards, interpretations and amendments effective and adopted in the current period

International Financial Reporting Standards and amendments effective for the first time for period ended 30 June 2016:

Number	Effective date	Executive summary
Amendment to IAS 19 'Employee benefits',	1 July 2014	These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans.

regarding defined benefit plans

The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

6.2 Standards, interpretations and amendments not yet effective

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

Number	Effective date	Executive summary
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets	1 January 2016	The IASB has issued this amendment to eliminate the inconsistency between IFRS 10 and IAS 28. If the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business', then the full gain or loss will be recognised by the investor. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption	1 January 2016	The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation	1 January 2016	This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
IFRS 14 - Regulatory deferral accounts	1 January 2016	The IASB has issued IFRS 14, 'Regulatory deferral accounts' specific to first time adopters ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.
Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative	1 January 2016	In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation	1 January 2016	In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on	1 January 2016	In this amendment to IAS 16 the IASB has scoped in bearer plants, but not the produce on bearer plants and explained that a bearer plant not yet in the location and condition necessary to bear produce is treated as a self-constructed asset. In this

bearer plants		amendment to IAS 41, the IASB has adjusted the definition of a bearer plant include examples of non-bearer plants and remove current examples of bearer plants from IAS 41.
Amendments to IAS 27, 'Separate financial statements' on equity accounting	1 January 2016	In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.
IFRS 15 - Revenue from contracts with customers.	1 January 2018	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.
IFRS 9 - Financial Instruments (2009 and 2010)	1 January 2018	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.
- Financial liabilities		
- Derecognition of financial instruments		
- Financial assets		
- General hedge accounting		
Amendment to IFRS 9 - 'Financial instruments', on general hedge accounting	1 January 2018	The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.
		Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:
		- The own credit risk requirements for financial liabilities.
		- Classification and measurement (C&M) requirements for financial assets.
		- C&M requirements for financial assets and financial liabilities.
		- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).
		The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.

7. Business combinations

Being an acquisitive group, the directors and Investment Committee use various internal measurements and risk mitigating procedures to ensure the acquisition will be value enhancing to our shareholders.

Currently the group focuses on two types of acquisitions as defined below:

Platform company

Consist of the main subsidiaries within each sector which have the market share, brands, operational and administrative infrastructure to stand alone as businesses in their own right. The platform companies in the three segments in South Africa had been established prior to the listing of Ascendis in 2013. Part of the internationalisation strategy will be to acquire platform companies in new territories.

Bolt-on

These are companies, or parts of companies, which can be purchased and "bolted-on" to the platform in a way that leverages the existing strength of either the bolt-on or the platform in a synergistic manner, with the result that the two businesses together share the benefits of combined (or even enhanced) revenue and a lower cost base. Examples include businesses which, after acquisition, share production facilities, or sales teams, or accounting and administrative functions.

For accounting purposes, management uses the following criteria to treat the purchase as a business combination or as an asset acquisition:

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

- (a) The inputs acquired include:
- Tangible items: Equipment, infrastructure and working capital necessary for trade within the business acquired.
 - Intangible items: Computer software, software licences, and trademarks.
 - Other items not necessarily included in the financial statements: A management team, the process and knowhow of the business, studies and test results, market knowledge, relationships with the licensing body and management knowledge of the industry.
- (b) The processes acquired include: management processes, corporate governance, organisational structures, strategic goal-setting, operational processes and human and financial resource management.
- (c) The outputs acquired include: access to research results, access to management's strategic plans, revenue from customers, access to new markets, increased efficiency, synergies, customer satisfaction and reputation.

During the period Ascendis Health Limited acquired the following businesses:

- Sandoz Dossiers - 100%
- Farmalider Group in Spain - 49% (Ascendis obtained effective management control)
- Bioswiss Proprietary - 100%
- OTC Pharma - 100%

A preliminary purchase price allocation has been performed on all business acquisitions which has been included in the financial result for the interim period financial results.

Farmalider is considered to be a material platform acquisition.

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

		Unaudited six months ended 31 December 2015 R'000 Other	Unaudited six months ended 31 December 2014 R'000	Audited year-end 30 June 2015 R'000
Cash	Farmalider 102 279	acquisitions 52 038	Total 154 317	Total 471 176
Transfers from joint ventures to subsidiaries	-	-	-	27 168
Equity instruments	-	4 347	4 347	25 719
Vendor loans	111 863	12 994	124 857	278 385
	214 142	69 379	283 521	817 100
Cash and cash equivalents	66 110	8 284	74 394	(2 106)
Property, plant and equipment	32 802	120	32 922	42 178
Existing intangibles within acquiree	-	-	-	4 580
Other financial assets	1 129	90	1 219	26 831
Inventories	61 769	15 822	77 591	84 270
Trade and other receivables	125 172	3 638	128 810	150 540

Provisions	-	(150)	(150)	-	(13 894)
Trade and other payables	(156 660)	(8 003)	(164 663)	(35 133)	(94 190)
Borrowings	(43 782)	-	(43 782)	(31 825)	(42 690)
Current tax payable	-	(5)	(5)	(1 160)	(8 678)
Contingent liability	-	-	-	(3 211)	-
Deferred tax assets/(liabilities)	-	114	114	1 268	3 773
Total identifiable net assets	86 540	19 910	106 450	122 314	184 229
Non-controlling interest	(121 349)	-	(121 349)	-	-
Initial resultant goodwill	248 951	49 469	298 420	250 766	632 871
Intangible assets identified	(212 250)	(31 568)	(243 818)	(96 279)	(190 688)
Deferred tax	60 996	8 839	69 835	26 958	53 393
Remaining goodwill	97 697	26 740	124 437	181 445	495 576
Total cash paid for acquisitions	(102 279)	(52 038)	(154 317)	(273 540)	(471 176)
Cash available in acquired company	66 110	8 284	74 394	(2 106)	18 077

Cash flow relating to

Vendor loan payment reconciliation					
Closing balance 30 June 2015			317 806		
Additional vendor loans raised			124 857		
Settlement of vendor loans (Note a)			(137 394)		
Closing balance 31 December 2015			305 269		
Note a: Settlement of vendor loans					
Cash settled			(137 394)		
Settled in other forms					
Total amount of vendor loans settled in cash			(137 394)		

Pharma-Med platform acquisition - Purchase 49% of Farmalider Group in Spain and obtaining effective control

Ascendis aims to complement its organic, acquisitive and synergistic growth in the domestic healthcare market through a strategy of international expansion, targeting to achieve 30% of revenue in offshore markets in the medium term in order to grow and diversify across different markets and increase foreign denominated earnings. The purchase consideration is R214 million (R102 million on 31 July 2015, R111.8 million payable on 1 Dec 2017). In addition to the acquisition of the 49% interest, Ascendis also has the option by means of a put-call option to acquire the remaining 51% interest for a further R99.8 million payable exercisable in 2018 (R50 million) and 2021 (R49.8 million) respectively (Refer to Statement of changes in equity).

In terms of IFRS 10, when assessing control of an investee, "an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decisions about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities." Ascendis is exposed to variable returns from its involvement with Farmalider in the form of dividends and other distributions that may be received from Farmalider as well as changes in the value of Ascendis investment in Farmalider. In terms of the voting rights provided to Ascendis by the contractual arrangement, Ascendis has the power to direct the relevant activities and receive variable returns in this regard.

Farmalider, founded 30 years ago in 1986, is an established Spanish pharmaceutical group of companies on a business-to-business model, involved in the development, registration, licensing and production of generic pharmaceutical products, specialising in pain management as evidenced by its market leading position in the ibuprofen and paracetamol markets in Spain, with a growing presence in other European markets. Farmalider has historically achieved consistent growth in both sales and earnings with promising ongoing projects in various markets. Moreover, Farmalider has a growing portfolio of innovative over the counter (OTC) products, which accords with the broader Ascendis strategy of ongoing investment into typically, high margin, and branded OTC health products and provides Ascendis' consumer brands division an additional route to market in Europe.

This transaction results in Ascendis acquiring Farmaliders' current portfolio of c.200 pharmaceutical dossiers, its GMP accredited production facility in Madrid, as well as its pipeline of products, all of which are highly complementary to the Ascendis pharma division's current portfolio and its internationalisation strategy. Synergies relating to the cross-border sharing of products and pharmaceutical dossiers are expected to be realised throughout the value chain, particularly by opening up new distribution channels, new markets and a new customer base as result of Farmaliders' very successful licensing-out model.

This acquisition provides Ascendis with an entry into the attractive €23 billion Spanish pharmaceutical market and lays the foundation to expand the Company's reach into one of Europe's five largest

pharmaceutical markets.

The Farmalider and Ascendis management team are fully aligned in their strategic views on how to globalise its product range and extract synergies across the group.

Due to the size and nature of this business, it is seen as an offshore platform company to the PharmaMed division, where it will be complemented by our other successful pharmaceutical companies.

The revenue included in the statement of comprehensive income since August 2015 contributed by the acquisition was R211.7 million. The acquisition contributed profit after tax of R29.1 million over the same period (R15.6 million attributable to the owners of Ascendis).

Other acquisitions consists of the following:

Pharma-Med Division

Pharma-Med bolt-on acquisition - Sandoz Dossiers Acquisition

Ascendis Health acquired dossiers for 46 and 85 products respectively with existing South African marketing-authorisations from Sandoz South Africa (Pty) Ltd. Sandoz, the generic pharmaceuticals division of Novartis, is a worldwide leader in the field of generic medicines. The purchase consideration was R30 million (R8 million on 11 August 2015 and R22 million on 20 September 2015 respectively).

The acquisition of these dossiers will allow Ascendis future access to registered products in the new and rapidly emerging therapeutic areas including oncology, women's health and urology, while strengthening their current position within the anti-infective's and neuroscience areas.

The acquisition of these dossiers and successful development of the products will offer sustained organic and new market growth opportunities for the Pharma-Med division within Ascendis and will unlock operational efficiencies and explore new markets.

Due to the size and nature of this business, it is seen as a bolt-on to the Pharma-Med division, where it will be complemented by our other successful pharmaceutical companies.

As at 31 December 2015, no revenue or profit after tax has been generated. This is due to the fact that revenue can only be generated once the dossier transfer process has been completed. This process typically takes approximately 12 months. Revenue and profit after tax is considered to be viable once the move of the dossier registration to the new owner has been completed.

Pharma-Med bolt-on acquisition - Bioswiss Proprietary Limited

Ascendis Health Group acquired Bioswiss for a purchase consideration of R17.9 million (R10.8 million cash on 1 July 2015, R4.3 million of shares and R2.7 million payable 31 December 2015).

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

Due to the size and nature of this business, it is seen as a bolt-on to the Pharma-Med division, where it will be complemented by our other successful pharmaceutical companies.

The revenue included in the statement of comprehensive income since July 2015 contributed by the acquisition was R9.8 million. The acquisition contributed profit after tax of R2.4 million over the same period.

Consumer Brands - Division

Consumer Brands bolt-on acquisition - OTC Pharma South Africa

Ascendis Health Group acquired OTC Pharma South Africa for a purchase consideration of R21.3 million (R10.9 million cash paid on 1 July 2015, R8.4 million cash upon verification of the inventory purchased and two subsequent cash payments of R1 million payable after 12 and 24 months respectively).

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

Due to the size and nature of this business, it is seen as a bolt-on to the CAMS division, where it will be complemented by our other successful consumer brands companies.

The revenue included in the statement of comprehensive income since 1 July 2015 contributed by acquisition was R8.9 million. The acquisition contributed profit after tax of R1.8 million over the same period.

8. Other reserves

Other reserves within the Statement of changes in equity consists for the following:

	Other reserves							
	R'000							
	Foreign translation reserve	Revaluation reserve	Hedging reserve	Change in ownership reserve	Share-based payment reserve	Put option non-controlling interest reserve	Farmalider statutory reserve (Note b)	Total
Balance as at 1 July 2014 (Restated)	188	976	-	(70 516)	13 233	-	-	(56 119)
Other comprehensive income/(loss) for the period	10	-	(798)	-	-	-	-	(788)
Total changes in ownership interests in subsidiaries that do not result in a material loss of control	-	-	-	5 159	-	-	-	5 159
Balance as at 31 December 2014	198	976	(798)	(65 357)	13 233	-	-	(51 748)
Other comprehensive income/(loss) for the period	(10)	-	(151)	-	-	-	-	(161)
Balance as at 30 June 2015	188	976	(949)	(65 357)	13 233	-	-	(51 909)
Reclassify to retained earnings (Note a)	-	-	-	65 357	(13 233)	-	-	52 124
Put option written on non-controlling interest (Note c)	-	-	-	-	-	(99 865)	-	(99 865)
Total comprehensive income for the period	25 915	-	204	-	-	-	(833)	25 286
Balance as at 31 December 2015	26 103	976	(745)	-	-	(99 865)	(833)	(74 364)

Note a

Reclassification of equity components relating to profit and loss to retained earnings. This reclassification represents a more reliable presentation of the nature of the equity components.

Note b

Farmalider statutory reserve is a statutory reserve in terms of Spanish legislation.

Note c

The Put option on the non-controlling interest reserve relates to a put option Ascendis holds to acquire the 51% non-controlling interest in Farmalider. Ascendis acquired a 49% interest in Farmalider, in terms of IFRS 10 Ascendis has the ability to control the variable returns and consolidates Farmalider on that basis. In addition to this Ascendis has recognised a financial liability relating to the put option, since the contract contains an obligation to deliver cash in exchange for its own equity shares (the shares of Farmalider). The initial redemption liability is a reduction of Ascendis equity (Put option on non-controlling interest reserve), since risks and rewards of ownership remained with the non-controlling interest (See key management estimates). The put option liability is recognised in Other financial liabilities.

9. Fair value information

The table below analyses assets and liabilities carried at fair value, by valuation method. The different levels are defined as follows:

- Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

No changes in the valuation technique, key inputs or classification of financial instruments disclosed within the fair value hierarchy has changed since the previous audited financial statements. For detailed disclosures on the valuation techniques, key inputs and classification of financial instruments, refer to the 30 June 2015 annual financial statements.

The following table presents the Group's financial assets and liabilities that are measured and disclosed at fair value at 31 December 2015:

Liabilities	Unaudited six months ended 31 December				Total
	2015				
	Level 1	Level 2	Level 3		
Financial liabilities at fair value through profit					

Deferred vendor liabilities		99 331	99 331
Derivatives used for hedging			
Foreign exchange contracts	52		52
Interest rate swaps	10 050		10 050
Financial liabilities at amortised cost			
Put call option on subsidiary equity instruments		122 420	122 420
Deferred vendor liabilities		205 938	205 938
Borrowings - Other		677 332	677 332
Borrowings - Bond	525 000		525 000
Total liabilities	-	535 102	1 105 021

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives used for hedging				
- Foreign exchange contracts		7 779		7 779
- Interest rate swaps		10 300		10 300
Total assets	-	18 079	-	18 079

Note A:

The derivative relates to the Put-call liability raised as part of the Farmalider business combination. The derivative is initially measured at fair value, and subsequently measured at amortised cost.

The generally accepted definition of "Market Value" is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information. Put-call parity defines a relationship between the price of a European call option and European put option, both with the identical strike price and expiry, namely that a portfolio of a long call option and a short put option is equivalent to (and hence has the same value as) a single forward contract at this strike price and expiry.

The key inputs into valuation therefore are:

- The annualised risk free rate of (1.82% which is considered to be market related in the European market); and
- The strike price using a growth rate of 6.5% - 9% per annum and the expected contractual cash flows from the contract.

A decrease in the growth rate applied in the model to 3% would result in the liability to reduce to R59.9 million. Based on the current economic conditions, a growth rate in excess of 9% is considered unlikely based on the current conditions within the European market.

The following table presents the Group's financial assets and liabilities that are measured and disclosed at fair value at 31 December 2014:

	Unaudited six months ended 31 December			
		2014		
		R'000		
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit				
Deferred vendor liabilities			39 380	39 380
Financial liabilities at amortised cost				
Deferred vendor liabilities			68 991	68 991
Borrowings - Other			177 478	177 478
Total liabilities	-	-	285 849	285 849

*No asset are measured or disclosed at fair value.

The following table presents the Group's financial assets and liabilities that are measured and disclosed at fair value at 30 June 2015:

	Audited year-end 30 June			
		2015		
		R'000		
Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit				
Deferred vendor liabilities			115 485	115 485
Derivatives used for hedging				
Foreign exchange contracts		11 509		11 509
Interest rate swaps		8 420		8 420
Financial liabilities at amortised cost				

Deferred vendor liabilities			202 321	202 321
Borrowings - Other			449 361	449 361
Borrowings - Bond		387 267		387 267
Total liabilities	-	407 196	767 167	1 174 363
Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives used for hedging				
- Foreign exchange contracts		12 577		12 577
- Interest rate swaps		7 465		7 465
Total assets	-	20 042	-	20 042

10. Foreign Exchange

During the reporting period Ascendis Health acquired its first international acquisition Farmalider. The functional currency of this company is Euro and it is translated into South African Rand's to obtain a similar presentation currency as Ascendis Health.

The results and financial position of an entity are translated into a different presentation currency using the following procedures:

- Assets and liabilities for the balance sheet presented are translated at the closing rate at the date of that balance sheet. This includes goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of the foreign operation are treated as part of the assets and liabilities of the foreign operation;
- Income and expenses for each income statement are translated at average exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income.

Currency

	Unaudited six months ended 31 December 2015	Unaudited six months ended 31 December 2014	Audited year-end 30 June 2015
Average EUR (ZAR/EUR) (1 August 2015 to 31 December 2015)*	15.28	n/a	n/a
Closing EUR (ZAR/EUR)*	16.94	n/a	n/a

Source: www.oanda.com (mid-price option)

The following chart serves to illustrate the total foreign exchange impact, as a result of the weakening of the South African Rand (ZAR) to the Euro in the 5 months since the acquisition of Farmalider, on Revenue and EBITDA as included in the consolidated condensed financial statements as at 31 December 2015.

Foreign exchange impact is calculated as the different between the spot rate as at acquisition date of Farmalider and the average rate as at 31 December 2015.

11. Income tax

This note provides an analysis of the Ascendis groups' income tax expense.

	Percentage	Unaudited six months ended 31 December 2015 R'000
Effective tax rate reconciliation:		
Tax at the South Africa tax rate	28%	55 293
Difference in overseas tax rates		
Spain R&D Innovation tax credit	(3%)	(5 190)
Income tax expense	25%	50 103

R&D innovation tax credit

In terms of Spanish tax legislation, large incentives are given to entities who incur specific research and development cost. This incentive is akin to an investment tax credit. Since the R&D innovation tax credit is not substantially different to regular tax credits the benefit is recognised as a reduction of current tax

in the year in which they are claimed on the entity's tax return. Unused tax credits are recognised as deferred tax to the extent allowed as per IAS 12, par 34.

The R&D innovation credit is a reoccurring amount which will be received and recognised on an annual basis since the research and development expenses to which the tax credit relates are key to and part the normal business operations of Farmalider (Spanish subsidiary).

12. Dividend

Interim dividend declaration

The board of directors has approved an interim gross ordinary dividend of 9.50 cents per share (2015: 8 cents per share).

The source of the dividend will be from distributable reserves and paid in cash.

Additional information

Dividends Tax ("DT") at the rate of 15% amounting to 1.425 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 8.075 cents per share net of DT.

The company has 271 729 482 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 interim dividend:

- Last day to trade "cum" the dividend - Friday, 6 May 2016
- Shares trade "ex" the dividend - Monday, 9 May 2016
- Record date - Friday, 13 May 2016
- Payment to shareholders - Monday, 16 May 2016

Share certificates may not be dematerialised or re-materialised between Monday, 9 May 2016 and Friday, 13 May 2016, 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, 6 May 2016 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 March 2016

13. Contingent Liabilities

There are no additional contingent liabilities since the reporting period ended on 31 December 2015.

14. Events after reporting period

Additional finance raised

Subsequent to the end of the reporting period, Ascendis Group raised additional finance collectively amounting to R260 million. The additional finance raised consists of the following:

- Original term facility amounting to R160 million was raised from Standard Bank Limited. Ascendis utilised a portion of this facility to settle the initial cash component of the Afrikelp acquisition (refer below). The remaining balance of the facility will be utilised toward the Akacia acquisition (SENS (ASC) 19/11/2015).
- Additional facility amounting to R100 million has been raised from FirstRand Bank Limited. Ascendis has utilised a portion of this facility to settle the Revolving credit facility (R60 million), and to reduce the Ascendis Group overdraft facility (R40 million).

Ascendis has also renegotiated and increased its General Banking, Derivative and Guarantee facilities with Nedbank Limited collectively with an additional R40 million.

Capital raised

Ascendis has entered into an equity settled share-based payment transaction with a counter-party. Ascendis will raise R125 million in consideration from the relevant counterparty to facilitate the transaction. As part of the settlement of this transaction Ascendis will procure and transfer the

ordinary shares to which this transaction relates to the relevant counter party.

Phyto-Vet acquisition

Ascendis entered into an agreement to acquire a company into its Phyto-Vet division:

The total purchase consideration for the Acquisition of R170 million ("Purchase Consideration") is payable as follows:

- Payable on transaction the Effective Date falls ("Closing Date"):
 - R71 million payable in cash;
 - R75 million to be settled by way of so many Ascendis ordinary shares during the 2016 financial year; and
 - R35 million deferred cash payment payable on the subsequent anniversaries of the contract closing date subject to the achievement of agreed performance targets.

This acquisition and the existing Phyto-Vet products and exporting ability, presents Ascendis with a strong platform to grow and expand its Phyto business both domestically and internationally.

Akacia Healthcare Holdings (Pty) Ltd acquisition

Ascendis entered into an agreement to acquire Akacia Healthcare Holdings (Pty) Ltd into its Pharma-Med division (SENS: (ASC) 19/11/2015). The completion of this acquisition is subject to the fulfilment of certain outstanding conditions, which include Competition Authorities approval.

Ascendis obtained approval for this acquisition from the Competition Authorities in February 2016.

15. Related party transactions

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

16. Audit

These results and any references to future financial performance included in this announcement have not been audited or reviewed by the external auditors.

Corporate information

Ascendis Health Limited

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

* Independent non-executive # Non-executive

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