The definitions and interpretations commencing on page 6 apply to this Pre-Listing Statement.

This Pre-Listing Statement is not an invitation to the public to subscribe for, or an offer to the public to purchase, Ascendis Ordinary Shares, but is issued in compliance with the Listings Requirements for the purpose of giving information to the public with regard to Ascendis. The JSE Limited has granted a listing to Ascendis on the Main Board in the pharmaceuticals sector under the abbreviated name 'ASCENDIS', share code: ASC, ISIN ZAE000185005, with effect from the commencement of business on Friday, 22 November 2013. The listing of Ascendis is by way of a Private Placing.

Subscriptions in terms of the Private Placing are only allowed for a minimum amount of R1,000,000 per single addressee acting as principal except in the case of persons falling within one of the specified categories listed in Section 96(1)(a) of the Companies Act. The Ordinary Shares to be issued in terms of the Private Placing will rank *pari passu* with the existing Ordinary Shares in issue, including eligibility for dividends, and have no convertibility or redemption provisions attaching to them.

ASCENDIS HEALTH LIMITED

(formerly Ascendis Health Proprietary Limited)
(formerly Nutrivest Health Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 2008/005856/06)
Share code on the JSE: ASC ISIN: ZAE000185005
('Ascendis' or 'the Company')

PRE-LISTING STATEMENT

Prepared and issued in terms of the Listings Requirements

This Pre-Listing Statement relates to an Offer for Subscription by Ascendis (R400 million) and an Offer for Sale by the Selling Shareholders (R52.8 million) to Eligible Investors of up to 41,163,636 Placing Shares at the Private Placing Price for an amount of R452.8 million. The Private Placing has been underwritten by the Underwriter to the extent of R200 million in terms of the Underwriting Agreement and therefore there is no minimum subscription required to list.

Opening date of the Private Placing (09h00)	Friday, 15 November 2013
Closing date of the Private Placing (12h00)	Tuesday, 19 November 2013
Listing Date (09h00)	Friday, 22 November 2013

The Private Placing Price at which the Placing Shares will be offered for subscription or for sale pursuant to the Private Placing will be R11 per Placing Share.

Fractions of Ordinary Shares will not be issued and the Company will round up or down to the nearest whole number of an Ordinary Share.

Before the Listing Date, the authorised share capital of Ascendis will comprise 2,000,000,000 authorised no par value Ordinary Shares and the Company will have an issued share capital of R447,917,551 comprising 175,778,937 Ordinary Shares. Assuming the maximum number of Placing Shares are issued in terms of the Private Placing, and the issue of 17,592,954 new Ordinary Shares in terms of the Vendor Issuances, the Company will have an issued share capital of R1,041,440,042 comprising 229,735,527 Ordinary Shares at the Listing Date. No Ordinary Shares are held in treasury as at the Last Practicable Date and there will be no Ordinary Shares held in treasury at the Listing Date.

The Placing Shares will be issued in dematerialised form only and, accordingly, no physical Documents of Title will be issued or delivered to successful applicants.

The Directors of Ascendis, whose names are in the 'Corporate Information' section of this Pre-Listing Statement, collectively and individually accept full responsibility for the accuracy of the information given herein and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this Pre-Listing Statement contains all information required by the Listings Requirements .

The Investment Bank, Corporate Advisor and Sponsor, Underwriter, Attorneys, Independent Reporting Accountants and Auditors, Communication Advisors and Transfer Secretaries, whose names are set out in this Pre-Listing Statement, have given and have not, prior to publication, withdrawn their written consents to the inclusion of their names in the capacities stated and, where applicable, to their reports being included in this Pre-Listing Statement.

Copies of this Pre-Listing Statement are only available in English and may be obtained during normal business hours for 14 days from the date of issue of this Pre-Listing Statement from the registered office of Ascendis and the office of the Investment Bank, Corporate Advisor and Sponsor, the addresses of which are set out in the 'Corporate information' section of this Pre-Listing Statement.

An abridged version of this Pre-Listing Statement has been released on SENS and published in the South African press on Friday, 15 November 2013.

Investment Bank, Corporate Advisor and Sponsor

MAKE THINGS HAPPEN
NEDBANK CAPITAL

Underwriter

36ONE
THREE SIX ONE ASSET MANAGEMENT

Independent Reporting Accountants and Auditors

MAZARS

Attorneys

DLA CLIFFE DEKKER HOFMEYR

Communication Advisors

LB
LUXURY BRANDS

Date of issue: Friday, 15 November 2013

IMPORTANT LEGAL NOTICES

The definitions and interpretations commencing on page 6 of this Pre-Listing Statement apply to this important legal notices section.

Special note with regard to the Private Placing

Notwithstanding that this document constitutes a Pre-Listing Statement, it is not an offer to the general public and only constitutes an Offer for Subscription and an Offer for Sale to Eligible Investors, to whom the Private Placing will specifically be addressed, and is only addressed to persons to whom the Private Placing may lawfully be made. In addition, this document is not a prospectus and will not be registered as a prospectus or registered at all with the Companies and Intellectual Property Commission of South Africa.

Forward-looking statements

Certain statements contained in this Pre-Listing Statement, other than historical facts, constitute 'forward-looking statements'. Forward-looking statements are preceded by, followed by, or include the words 'believes', 'expects', 'aims', 'estimates', 'anticipates', 'may', 'should', 'could', 'intends', 'plans', 'seeks' or words of similar import. Such forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of Ascendis, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others, the lack of availability to Ascendis of necessary capital on acceptable terms, general economic and business conditions, industry trends, competition, changes in government regulation, interest rate fluctuations, currency fluctuations, changes in business strategy or development plans and other risks. Ascendis bases these forward-looking statements on particular assumptions that it has made in light of its industry experience, as well as its perception of historical trends, current conditions, expected future developments and other factors that Ascendis believes are appropriate under the circumstances. As you read and consider the information in this Pre-Listing Statement, you should understand that these forward-looking statements are not guarantees of performance or results.

Although Ascendis believes that these forward-looking statements are based on reasonable assumptions, and has used its best endeavours to ensure the accuracy thereof, you should be aware that many factors could affect Ascendis' actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements. Ascendis will not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Pre-Listing Statement except as required by law or by any appropriate regulatory authority. In light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained in this Pre-Listing Statement will in fact transpire.

LSM information

This Pre-Listing Statement includes references to the LSMs, a market segmentation tool developed by the South African Advertising Research Foundation that separates consumers into ten Groups according to living standards criteria. Consumers within LSM category 1 have the lowest living standard and those within LSM category 10 the highest. The LSM categories are based on consumers' access to services and durable goods, and use demographic indicators as determinants of living standard. Because the LSM takes a variety of factors into account, consumers within the same LSM category may not have similar income or wealth levels to one another.

Market and industry information

Information relating to markets, market size, market share, market position, growth rates, average prices and other industry data pertaining to Ascendis' businesses contained in this Pre-Listing Statement consists of estimates based on data compiled by professional organisations and analysts, on data from external sources, on Ascendis' estimates or knowledge of sales and markets and on Ascendis' calculations based on such information. In many cases, there is no readily available external information (whether from trade associations, governmental bodies or other organisations) to validate market-related analyses and estimates, thus requiring Ascendis to rely on internally developed estimates. While Ascendis has compiled, extracted and reproduced market or other industry data from external sources which it believes are reliable, including third-party or industry or general publications, neither Ascendis nor the Corporate Advisor nor the Independent Reporting Accountants has independently verified any such data. Ascendis cannot give any assurance of the accuracy or completeness of, or take any responsibility for, such data. Similarly, while Ascendis believes its internal estimates to be reasonable, they have not been verified by any independent sources, and Ascendis cannot give any assurance as to their accuracy.

CORPORATE INFORMATION

Registered Office
Ascendis Health Limited
(Registration number 2008/005856/06)
The Terraces, Block E
Steenberg Office Park, Silverwood Close
Tokai, 7945
(Private Bag X26,Tokai, 7966)

Company Secretary
Pieter van Niekerk CA (SA)
50 Kambathi Street
N4 Industrial Gateway Park
Willow Park Manor Ext 65, 0184
(PO Box 75403, Lynnwood Ridge, 0040)

Investment Bank, Corporate Advisor and Sponsor
Nedbank Capital
A division of Nedbank Limited
(Registration number 1951/000009/06)
135 Rivonia Road
Sandown
Sandton, 2196
(PO Box 1144, Johannesburg, 2000)

Underwriter
36ONE Asset Management Proprietary Limited
(Registration number 2004/035570/07)
6A Sandown Valley Crescent
Sandown
Sandton, 2196
(Private Bag 10361, Sandton, 2146)

Attorneys
Cliffe Dekker Hofmeyr Incorporated
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000, South Africa)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Communication Advisors
Luxury Brands CC
(Registration number 2001/042012/23)
Miltons Way, 11 Bell Crescent
Westlake Business Park
Westlake, 7945
(Private Bag X16, Constantia, 7848)

Independent Reporting Accountants and Auditors
Mazars
(Practice number 900222)
Mazars House
Rialto Road, Grand Moorings Precinct
Century City, 7441
(PO Box 134, Century City, 7446)

Save for the Company Secretary and Communication Advisors, none of the above mentioned persons hold any securities in, options on securities in, or agreed to be acquired in Ascendis.

Date of incorporation: 5 March 2008

Place of incorporation: South Africa

Date of conversion into a public company: 29 July 2013

TABLE OF CONTENTS

The definitions and interpretations commencing on page 6 of this Pre-Listing Statement apply to this table of contents.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 6 of this Pre-Listing Statement apply to this salient dates and times section.

	2013
Abridged Pre-Listing Statement released on SENS	Friday, 15 November
Opening date of the Private Placing (09h00)	Friday, 15 November
Abridged Pre-Listing Statement published in the South African press	Friday, 15 November
Closing date of the Private Placing (12h00)	Tuesday, 19 November
Notification of allotments	Wednesday, 20 November
Results of the Private Placing released on SENS	Thursday, 21 November
Results of the Private Placing published in the South African press	Friday, 22 November
Listing Date (09h00)	Friday, 22 November
Accounts at CSDP or broker updated and debited in respect of Dematerialised Shareholders	Friday, 22 November

Notes:

1. All dates and times shown in this Pre-Listing Statement are South African dates and times.
2. The above dates and times are subject to amendment. Any such amendment will be announced on SENS and published in the South African press.

DEFINITIONS AND INTERPRETATIONS

In this Pre-Listing Statement, unless the context indicates otherwise, the words in the first column shall have the meanings assigned to them in the second column, the singular includes the plural and *vice versa*, an expression which denotes one gender includes the other genders, a natural person includes a juristic person and *vice versa* and cognate expressions shall bear corresponding meanings.

'Adcock'	Adcock Ingram Holdings Limited (registration number 2007/016236/06), a public company registered and incorporated in South Africa and listed on the JSE with share code 'AIP';
'Agro-Serve'	Agro-Serve Proprietary Limited (registration number 1973/00868/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis;
'Anti-aging Technologies'	Anti-aging Technologies Proprietary Limited (registration number 2000/073303/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis, forming part of the Solal Acquisition;
'Ascendis Ordinary Share(s)' or 'Ordinary Share(s)'	an ordinary share(s) with no par value in the authorised and issued share capital of Ascendis;
'Ascendis' or 'Ascendis Health' or 'the Company'	Ascendis Health Limited (registration number 2008/005856/06), a public company registered and incorporated in South Africa;
'Aspen'	Aspen Pharmacare Holdings Limited (registration number 1985/0002935/06), a public company registered and incorporated in South Africa and listed on the JSE with share code 'APN';
'Avima'	Avima Proprietary Limited (registration number 1961/001744/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis;
'BEE Act'	The Broad-Based Black Economic Empowerment Act No. 53 of 2003, as amended;
'BEE'	broad-based black economic empowerment, as defined in the BEE Act or black economic empowerment, where the context requires;
'BMI'	Business Monitor International;
'Board' or 'Directors'	the board of Directors of Ascendis as set out in paragraph 9.1 of this Pre-Listing Statement;
'Bolus'	Bolus Distribution Proprietary Limited trading as Muscle Tech (registration number 2013/186925/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis;
'Business Day'	any day other than a Saturday, Sunday or an official public holiday in South Africa and in the event that a day referred to in terms of this Pre-Listing Statement should fall on a day which is not a Business Day, the relevant date will be extended to the next succeeding Business Day;
'CAGR'	compound annual growth rate;
'CAM'	complementary and alternative medicine;
'CDH' or 'Attorneys'	Cliffe Dekker Hofmeyr Incorporated (registration number 2008/018923/21), a personal liability company registered and incorporated in South Africa;

'CEO'	chief executive officer;
'CFO'	chief financial officer;
'Chempure'	Chempure Proprietary Limited (registration number 2011/011010/07), a private company registered and incorporated in South Africa and a subsidiary of Ascendis;
'Cipla'	Cipla Medpro South Africa Limited (registration number 2002/018027/06), a public company registered and incorporated in South Africa;
'Coast2Coast Holdings'	Coast2Coast Holdings Proprietary Limited (registration number 2005/044606/07), a private company registered and incorporated in South Africa which is ultimately wholly-owned by the Jersey-domiciled Lighthouse Trust of which Gary John Shayne and his associates are beneficiaries;
'Coast2Coast Investments'	Coast2Coast Investments Proprietary Limited (registration number 2006/000073/07), a private company registered and incorporated in South Africa which is 85% owned by Coast2Coast Holdings and 15% owned by the Kingfish Trust of which the Crispian Douglas Dillon and his associates are beneficiaries;
'Coast2Coast'	collectively, Coast2Coast Investments and Coast2Coast Holdings;
'Common Monetary Area'	the geographic region comprising South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
'Companies Act'	the Companies Act, No. 71 of 2008, as amended;
'Company Secretary'	Pieter van Niekerk CA (SA), subject to change from time to time;
'Consumer Brands Division'	the division housing OTC medicines, vitamins, skincare and sports nutrition, and incorporating Bolus, Evox, Nimue, Solal, Sportron, SSN and Swissgarde;
'COO'	chief operating officer;
'CSDP'	a Central Securities Depository Participant appointed by Ordinary Shareholders for purposes of, and in regard to, Dematerialisation;
'Debt Refinance'	the consolidation by Ascendis of all of its debt into a single facility with Standard Bank with effect from 4 July 2013, further details of which are set out in Annexure 8 to this Pre-Listing Statement;
'Dematerialisation' or 'Dematerialised'	the process by which Ordinary Shares are converted into an electronic form as Dematerialised Shares and recorded in the sub-register of shareholders maintained by a CSDP;
'Dematerialised Shareholders'	holders of Dematerialised Shares;
'Dematerialised Shares'	Ascendis Ordinary Shares that have been Dematerialised and incorporated into Strate and which Ordinary Shares are no longer evidenced by physical Documents of Title;
'Dezzo'	Dezzo Trading 392 Proprietary Limited (registration number 2002/001923/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis, forming part of the Pharmachem Acquisition;
'Documents of Title'	share certificates, certified transfer deeds, balance receipts or any other tangible documents of title acceptable to the Board;
'Dollar' or 'US$'	the lawful currency of the United States of America;
'EBIT'	earnings before interest and tax;

'EBITDA'	earnings before interest, taxation, depreciation and amortisation;
'Efekto'	collectively, Efekto Holdings Proprietary Limited (registration number 2011/011041/07) and Efekto Care Proprietary Limited (registration number 2009/006357/07), private companies registered and incorporated in South Africa and wholly-owned subsidiaries of Ascendis;
'Eligible Investors'	those specifically identified investors to whom the Private Placing will be addressed and made, being selected institutional and other invited investors in South Africa, each subject to a minimum subscription or purchase of R1,000,000 as principals (in reliance on Section 96(1)(b) of the Companies Act), except for those selected institutional investors falling within one of the other specified categories listed in Section 96(1)(a) of the Companies Act;
'EPS'	earnings per share;
'ESP'	emotional selling point;
'Euro' or '€'	the lawful currency of the European Union's member states who are also members of the Eurozone;
'Evox'	Dealcor Forty Proprietary Limited (registration number 2013/164981/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis;
'Exchange Control Regulations'	the Exchange Control Regulations of South Africa, as amended, promulgated in terms of Section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended, and issued from time to time by Excon;
'Excon'	the Exchange Control Department of the SARB;
'FMCG'	fast-moving consumer goods;
'Government'	the government of South Africa;
'Group'	collectively Ascendis and its subsidiaries from time to time;
'HEPS'	headline earnings per share;
'Heritage'	Heritage Resources Limited (registration number 76002C), a company registered and incorporated in the Isle of Man and a wholly-owned subsidiary of Ascendis;
"HIV"	human immunodeficiency virus;
'IFRS'	International Financial Reporting Standards as adopted by the International Accounting Standards Board from time to time;
'IMC'	The Integrative Medical Centre Proprietary Limited (registration number 2012/166806/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis, forming part of the Solal Acquisition;
'JSE'	the Johannesburg Stock Exchange operated by the JSE Limited (registration number 2005/022939/06), a public company registered and incorporated in South Africa, licensed as an exchange under the Financial Markets Act, No 19 of 2012;
'JV'	joint venture;
'King III' or 'King Code'	the King Code of Governance Principles for South Africa, 2009 and the King Report on Governance for South Africa, 2009, as amended from time to time;

'Last Practicable Date'	the last practicable date prior to the finalisation of this Pre-Listing Statement, being Friday, 1 November 2013;
'Listing Date'	the date upon which Ascendis lists its Ordinary Shares on the JSE Limited, which is expected to be on or about Friday, 22 November 2013;
'Listing'	listing by way of Private Placing of up to 229,735,527 Ascendis Ordinary Shares on the Main Board in the pharmaceuticals sector of the JSE under the abbreviated name 'ASCENDIS' and having the JSE share code 'ASC';
'Listings Requirements'	the Listings Requirements published by the JSE, as amended from time to time;
'Litha'	Litha Healthcare Group Limited (registration number 2006/006371/06), a public company registered and incorporated in South Africa and listed on the JSE with share code 'LHG';
'LSM'	Living Standard Measure, a research tool developed by the South African Advertising Research Foundation to measure the population's standard of living by segmenting consumers into 10 Groups according to specified living standards criteria. Consumers within LSM Customer Category 1 have the lowest living standard and those within LSM Customer Category 10, the highest;
'Luxury Brands' or 'Communication Advisors'	Luxury Brands CC (registration number 2001/042012/23), a close corporation registered and incorporated in South Africa;
'Major Subsidiaries'	Chempure, Efekto, Pharmachem and Solal;
'Marltons'	Marltons Pets and Products Proprietary Limited (registration number 2013/114411/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis;
'Mazars' or 'Independent Reporting Accountants and Auditors'	Mazars (practice number 900222), a practice registered in South Africa;
'MCC'	Medicines Control Council, a statutory body established in terms of the Medicines and Related Substances Act, No. 101 of 1965, as amended, to oversee the regulation of medicines in South Africa;
'MDI'	Medicine Developers International Proprietary Limited (registration number 2013/071505/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis;
'Memorandum of Incorporation'	the memorandum of incorporation of the Company, extracts of which are set out in Annexure 12 to this Pre-Listing Statement;
'NAV'	net asset value;
'Nedbank Capital' or 'Investment Bank' or 'Corporate Advisor' or 'Sponsor'	Nedbank Capital, a division of Nedbank Limited;
'Nedbank Limited'	Nedbank Limited (registration number 1951/000009/06), a public company registered and incorporated in South Africa, and a registered bank in South Africa;
'NHI'	National Health Insurance, a financing system that aims to ensure all citizens of South Africa (and legal long-term residents) are provided with essential health care, regardless of their employment status and their ability to make a direct monetary contribution to the National Health Insurance fund (www.doh.gov.za);

'Nimue'	collectively, Coast2Coast Distribution Proprietary Limited (registration number 2008/007627/07), Nimue Skin Proprietary Limited (registration number 2011/004858/07), Nimue Bioscience Proprietary Limited (registration number 1997/008605/07) and Nimue Skin Southern Africa Proprietary Limited (registration number 2000/007844/07), private companies registered and incorporated in South Africa and wholly-owned subsidiaries of Ascendis;
'NTAV'	net tangible asset value;
'Offer for Sale'	an offer for sale by the Selling Shareholders to Eligible Investors of up to 4,800,000 Sale Shares at the Private Placing Price, being an amount of R52.8 million;
'Offer for Subscription'	an offer for subscription by Ascendis to Eligible Investors of up to 36,363,636 Subscription Shares at the Private Placing Price, being an amount of R400 million;
'Ordinary Shareholders' or 'Shareholders'	holders of Ascendis Ordinary Shares, from time to time;
'OTC'	over the counter (normally referring to medicines sold directly to consumers not requiring a prescription);
'Pharmachem'	collectively, Dezzo, MDI, Pharmachem Pharmaceuticals and Pharmadyne;
'Pharmachem Acquisition'	for purposes of the *pro forma* financial information contained in Annexure 5 to this Pre-Listing Statement, the 'Pharmachem Acquisition' includes the acquisition by Ascendis of 100% of the issued shares of Dezzo and Pharmachem Pharmaceuticals and excludes Pharmadyne as this company is immaterial as regards such acquisition;
'Pharmachem Pharmaceuticals'	Pharmachem Pharmaceuticals Proprietary Limited (registration number 2006/033994/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis, forming part of the Pharmachem Acquisition;
'Pharmadyne'	Pharmadyne Healthcare Proprietary Limited (registration number 1962/002457/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis;
'Pharma-Med Division'	the division housing pharmaceutical drugs and medical devices, incorporating Pharmachem;
'Phyto-Vet Division'	the division housing plant and animal health, incorporating Avima, Efekto and Marltons;
'Placing Shares'	collectively, and unless the contrary appears from the context, the Subscription Shares and the Sale Shares and a reference to 'Placing Shares' shall embrace a reference to each of them as the context may require;
'Pre-Listing Capital Raise'	the issue of 5,326,937 new Ordinary Shares to select individuals during September 2013 at a price of R9.50 per Ordinary Share;
'Pre-Listing Statement'	this Pre-Listing Statement and its annexures, dated Friday, 15 November 2013, which has been prepared in compliance with the Listings Requirements;
'Private Placing Price'	the price at which the Placing Shares are to be issued to Eligible Investors, being R11 per Ascendis Ordinary Share;
'Private Placing'	the private placing of the Placing Shares at the Private Placing Price to Eligible Investors, being an amount of R452.8 million;

‘Rand’ or ‘R’	the lawful currency of South Africa;
‘Regal’	Regal Nutrients Proprietary Limited (registration number 2011/011343/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis;
‘Reviva’	Reviva Technology Proprietary Limited (registration number 2004/004006/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis;
‘SAHPRA’	South African Health Products Regulatory Authority, a proposed regulatory authority, introduced in terms of Amendment 72 of 2008 to the Medicines and Related Substances Act, No. 101 of 1965, but not passed into law, intended to replace the MCC;
‘Sale Shares’	a maximum of 4,800,000 Ordinary Shares offered for sale by the Selling Shareholders in terms of the Offer for Sale pursuant to this Pre-Listing Statement;
‘SARB’	South African Reserve Bank;
‘SCC’	Sanlam Credit Conduit Proprietary Limited (registration number 2006/000709/07), a private company registered and incorporated in South Africa;
‘SCM’	Sanlam Capital Markets Proprietary Limited (registration number 1996/004744/07), a private company registered and incorporated in South Africa;
‘Selling Shareholders’	certain of Ascendis’ existing Shareholders, being: Coast2Coast Investments, Karsten Uwe Harald Horst Wellner, Richard Ross Crouse, Emma Joy Kingdon and the Tucker Boys Trust (Masters Reference number IT7320/96);
‘Senior Management’	management forming part of Ascendis’, or Ascendis’ Major Subsidiaries’, executive and and/or management committees, responsible for the day to day management and oversight of the Group’s business;
‘SENS’	Stock Exchange News Service of the JSE;
‘Solal’	the business assets and contracts, excluding all liabilities other than financial lease liabilities, of Solal Technologies, IMC and Anti-aging Technologies (operating as a division of Chempure), acquired by Chempure from Solal Technologies;
‘Solal Acquisition’	for purposes of the *pro forma* financial information contained in Annexure 5 to this Pre-Listing Statement, the ‘Solal Acquisition’ includes the acquisition by Ascendis of the business assets and contracts, excluding all liabilities other than financial lease liabilities, of Solal Technologies, IMC and Anti-aging Technologies;
‘Solal Technologies’	Jacolco Proprietary Limited (registration number 2009/011695/07, formerly Solal Technologies Proprietary Limited), a private company registered and incorporated in South Africa;
“Solal Technologies Fine Pharmaceuticals”	Solal Technologies Fine Pharmaceuticals Proprietary Limited (registration number 2005/043596/07), a private company registered and incorporated in South Africa;
‘South Africa’ or ‘SA’	the Republic of South Africa;
‘Sportron’	collectively, Sportron International Proprietary Limited (registration number 2005/042930/07) and Sportron Properties Proprietary Limited (registration number 2004/017950/07), private companies registered and incorporated in South Africa and wholly-owned subsidiaries of Ascendis;

'SPV'	special purpose vehicle;
'SSN'	One Vision Investments 381 Proprietary Limited trading as SSN (registration number 2009/016275/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis;
'Standard Bank'	The Standard Bank of South Africa Limited, (registration number 1962/000738/06), a public company registered and incorporated in South Africa, and a registered bank in South Africa;
'Standard Bank Facility'	a facility advanced by Standard Bank, which includes the Debt Refinance, further details of which are set out in Annexure 8 to this Pre-Listing Statement;
'Strate'	Strate Limited (registration number 1998/022242/06), a public company registered and incorporated in South Africa, the electronic settlement system for transactions that take place on the JSE and off-market trades;
'Subscription Shares'	a maximum of 36,363,636 Ordinary Shares offered for subscription by Ascendis pursuant to this Pre-Listing Statement;
'Swissgarde'	collectively, Sceniwell Proprietary Limited (registration number 2011/110610/07) and Swissgarde South Africa Proprietary Limited (registration number 1994/05453), private companies registered and incorporated in South Africa and subsidiaries of Ascendis;
'Transfer Secretaries' or 'Computershare'	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company registered and incorporated in South Africa;
'Underwriter'	36ONE Asset Management Proprietary Limited (registration number 2004/035570/07), a private company registered and incorporated in South Africa;
'Underwriting Agreement'	the agreement dated 30 October 2013 entered into between the Underwriter, Ascendis and Coast2Coast Investments in terms of which the Underwriter has agreed to underwrite the Private Placing to the extent of R200 million at the Private Placing Price;
'USP'	unique selling point;
'Vendor Issuances'	the issue of 17,592,954 new Ordinary Shares at the Private Placing Price to various vendors of assets acquired by Ascendis as set out in paragraph 11.5 of this Pre-Listing Statement; and
'Zasvin'	Zasvin Trading Proprietary Limited (registration number 1999/007627/07), a private company registered and incorporated in South Africa and a wholly-owned subsidiary of Ascendis.

EXECUTIVE SUMMARY

The definitions and interpretations commencing on page 6 of this Pre-Listing Statement apply to this executive summary.

The following information is only a summary of the more detailed information contained in the main body of this Pre-Listing Statement.

OVERVIEW

Ascendis is a fast growing health and care brands company consisting of three divisions, Consumer Brands (OTC medicines, vitamins, sports nutrition and skin care products); Phyto-Vet (plant and animal health); and Pharma-Med (prescription drugs and medical devices). The Company's vision, which is encapsulated in its motto 'A healthy home and a healthy you', is to bring health to the consumer at all stages of his or her life – from health maintenance (preventative medicine) to chronic medication and critical care (intervention).

KEY STRENGTHS

Ascendis has many strengths, key among these are:

- currently, a majority of the Group's earnings are earned from the brands housed in its Consumer Brands Division and Phyto-Vet Division, giving the Company a strong and stable foundation and making it relatively resistant to challenging economic conditions;
- diversified and renowned brands with three distinct pillars in the health and care sector;
- Ascendis has achieved the critical mass to allow margin optimisation in each division by bolting-on additional brands and products (horizontal integration strategy);
- increased sales of branded products by leveraging off its enlarged sales channel and sales teams;
- further margin enhancement from the vertical integration benefits of using the Group's own supply chain to distribute its products thereby capturing the full value chain, resulting in a stronger and even more defensible business;
- Ascendis has a proven track record of acquiring quality brands and businesses in the health and care sector and the growth trajectory is expected to be enhanced as Ascendis continues to execute its strong pipeline;
- the health sector is a high growth and defensible sector with a constant demand for its products. Increased urbanisation and a healthy lifestyle focus should ensure continued growth in the health sector in emerging markets;
- Ascendis owns strong health and care brands with long established track records spanning from 6 to 52 years;
- a loyal customer following;
- high LSM brands in the Consumer Brands Division and Phyto-Vet Division allow the business to be more resilient in the face of weaker economic conditions;
- lower LSM brands in the pharmaceutical sector of the Pharma-Med Division will profit from Government's focus on affordability of, and accessibility to, medicines and the NHI implementation;
- strong and experienced management teams who are invested in Ascendis and are consequently aligned to the growth and success of the business;
- Ascendis can leverage off existing international agents to sell additional Ascendis product groups;
- Ascendis can leverage off its network in Africa to sell products to a multitude of high growth emerging markets;
- a niche pharmaceutical sector in the Pharma-Med Division with a sales network poised to support the lower LSM market when NHI is introduced; and
- strong barriers to entry in the Phyto-Vet Division and Pharma-Med Division requiring registration of products which take between three to five years to approve.

STRATEGY

Ascendis' overall strategy is to:

- create platforms in the sectors of Consumer Brands, Pharma-Med and Phyto-Vet;
- focus on strong organic growth generated from innovative products and supported by strong management teams in order to achieve strategic, operational and leadership excellence;
- acquire complementary health and care businesses in plant, animal and human health for synergistic growth, but retaining a focus on strong brands;
- improve the value chain via vertical and horizontal integration within the three divisions and industry sectors; and
- expand the foreign customer base by leveraging off the Company's strong brands and exporting to international markets by either partnering with in-country agents or by selectively acquiring businesses in those countries and leveraging off that infrastructure.

PROSPECTS

The strategies, structures, business models and talent of Ascendis and its management teams are proving to be relevant to the selected segments in which the Group operates. It is Ascendis' objective to deliver sustainable and predictable earnings into the future. The Directors are pleased with the Group's performance thus far and in the absence of a marked deterioration in economic conditions, are confident that the Group's strategy will bear success in future years.

Ascendis is currently in negotiations to acquire a medical devices business. As such, the Company will release a cautionary announcement on SENS on the Listing Date. If concluded it is intended that it will become an integral part of the Pharma-Med Division. This business has key agencies for surgical and other medical equipment which positions Ascendis well to service hospitals, clinics and Government tenders.

Accordingly, the Directors believe that the prospects for the Group are positive.

PURPOSE OF LISTING ON THE JSE

In pursuing its intended vision and mission, the proposed Listing will allow the Company to achieve the following:

- Raise Ascendis' profile, leading to new business opportunities;
- Access additional capital in order to finance the Group's organic and acquisitive expansion. Ascendis has a strong pipeline with an historical execution rate of 65% in respect of targeted acquisitions. The capital raised from the Private Placing will be deployed into, *inter alia*, new acquisition opportunities;
- Access more appropriate risk-adjusted cost of capital (debt and equity) than Ascendis has been able to obtain as a private company. The Company's public profile and accountability is expected to improve Ascendis' ability to issue debt through a corporate bond thereby further reducing its costs of borrowing;
- Access a wider choice of funding instruments than has been previously available to Ascendis;
- Easier facilitation of mergers and acquisitions, with direct visibility to an Ascendis listed market valuation;
- An increased ability to retain and incentivise employees via appropriate equity incentivisation mechanisms which allows the Company's cash resources to be preserved;
- Public quotation of shares provides for liquidity;
- A market value reference for Shareholders;
- Enhances the profile and stature of the Company amongst employees, clients, suppliers, regulators and potential job-seekers (Ascendis' listed peer group currently has this competitive advantage); and
- The demand for listed pharmaceutical investments is strong with heightened institutional focus (domestic and foreign).

FORECAST FINANCIAL INFORMATION OF ASCENDIS

(Rands)	Forecast for the year ending 30 June 2014
Revenue	1,666,140,226
Cost of sales	(971,104,363)
Gross profit	695,035,863
Other income	11,171,916
Operating expenses	(519,964,221)
Operating profit	186,243,559
Depreciation and amortisation	20,252,862
EBITDA	206,496,420
Depreciation and amortisation	(20,252,862)
Finance costs	(27,116,256)
Profit before tax	159,127,303
Taxation	(47,480,569)
Profit after tax	111,646,734
Attributable to:	
Equity shareholders	109,885,630
Minority interest	1,761,104
Weighted average number of Ordinary Shares in issue	203,747,960
Earnings per share (cents)	55
Headline earnings per share (cents)	55

The forecast includes c.R17 million of listing expenses (R12.2 million after tax), which are non-recurring costs.

The forecast also assumes R15.5 million of amortisation costs which relate to intangibles (revaluation of acquired brands, intellectual property and customer lists).

The forecast includes acquisitions made post 30 June 2013 from their respective effective dates of acquisition i.e. not for a full financial year. Had these acquisitions been effective from 1 July 2013 and accounted for as such, then the forecast profit after tax for the year ending 30 June 2014 would have increased by R18.8 million.

If the listing expenses and amortisation costs had been excluded from the forecast to 30 June 2014 and the full year's earnings for the acquisitions post 30 June 2013 had been taken into account in the profit forecast, then the profit forecast would have been R158.3 million for the year ending 30 June 2014.

The detailed forecast financial information is set out in Annexure 3 to this Pre-Listing Statement.

SUMMARY OF THE PRIVATE PLACING

This Pre-Listing Statement relates to an Offer for Subscription by Ascendis (R400 million) and an Offer for Sale by the Selling Shareholders (R52.8 million) to Eligible Investors of up to 41,163,636 Placing Shares at the Private Placing Price for an amount of R452.8 million. The Private Placing has been underwritten by the Underwriter to the extent of R200 million in terms of the Underwriting Agreement and therefore there is no minimum subscription required to list.

Opening date of the Private Placing (09h00)	Friday, 15 November 2013
Closing date of the Private Placing (12h00)	Tuesday, 19 November 2013
Listing Date (09h00)	Friday, 22 November 2013

The Private Placing Price at which the Placing Shares will be offered for subscription or for sale pursuant to the Private Placing will be R11 per Placing Share.

Fractions of Ordinary Shares will not be issued and the Company will round up or down to the nearest whole number of an Ordinary Share.

ASCENDIS HEALTH LIMITED
(formerly Ascendis Health Proprietary Limited)
(formerly Nutrivest Health Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 2008/005856/06)
Share code on the JSE: ASC ISIN: ZAE000185005

PRE-LISTING STATEMENT

Directors

John Bester (Chairman)*

Dr Karsten Uwe Harald Horst Wellner (CEO)

Robert James Taylor (CFO)

Bharti Harie*

Crispian Douglas Dillon#

Gary John Shayne#

Osment Philip Cunningham*

* Independent non-executive

Non-executive

PART A: THE BUSINESS

1. **INTRODUCTION TO ASCENDIS**

1.1 **Overview of the Group**

Ascendis is a fast-growing health and care brands company consisting of three divisions, Consumer Brands (OTC medicines, vitamins, sports nutrition and skin care products); Phyto-Vet (plant and animal health); and Pharma-Med (prescription drugs and medical devices). The Company's vision, which is encapsulated in its motto 'A healthy home and a healthy you', is to bring health to the consumer at all stages of his or her life – from health maintenance (preventative medicine) to chronic medication and critical care (intervention).

Ascendis is expected to be the third largest health and care brands Company on the JSE[1] and the Company's objective is to become a top-two industry player within the next five years. Ascendis plans to achieve this and strengthen its position in the health and care markets by leveraging off its existing brands, seeking out operational efficiencies within the Group and by executing on its current deal pipeline.

1.2 **Three divisions**

Two of the pillars of Ascendis, Consumer Brands and Pharma-Med, cater for human health, whilst the other, being the Phyto-Vet Division, caters for the plant and animal health sector. These operating divisions are becoming increasingly integrated, both vertically and horizontally, as part of the growing Ascendis value proposition.

Ascendis' strategy is to invest in the whole value chain ranging from the importation of raw materials, manufacturing capabilities and the marketing and selling of brands, through to the distribution of its products to its customers via retail, wholesale, export and direct selling channels. Organic growth has been supported by strong management teams in the Group, whilst acquisitive growth has been driven by strategic acquisitions executed in each division.

[1] Based on the expected market capitalisation of Ascendis at the Private Placing Price.

The divisional split of forecast EBITDA before head office costs, per the forecast financial information disclosed in Annexure 3 to this Pre-Listing Statement, is approximately 54% Consumer Brands Division, 14% Pharma-Med Division and 32% Phyto-Vet Division.

The table below sets out the divisional sales and EBITDA contributions on a historical *pro forma* and forecast basis:

	Pro forma Year ended 30 June 2013		Forecast* Year ending 30 June 2014	
Division	**Sales (R' million)**	**EBITDA (R' million)**	**Sales (R' million)**	**EBITDA (R' million)**
Consumer Brands	446	68	783	129
Pharma-Med	385	31	307	34
Phyto-Vet	353	36	576	75
Head office costs	–	(21)	–	(32)
TOTAL	**1,184**	**114**	**1,666**	**206**

* Forecast figures are inclusive of the acquisitions made post 30 June 2013 which are accounted for from their respective effective dates of acquisition i.e. not on a *pro forma* basis for the full financial year

Total sales and EBITDA in the table above reflect total sales and EBITDA as contained in the *pro forma* and forecast financial information set out in Annexure 4 and Annexure 2 to this Pre-Listing Statement, respectively.

1.3 **Powerful brands**

Ascendis owns a portfolio of renowned health and care brands across its three divisions. The brands have been in existence for between 6 and 52 years and include recognised brands such as Solal, Sportron, Evox, SSN, Nimue, Efekto and Marltons. The brands are generally targeted at higher LSM customers thereby underpinning Ascendis' strong financial performance, even during more challenging economic times.

1.4 **Strong management**

Ascendis currently employs approximately 1 000 staff members and is headed by Dr Karsten Wellner, the Company's CEO. Dr Wellner has more than 20 years' experience in the international and South African health markets. Prior to joining Ascendis, Dr Wellner lead, for eight years, Fresenius Kabi South Africa, the South African subsidiary of the c.€16 billion[2] multi-national company, Fresenius SE & Co. KGaA, which is listed on the Frankfurt Stock Exchange in Germany.

Ascendis' executive management team has over 50 years' executive experience across a broad range of industries; including distribution, fast moving consumer goods, finance, food, nutraceuticals, pharmaceuticals, retail and technology. The management teams of the businesses acquired by Ascendis have all reinvested into Ascendis and as such have incentives aligned to the performance of the Company and directly to the brands they are responsible for.

1.5 **Organic and acquisitive growth**

The Company has grown organically and acquisitively and has a healthy pipeline of future opportunities. Ascendis has an historical execution rate of 65% in respect of targeted acquisitions and as a listed Company would seek to continue this strategy in the medium-term.

Within each of its three divisions, Ascendis has a sound track record of acquiring established businesses exhibiting strong brands and meaningful earnings potential. Management has successfully incorporated these businesses into the more sustainable Ascendis infrastructure, which now allows for growth beyond their initial entrepreneurial beginnings.

Most importantly, Ascendis has as a result managed to achieve scale in all three operating divisions, which not only allows greater operating efficiencies but an ability to leverage off a larger organisational structure. It is anticipated that this will significantly increase sales within South Africa and internationally and will maximise the potential of these brands over the longer-term.

[2] S&P Capital IQ, as at 16 October 2013.

1.6 **Export expansion**

Since its incorporation in 2008, Ascendis has increasingly expanded its presence internationally. Ascendis currently has agents selling certain of its brands in over 20 countries, excluding 25 African countries where the Company sells a number of its phyto-vet products. Ascendis is, as a result, well positioned to leverage off this growing international footprint to expand the Group as part of its next phase of growth.

The table below sets out the countries in which Ascendis currently has a presence (excluding Africa, which is separately disclosed below this table):

Europe	**Australasia**	**Other**
Austria	Australia	Dubai
Belgium	China	India
Denmark	Malaysia	Mauritius
Estonia	New Zealand	
Finland		
Germany		
Greece		
Iceland		
Ireland		
Netherlands		
Norway		
Poland		
Russia		
Sweden		
Switzerland		
United Kingdom		

Southern Africa	**East Africa**	**West Africa**
Angola	Ethiopia	Nigeria
Botswana	Kenya	
Mozambique	Madagascar	
Namibia	Malawi	
South Africa	Rwanda	
Swaziland	Tanzania	
Zimbabwe	Uganda	
	Zambia	

1.7 **The local regulatory environment and NHI**

The Group is well-positioned to take advantage of changes in the domestic health environment, such as the expected implementation of the NHI. The NHI scheme aims to increase the access of prescription medication to a much wider percentage of the South African population, by allowing them to claim their prescription medication costs from their health scheme and by improving the affordability of prescription medication through focussing on the generic substitution of patented drugs.

Accordingly, Ascendis (through its Pharma-Med Division) will specifically target this lower LSM market for generic prescription medicines. It is important to note that Ascendis has an established network of customers for its prescription products via the dispensing doctor market, which is traditionally the lower LSM segment of the market.

In addition, the NHI scheme will see a substantial commitment by Government in the form of capital expenditure to fit new hospitals and clinics with medical equipment. Ascendis is currently in negotiations to acquire a medical devices business. As such, the Company will release a cautionary announcement on SENS on the Listing Date. If concluded it is intended that it will become an integral part of the Pharma-Med Division. This business has key agencies for surgical and other medical equipment, which positions Ascendis extremely well to service these new hospitals, clinics and Government tenders.

1.8 **The industry and growth prospects**

According to *Bain & Company Inc. Report*, 'The Great Eight Trillion-Dollar Growth Trends to 2020', the world's population is expected to increase by approximately 750 million by 2020, propelled by the growth in both developing and emerging economies. In addition, the rising wealth of emerging economies will continue to bring a broader range of consumer goods to a large number of new consumers. The number of these consumers within emerging economies who are crossing the 'global middle class' threshold, represented by an annual household income of U$5,000, is growing, which in effect enables more discretionary spend.

Ageing populations and increasing rates of chronic conditions related to lifestyle choices such as obesity and diabetes will continue to inflate healthcare costs. These lifestyle diseases have seen a global change towards health maintenance and increased sporting activities, which in turn has resulted in the expansion of health and care consumer goods.

Increased internet access has greatly empowered many South Africans with unlimited information access over the past decade and as consumers have become more aware of health trends around the globe this has encouraged them to spend more on managing their health. In 2013 the estimated spend on health products in South Africa was approximately R50 billion. Over the period to 2021 it is estimated that the spend on pharmaceuticals will increase by a CAGR of 10%.

The health industry in South Africa has been on a strong growth trajectory over the past decade which is expected to continue on the back of lifestyle changes, the introduction of NHI, and a number of large patents expiring which will drive growth in the generic pharmaceutical sector.

The table below shows the revenue contribution of the listed (and previously listed, being Cipla) South African health care and pharmaceutical products companies to the South African health care industry:

	OTC/Consumer (R' million)	**Pharma-ceutical (R' million)**	**Hospital/Medical devices (R' million)**	**Phyto-Vet (R' million)**	**Vaccines (R' million)**	**Total (R' million)**
Aspen (South Africa only)	998	5,162	–	–	–	6,160
Adcock (Southern Africa)	1,792	1,520	1,124	–	–	4,436
Cipla	411	1,730	–	157	–	2,297
Ascendis (forecast)	783	307	–	576	–	1,666
Ascendis (*pro forma* 2013)	446	385	–	353	–	1,184
Litha	103	247	289		795	1,434

Source: June 2013 IMS data, S&P Capital IQ and Litha 2012 results presentation

1.9 **Ascendis' strategy**

Ascendis' overall strategy is to:

- create platforms in the sectors of Consumer Brands, Pharma-Med and Phyto-Vet;
- focus on strong organic growth generated from innovative products and supported by strong management teams in order to achieve strategic, operational and leadership excellence;
- acquire complementary health and care businesses in plant, animal and human health for synergistic growth, whilst retaining a focus on strong brands;
- improve the value chain via vertical and horizontal integration within these divisions and industry sectors; and

- expand the foreign customer base by leveraging off the Company's strong brands and exporting to international markets by either partnering with in-country agents or by selectively acquiring businesses in those countries and leveraging off that infrastructure.

2. INCORPORATION AND HISTORY

2.1 Incorporation and history

Ascendis was incorporated on 5 March 2008 under the name of Nutrivest Health Proprietary Limited. The Company changed its name to Ascendis Health Proprietary Limited in 2011 and was converted to a public Company on 29 July 2013.

The formation of the Group, into its current form, is as a result of numerous historic market developments which initially resulted in the establishment and growth of the various underlying businesses which currently constitute the Group itself. All of the Group's businesses were established by entrepreneurs who identified opportunities in the health products market and set about meeting those needs with ever increasing success, leading to the gradual development of the renowned Ascendis brand portfolio.

2.2 The early years (1970s – 1980s)

Boutique family-run businesses, such as Marltons, Avima and Efekto, grew in an environment which saw limited international cooperation, due to international economic sanctions and inward-industrialisation in South Africa, seizing the numerous opportunities that existed within South Africa and its neighbouring countries. The pharmaceutical market did not, however, offer many opportunities for entrepreneurial initiatives due to it being extensively regulated by the state, coupled with the fact that corporate ownership of pharmacies was not allowed at the time.

2.3 Changes in the health industry (1990s – 2008)

During this period there were a number of key changes in the health industry which predominantly gave rise to family-owned health and care businesses and new channels to market via corporate pharmacies (arising out of the Amendment to the Pharmacy Act of 1974, from 1997, enacted 2003).

In conjunction with these amendments and by virtue of global scientific progress, individuals gained an increasing appreciation for the importance of an active lifestyle and preventative healthcare. General health, associated lifestyle and wellness became central themes for consumers worldwide. This trend towards a more holistic and sustainable lifestyle together with the inflated costs occasionally associated with allopathic or conventional medicine supported the growth in self-medication, CAMs, nutraceutical and sports nutrition, all of which flourished in the 1990s. These areas continue to show strong growth as the growing consumer population becomes more health and fitness conscious. The result has been the ascent of entrepreneurs who have capitalised on this trend to develop businesses catering for the health maintenance needs of individuals. Ascendis' businesses such as Solal, Nimue, Evox, SSN and Sporton were established as a result of these changing market circumstances.

During the 1990s, the pharmaceutical sector experienced the expiration of a number of medicinal products' patents, which gave rise to the lucrative generics market. At the same time the Government introduced new legislation to improve the legal framework for generics and possible mandatory substitution of patented drugs (Medicines and Related Substances Control Amendment Act of 1997 and the Single Exit Price Regulations in 2004). This in turn created an opportunity for entrepreneurs to deliver generic pharmaceutical products to both the public and private healthcare sectors at much cheaper prices than the patented variety, without compromising the efficacy of these medicinal products. It was out of this environment that Pharmachem, which is now the wholly-owned Ascendis generic drug manufacturing and distribution business, was established.

2.4 Platform development and consolidation (2008 – 2013)

In 2008, Coast2Coast Investments, the founding and majority Shareholder of Ascendis, identified the opportunity to create a health and care platform with the specific intention of consolidating identified privately run businesses into an organised and focussed Group.

Most of the identified businesses were still being operated by their original founders who had grown their respective businesses into well recognised brands, but did not necessarily possess the capacity (from a management expertise, experience, resources or operational leverage perspective) to transform them from private businesses into corporations.

A decision was made to establish Ascendis, along with its three respective divisions. These divisions would provide the necessary infrastructure, organisation, leadership, and governance to take each of the identified brands to the next level of growth. This platform would provide the necessary scale to these previously family-run businesses and enable Ascendis to maximise the value of the various brand properties.

A professional team, consisting of the current Ascendis CEO, CFO and COO were recruited to implement and execute the Ascendis strategy of becoming the second largest health and care Company in South Africa and to expand globally, alongside the founding shareholder, Coast2Coast Investments.

Dr Karsten Wellner, the Ascendis CEO, was specifically recruited in 2011, due to his extensive experience in the pharmaceutical and clinical nutrition industry.

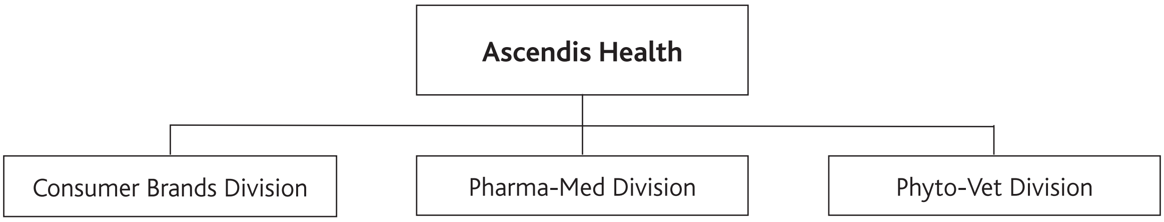
The table below sets out the chronology of the Ascendis platform establishment, on a per-division basis:

Division	Company	Description	Year started	Year acquired by Ascendis
Consumer Brands	Solal	Nutraceutical brand focused on healthy ageing	2000	2013
	Sportron	Direct selling health and skincare brand company	1992	2011
	Regal	FoodState nutraceutical brand owner and distribution via retail	2005	2011
	Nimue	Derma-cosmeceutical skincare salon brand sold in over 20 countries	1994	2013
	SSN	One of the largest sports nutrition companies with SSN and Supashape brands	2008	2013
	Bolus	Agent and importer of Muscletech and API sports nutrition brands	1997	2013
	Evox	One of the largest sports nutrition brands in South Africa	1996	2013
	Chempure	Ingredient supplier to Ascendis Consumer Brands Division and the health products and skincare industry	1994	2012
	Swissgarde	Nutraceutical direct selling company with strong network in Nigeria	1991	2013
	Pharmachem	Marketing and distribution of its own branded generic pharmaceuticals, nutraceuticals and OTC products	2006	2013
Pharma-Med	Dezzo	Generic pharmaceutical tender business to Government. Does not participate in the private market. Importer and exporter of pharmaceuticals. Regulatory team involved in the development and submission of new products to the MCC for registration	2006	2013
	Pharmadyne	Manufacture, import, export and distribution of vitamins and minerals. Sales mix is 90% distribution to the tender market for Government and 10% to the private market	2006	2013
	Avima	Plant and pest chemicals	1961	2012
Phyto-Vet	Efekto	Efekto brand – plant health and protection chemicals Wonder – plant nutrition	1973	2011
	Marltons	Pet health and care products	1989	2013

The following represent additional important milestones in the history of Ascendis:

- In October 2012 Ascendis carried out a private placement with the purpose of raising an additional R30 million of new equity capital and to increase its Shareholder spread. This capital raise was successful and fully subscribed. The funds raised were used for both organic and acquisitive growth purposes.
- In late 2012 and early 2013, various key members of the Ascendis senior management team subscribed for shares in the Company.
- In June 2013, Ascendis conducted a further R350 million equity capital raise, which was again fully subscribed. R250 million was provided by Ascendis' majority Shareholder, Coast2Coast Investments, and the remaining R100 million was subscribed for by numerous high net-worth individuals. The key objective of this process was to reduce expensive debt funding and as a partial source of capital to settle an acquisition.
- Imperative in the achievement of the Company's growth strategy is an optimal capital structure. Accordingly, in July 2013, after conducting a rigorous process with various domestic banking institutions, Standard Bank provided the Company with a debt consolidation bridge to bond facility amounting to R500 million as set out in Annexure 8 to this Pre-Listing Statement. As a result, the effective annual interest costs decreased from 15% to 9% of the outstanding debt.
- In September 2013, Ascendis carried out a pre-listing R50 million capital raise, which was fully subscribed for, primarily to settle the cash component needed to discharge Ascendis' obligations to the Pharmachem and Evox vendors.

3. **STRUCTURE**



4. **OBJECTIVES AND STRATEGY**

Ascendis' strategy is to invest in the whole health and care value chain ranging from the importation of raw materials, manufacturing capabilities and the marketing and selling of brands through to the distribution of its products to its customers via wholesale, retail, export and direct selling channels, with the objective of establishing a strategically focussed, integrated and diversified health and care brands Company.

Set out below are the stages which support this strategy:

Phase 1 – Establishing and/or acquiring the platforms

- Establishing and/or acquiring the operating platforms, being the three operating pillars (Consumer Brands, Pharma-Med and Phyto-Vet), which cover most of the overall health spectrum, ranging from selling health maintenance products through to critical care. Additionally, these platforms need to be capable of catering for both further organic and acquisitive growth.

Phase 2 – Horizontal and vertical integration

- Horizontal expansion refers to the acquisitive growth of established brands and the integration of those brands, and where necessary the respective business operations, into the Company's existing platforms. The successful implementation of this phase of the strategy will result in a larger and more attractive basket offering for the Company's customers as well as increased operating margins for the Group (it is expected under these circumstances that operating profits would increase with a limited increase in fixed overheads); and
- Increasing operating margins via the benefits of vertical integration achieved from improving supplier input costs through to the actual manufacturing of brands, thereby providing the Company with a competitive advantage due to its ability to manage costs across the value chain. The ability to capture the 'value add' across multiple stages of the value chain enables the Company to compete more effectively, whilst still being able to leverage efficiencies across the business as a whole, by virtue of the overlapping and complementary nature of its operational units.

Phase 3 – International expansion and exports

- Expanding into new geographical areas via either agents/distributors, selling its products directly to market or acquiring businesses in new territories whose operations can be sufficiently leveraged to sell Ascendis' existing product offering.

Phase 4 – Innovation

- The next chapter of growth will be generated from innovation and the development of new products to cater for the customer's demands in the markets which Ascendis has expanded into. The Company has already initiated this phase and new products are expected to be released into the market in 2014. The release of innovative products into the market will continue to increase in the coming years as the products currently in development or registration are ready for deployment to customers. Ascendis believes its passionate and entrepreneurial management team will have the competitive edge to constantly challenge the status quo and push the edge of health offering to its consumers.

5. PURPOSE OF LISTING ON THE JSE

In pursuing its intended vision and mission, the proposed Listing will allow the Company to achieve the following:

- Raise Ascendis' profile, leading to new business opportunities;
- Access additional capital in order to finance the Group's organic and acquisitive expansion. Ascendis has a strong pipeline with an historical execution rate of 65% in respect of targeted acquisitions. The capital raised from the Private Placing will be deployed into, *inter alia*, new acquisition opportunities;
- Access more appropriate risk-adjusted cost of capital (debt and equity) than Ascendis has been able to obtain as a private company. The Company's public profile and accountability is expected to improve Ascendis' ability to issue debt through a corporate bond thereby further reducing its costs of borrowing;
- Access a wider choice of funding instruments than has been previously available to Ascendis;
- Easier facilitation of mergers and acquisitions, with direct visibility to an Ascendis listed market valuation;
- An increased ability to retain and incentivise employees via appropriate equity incentivisation mechanisms which allows the Company's cash resources to be preserved;
- Public quotation of shares provides for liquidity;
- A market value reference for Shareholders;
- Enhances the profile and stature of the Company amongst employees, clients, suppliers, regulators and potential job-seekers (Ascendis' listed peer group currently has this competitive advantage); and
- The demand for listed pharmaceutical investments is strong with heightened institutional focus (domestic and foreign).

6. INFORMATION REGARDING ASCENDIS

6.1 Overview of operating divisions

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 OTC and CAMs consumer brands products;
- Pharma-Med Division (human health), incorporating Ascendis' pharmaceutical business and its proposed medical devices business; and
- Phyto-Vet Division (animal and plant health), incorporating all of the Ascendis animal and plant health and care products.

The following table summarises the contribution of each operating division to the sales and EBITDA of Ascendis for the periods indicated:

Division	*Pro forma* Year ended 30 June 2013 Sales (R' million)	EBITDA (R' million)	Forecast* Year ending 30 June 2014 Sales (R' million)	EBITDA (R' million)
Consumer Brands	446	68	783	129
Pharma-Med	385	31	307	34
Phyto-Vet	353	36	576	75
Head office costs	–	(21)	–	(32)
TOTAL	**1,184**	**114**	**1,666**	**206**

* Forecast figures are inclusive of the acquisitions made post 30 June 2013 which are accounted for from their respective effective dates of acquisition i.e. not on a *pro forma* basis for the full financial year.

Total sales and EBITDA in the table above reflect total sales and EBITDA as contained in the *pro forma* and forecast financial information set out in Annexure 4 and Annexure 2 to this Pre-Listing Statement, respectively.

Ascendis aims to provide products through its operating divisions not purely focused on remedial healthcare, but also to prevent disease and thereby assist individuals, plants and animals in maintaining healthy, balanced lives.

Where customers, specifically in the human health sector, have contracted diseases, Ascendis seeks to provide the necessary treatment through the use of registered pharmaceutical products. Finally, should these customers ultimately require critical care or surgery, Ascendis seeks to provide the necessary medical equipment to assist these patients in being able to receive the necessary treatment.

6.2 Consumer Brands Division

6.2.1 *Overview*

Division	*Pro forma* Year ended 30 June 2013 Sales (R' million)	EBITDA (R' million)	Forecast* Year ending 30 June 2014 Sales (R' million)	EBITDA (R' million)
Consumer Brands	446	68	783	129
Pharma-Med	385	31	307	34
Phyto-Vet	353	36	576	75
Head office costs	–	(21)	–	(32)
TOTAL	**1,184**	**114**	**1,666**	**206**
Consumer Brands Division % of TOTAL	**38%**	**60%**	**47%**	**63%**

* Forecast figures are inclusive of the acquisitions made post 30 June 2013 which are accounted for from their respective effective dates of acquisition i.e. not on a *pro forma* basis for the full financial year.

Total sales and EBITDA in the table above reflect total sales and EBITDA as contained in the *pro forma* and forecast financial information set out in Annexure 4 and Annexure 2 to this Pre-Listing Statement, respectively.

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.

Ascendis' OTC and CAMs products range from nutraceuticals (including vitamins and minerals), homeopathic, aryurvedic products, herbals, dermaceuticals, functional foods, functional super foods, hormone creams, sports nutrition, health beverages, weight management and personal care products which include therapeutic cosmetics.

The Consumer Brands Division currently employs approximately 350 staff and sells its own well-renowned brands such as Solal, Sportron, Swissgarde, FoodState, Evox, SSN and Nimue. The brands have been established in the South African market for between 6 and 45 years and are generally targeted at higher LSM customers. As a result this division has shown itself to be resilient in difficult economic times, hence its consistently strong historical financial performance.

The CAMs and OTC market	R' million	Percentage of total
Adcock	1,792	24%
Aspen	998	13%
Ascendis*	783	10%
Cipla	411	6%
Litha	103	1%
Other	3,413	46%
	7,500	100%

* 30 June 2014 forecast.
Source: June 2013 IMS data and S&P Capital IQ

The CAMs and OTC market was surveyed[3] by the Health Products Association of Southern Africa and IMS Health (a company providing information, services and technology for the healthcare industry) in 2013 and identified the market to be worth c. R7.5 billion.

BMI calculates that the OTC drug market will experience a CAGR of 10.2% between 2011 and 2021 as liberalisation of the OTC market continues to drive growth.

The extensive growth of the OTC markets is a worldwide trend as the increasing growth rates experienced by the OTC markets are coupled with the higher share of total health markets in developing markets (36.2%) versus developed economies (16.9%)[4].

In terms of therapeutic segments, vitamins and dietary supplements are benefiting from a rise in disposable income and health awareness across all demographic groups. The fact that select private medical insurance schemes provide discounts on vitamins will also boost the segment. Furthermore, large chain stores are experiencing strong growth particularly in the high LSM areas which is driving demand for the OTC and CAM products sold by Ascendis.

Most of the active ingredients and raw materials used in CAM and OTC products are imported from India, Germany, France and the United State of America despite South Africa exhibiting surplus manufacturing capacity and housing a significant number of manufacturers with the ability to produce and package OTC and CAM products.

6.2.2 ***Regulation***

The registration of CAM and OTC products currently only require the submission of an application to the MCC and not registration. As such there is no three- to five-year waiting period required as is the case for registered medicines (schedule one to schedule eight). This allows for new and innovative products to be deployed into the market with quick succession, resulting in rapid growth for companies (such as Ascendis) which exhibit both strong brands and the ability to leverage this brand strength into expanded product ranges.

In light of the low purchasing power among the majority of people in South Africa, self-medication is expected to continue to grow in the country and patented drugs will be restricted to essential medicines. OTC and CAM products are easily accessible and more affordable to the general market, thereby making them more attractive. For people without adequate health insurance, obtaining OTC and CAM products is viewed as a suitable alternative. Furthermore people have become more conscious and proactive about their health over the past 15 years which has led to a rapid demand in the OTC and CAM sector.

The above factors and market conditions imply that the sales of strong brands in this OTC/CAM sector can achieve significant growth and rapid deployment to consumers. This strategy can be augmented

[3] TMS Research – Research report, July 2011.
[4] Tisman Andy – The rising tide of OTC in Europe, IMS Health 2010.

by expanding into new and innovative product ranges as well as new markets. The pricing of these products is not regulated (as in the case of allopathic prescription drug single exit pricing) and therefore it is anticipated that prices can, at a minimum, be increased with inflation.

6.2.3 ***Research and development***

Ascendis' nutraceutical products have been researched and developed by a team of industry-leading pharmacists and doctors, including the late Dr Alan Tomlinson (chairman of the HPSA for many years) and Brent Murphy (BPharm (Rhodes), MPS), a specialist in the research and development of complementary medicines and dietary supplements. Brent was awarded the Discovery Health Institute's award for Clinical Excellence in 2007 and is considered a leader in this field by his industry peers.

Ascendis has access to the latest research and offers an information advisory support line. The team of pharmacists and health professionals advise on which products to use for a customers' particular health need or medical condition, based on the latest scientific research. Only the safest, most absorbable (bioavailable) and effective forms of vitamins, minerals and herbal extracts are used in products. All Solal complementary medicines are, for example, manufactured in MCC approved facilities, ensuring pure, safe and uncontaminated products of the highest quality.

Ascendis' products are of the highest quality and its products can be found in most independent and corporate retail pharmacies as well as numerous health stores across South Africa.

6.2.4 ***Primary brands and revenue streams***

The Ascendis consumer brands are typically sold through retailers, of which approximately 53% are through retail pharmacies. Growth is primarily driven through:

- expanding the customer reach of existing products by selling the products through more retailers both locally and internationally;
- expanding the existing brands to offer a wider offering to customers;
- producing new product offerings which can be sold through retail networks; and
- expanding alternative routes (direct selling, beauty salons etc.) or new routes to market (e.g. Internet).

Whilst Ascendis' consumer brands sells a number of CAM and OTC products, the larger of these brands include Solal, Evox, SSN, Sportron and Nimue which are covered in more detail below:

6.2.4.1 *Solal*

Solal is a dynamic and growing business in the branded well-being and health-lifestyle sector, which in itself is a growth sector in South Africa. It specialises in preventative and anti-aging CAMs and supplements.

According to management's research, the Solal brand is the number one 'premium nutraceutical' company in South Africa after 13 years of trading, and has a clear USP of anti – or healthy ageing. Based on market feedback received by the management of Ascendis, Solal products are the most stocked and prescribed by physicians and doctors, and most recommended by pharmacists, in the South African health products industry. Backed by a specialised, experienced and highly regarded management team driving research and development, the Solal brand is competitively positioned.

The Solal brand has a number of material growth opportunities that will feed future expansion, including a branded FMCG 'vitamin range', organic growth of the main Solal range into FMCG retailers and growth of the Solal functional foods offering. Solal also operates an integrated medical centre which provides assessments for its customers on health maintenance management. The Solal products are marketed through a number of channels including its dedicated *Health Intelligence Magazine*.

6.2.4.2 *Evox*

Established in 1996, Evox is one of South Africa's largest sports nutrition brands. Evox's unique positioning has allowed it to build a strong brand renowned in the industry for supplying the most popular products on the market for active lifestyle consumers and professional athletes.

Evox has grown significantly from its formative years, making a substantial impact on the sports nutrition industry in South Africa. This is as a result of effective sales and marketing, and through key distribution relationships with industry leaders. Evox's products are marketed through Dis-Chem, Clicks, Massmart Group, Pick 'n Pay and leading independent pharmacies and health shops nationwide.

The sports nutrition industry is currently a high growth industry in South Africa and Evox management estimates market growth currently to be at approximately 15 to16% per annum. Growth continues as a growing number of people participate in sports to keep healthy and become conscious of eating more healthily and using functional foods as replacement meals.

6.2.4.3 *SSN*

SSN is one of the largest sports nutrition companies in South Africa and was established by Mario van Biljon and Chris Fitzpatrick, both of whom are professional bodybuilders in South Africa. The SSN brand is aimed at gym enthusiasts, physically active and health-conscious people and the niche bodybuilding market.

The products are scientifically researched and formulated and sold through the major retail network in South Africa. The brand has experienced double digit top and bottom line growth over the past five years. Recently, SSN has had international demand for its products and has started to distribute in India and the United Kingdom.

Due to the brand targeting bodybuilders and the physically active health-conscious population, SSN sponsors several bodybuilding athletes as brand ambassadors. To this extent SSN has been very successful, claiming five first places in several categories in the recent International Federation of Body Builders South Africa Championships. Included in the victories were the company's founders and current management, Chris Fitzpatrick and Mario van Biljon, comprising of a first prize in the SA Heavyweight Bodybuilding Championships. Management is excited about the growth of SSN particularly in international markets.

6.2.4.4 *Nimue*

The Nimue product range (derma-cosmeceuticals) was developed in 1994 by a South African plastic surgeon, and the Nimue trademarks and intellectual property are owned by the Company. Nimue has since evolved into an internationally-recognised brand; primarily amongst high-end skin care salons and is sold via exclusive agents in over 20 countries worldwide including, *inter alia*, Germany, Norway, Sweden, Denmark, Finland, Russia, the United Kingdom, Australia, New Zealand, Malaysia, Dubai, China and India. Nimue has a reputation for its innovative formulations and cutting edge technology based on scientifically proven skin care delivery systems.

Classified as a derma-cosmeceutical, the treatment formulations deliver optimal concentrations of pharmaceutical-grade nutrients, cutting-edge antioxidants, superior quality phytoceuticals, peptides and other powerful active ingredients where they are needed most, below the skin's surface, in order to actively improve skin health and appearance.

Nimue has won over 20 local and international awards including:

- Most Innovative Product – China Beauty Expo, Shanghai, CBE – (2011);
- PricewaterhouseCoopers – Excellent Business Management – (2009); and
- Beauty Awards, Ireland: Best Cleanser for Nimue Cleansing Gel – (2013).

The Nimue product is targeted at high LSM (8 to 10), mostly female consumers, although offers a small male product range, and is distributed exclusively via skin care salons. The product is not distributed via any retail outlets or online platforms as the product requires guidance from a trained therapist who undergoes a seven-day in-depth training programme in order to learn how to apply the products correctly. Currently Nimue products are distributed through 500 out of approximately 1 400 target market salons in South Africa, with an estimated market share of 15%.

International sales account for 63% of Nimue's turnover, which serves as a natural Rand hedge in times of currency weakness. In relation to the 20 countries in which Nimue's products are sold, Sweden, Denmark, Germany, Netherlands and New Zealand are the largest countries, accounting for 41% of international sales. In some of the high quality conscious Scandinavian countries Nimue could reach a leading market position in the beauty salon market. Each of these countries represents markets that are larger than South Africa and highlights the international growth potential of the brand.

Nimue typically appoints distributors and enters into exclusive agreements which assign responsibility for growing the brand within that country according to pre-determined goals and objectives which are carefully monitored. Three countries (Spain, Ireland and Germany) are currently under evaluation to convert into subsidiaries owned by the Group due to the extensive growth opportunities in these markets.

6.2.4.5 *Sportron*

Sportron is a well-known direct selling business which was established in 1992. Since its inception, Sportron has focused on being at the leading edge of technology and has always aimed to produce the best products available globally. In line with this, Sportron uses FoodState nutrients and herbals in the specialised product formulae, to form a dynamic combination with positive results.

Sportron has a staff complement of 60 employees including an experienced management team lead by CEO, Cornelle van Graan. Previously, Cornelle acted as the CFO for Avroy Schlain Proprietary Limited between 2001 and 2005 following which he was appointed as the managing director between 2006 and 2008.

The direct selling industry creates an important advantage due to its anti-cyclical character. Sportron has a network base of 20,000 members (customers), and through direct access to this network it has the ability to influence spending behaviours more effectively than the retail sector, which traditionally needs substantial above the line marketing expenses (for example radio and TV advertising).

6.2.5 ***Key strengths***

Key strengths include:

- Strong sales and marketing personnel;
- A consumer product offering that is scientifically researched and backed by pharmacists and doctors;
- A medicinal and content-heavy approach to packaging and marketing;
- Strong, well-recognised, mostly South African brands with USP and ESPs (health);
- High barriers to entry as the consumer brands are well-established and have loyal customer followings;
- The industry is highly fragmented creating scope for further consolidation and the establishment of clear market leaders;
- Legislative changes could eliminate a few of the smaller competitors, leaving opportunities to either acquire these smaller competitors or organically establish brands in these niche areas;
- The ability to leverage off other collateral support within the Ascendis network, namely the Integrative Medical Centre in Bryanston, which supports and develops the ethos of the holistic wellness movement amongst medical practitioners;
- The products have sophisticated scientific and research and development teams focused on growing a new product pipeline; and
- Internationalisation potential.

6.2.6 ***Strategy***

Ascendis has clearly defined its business strategy for its Consumer Brands Division in terms of the positioning of the various brands distributed, to ensure all segments of the 'health and care' market are catered for. New and improved consumer products are launched on a regular basis to meet the market's demand and the growing focus on health and lifestyle. Set out below are the specific strategies being pursued:

- The positioning strategy of the consumer products in this division, and in particular the nutraceutical range, has been standardised, and focuses on creating high brand recognition, supported by prescriptions and recommendations by doctors and pharmacists. Due to the wide acceptance of the brands, and particularly products like Solal at the practitioner level, Ascendis has successfully pioneered the domestic 'preventive medicine' brand positioning. The brands have strong medical and practitioner support (being promoted more subtly and therefore accepted as a high quality product not requiring mass marketing);
- Promotion of Ascendis' own IMC and compounding pharmacy to serve individual needs, which many of the consumers feel is of utmost importantance to them; and
- The dermaceuticals range of Nimue, which has scientific positioning, is based on intensive training and in some markets even being distributed only via dermatologists.

6.3 **Pharma-Med Division**

6.3.1 ***Overview***

	Pro forma Year ended 30 June 2013		Forecast* Year ending 30 June 2014	
Division	**Sales (R' million)**	**EBITDA (R' million)**	**Sales (R' million)**	**EBITDA (R' million)**
Consumer Brands	446	68	783	129
Pharma-Med	385	31	307	34
Phyto-Vet	353	36	576	75
Head office costs	–	(21)	–	(32)
TOTAL	**1,184**	**114**	**1,666**	**206**
Pharma-Med Division % of TOTAL	**30%**	**27%**	**18%**	**17%**

* Forecast figures are inclusive of the acquisitions made post 30 June 2013 which are accounted for from their respective effective dates of acquisition i.e. not on a *pro forma* basis for the full financial year.

Total sales and EBITDA in the table above reflect total sales and EBITDA as contained in the *pro forma* and forecast financial information set out in Annexure 4 and Annexure 2 to this Pre-Listing Statement, respectively.

This division comprises the sale of prescription and select OTC pharmaceuticals and immediately after Listing could potentially include a medical devices business. It is the intention of the Ascendis management to develop this division, such that pharmaceutical products will contribute approximately 50% to the Pharma-Med Division's earnings and medical devices approximately 50%. This targeted earnings mix would be maintained in the medium term through both organic and acquisitive growth.

Potential investors are advised that Ascendis is currently in negotiations to acquire a medical devices business. If concluded, it is intended that the medical devices will become an integral part of the Pharma-Med Division.

Ascendis' pharmaceutical products are typically sold through dispensing doctors, wholesalers, pharmaceutical retailers and hospitals to both the private and Government sectors.

Ascendis acquired Pharmachem in September 2013 which forms the current platform for the pharmaceutical segment. Pharmachem currently owns over 110 dossiers with a large number of dossiers in development and registration. It is expected that 22 new dossiers will be registered in the next 12 months and approximately 30 in the next two to three years.

Ascendis develops 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 and hospitals (both state and privately owned).

The business activities of the Pharma-Med Division are segmented into a pharmaceutical component and the intended medical devices component.

Contributions of the pharmaceutical segment include:

- the development, manufacturing and sales of generic pharmaceuticals[5] to the private market (i.e. dispensing doctors, private hospitals and pharmacies);

[5] Generic pharmaceuticals – manufactured registered pharmaceuticals, usually intended to be interchangeable with an innovator product (originator drugs), that is manufactured without a licence from the innovator company and marketed after the expiry date of the patent or other exclusive rights (www.who.int).

- the development, manufacturing and sales of generic pharmaceuticals to the Government tender market (i.e. state hospitals); and
- to date, a limited export contribution.

These activities are primarily conducted through Ascendis' wholly-owned subsidiary, Pharmachem. A key consideration in the Pharmachem Acquisition was Ascendis' intention to enter the R27 billion (2011) domestic pharmaceutical industry. This market is predicted to grow to R35 billion in 2014 with a CAGR of 8.8% until 2020[6]. Total health care expenditure in South Africa (private and state hospitals, private medical practitioners, pharmaceutical products and medical devices) in 2010 was R224 billion of which 41% was spent by Government. There are a handful of privately owned, domestic pharmaceutical businesses with sufficient scale which are active in this sector of the health care industry. Pharmachem represented such an opportunity for Ascendis.

Key contributions of the intended medical devices acquisition would include:

- the importation and distribution of specialist medical devices focused on the areas of general surgery, gynaecology, urology, ear, nose and throat, cardiology and radiology; and
- the marketing of devices in a South African agent function, on an exclusive basis, for international brands of high value-add, niche consumable medical devices.

A review of the pharmaceutical business only is provided below.

6.3.2 ***The pharmaceuticals segment***

6.3.2.1 *Pharmaceutical industry overview*

The prescription pharmaceutical market is generally categorised into patented (or originator) drugs and generic drugs. Originator drugs are those that have been patented and typically carry a 10 to 15-year patent.

South African pharmaceutical market revenue mix (2009-2013 forecast)

	2009 (R'billion)	2010 (R'billion)	2011 (R'billion)	2012E (R'billion)	2013 forecast (R'billion)
Patented	19.7	21.7	23.9	26.4	28.8
	76.4%	75.6%	75.2%	74.4%	73.8%
Generic	6.1	7.0	7.9	9.1	10.2
	23.6%	24.4%	24.8%	25.6%	26.2%
Total	**25.8**	**28.7**	**31.8**	**35.5**	**39.0**

Source: National Economic Development and Labour Council, local economies, BMI

Pharmaceuticals are regulated by the MCC[7] and the drug approval process for scheduled drugs is extremely slow and burdensome, often taking up to five years. The MCC is however in the process of being replaced with the new pharmaceutical registration agency SAHPRA[8] which should improve efficiencies. This registration process creates a strong barrier to entry for competing national or international drug suppliers.

Prescription drugs are classified as Schedule Three and upwards, and can only be sold on prescription by a qualified medical doctor, whereas a pharmacist can dispense Schedule Two and lower schedule medicines without a prescription, which generally relates to products in the OTC category[9].

The commentary below relates to Ascendis' prescription drugs business only (housed in the Pharma-Med Division) i.e. Schedule Three pharmaceuticals and upwards. Products

[6] Source: BMI

[7] MCC – The Medicines Control Council is a statutory body that regulates the performance of clinical trials and registration of medicines and medical devices for use in specific diseases. The MCC is responsible to ensure that all clinical trials of both non-registered medicines and new indications of registered medicines comply with the necessary requirements for safety, quality and efficacy.

[8] SAHPRA – The proposed South African Health Products Regulatory Authority (SAHPRA) will be a National Public Entity, outside of the national Department of Health, and a statutory regulatory authority in its own right. The function is to be broadened to regulate medical devices and in-vitro diagnostics as well as medicines. The entity will be governed by a board appointed by the Minister of Health, which board will be supported by twin regulatory councils, one for medicines and the other for medical devices and in-vitro diagnostics.

[9] The scheduling of drugs is regulated by the Department of Health in terms of its National Drug Policy

manufactured and distributed by Ascendis which are not classified as prescription pharmaceuticals are principally included in the commentary in paragraph 6.2 and relates to Ascendis' OTC products (housed in the Consumer Brands Division).

6.3.2.2 *South African pharmaceutical market*

South Africa has the largest pharmaceutical manufacturing industry in Africa and has the fifth highest spend on pharmaceuticals per capita on the continent. The country has a well-established pharmaceutical manufacturing industry and the high disease burden ensures a continued high demand for both preventative medicine and drugs used for intervention.

The pharmaceutical market has grown at 10% per annum since 2008, with growth in the generics and OTC market more than twice the growth rate of the patent market[10]. Under historic growth rates it is estimated the domestic generic drug market will grow to R22 billion by 2020[11]. Whereas generics were 23.6% of the prescription drugs market in South Africa in 2009, its share grew to 26.2% in 2013 and is expected to be 28% in 2015.

Further to the growth experienced within prescription pharmaceuticals, the OTC market is growing at an even faster rate, with an expected CAGR of 9.9% experienced between 2010 and 2015. 'We note that in light of low purchasing power among the majority of people, self-medication will prevail in the country and patented drugs will be restricted to essential medicines. OTC medicines are easily accessible and cheaper, thereby making them more attractive. For people without adequate health insurance, obtaining OTCs are viewed as a suitable alternative.'[12]

It is estimated that the South African pharmaceutical market will reach R64 billion in size by 2020[13], assuming business as usual[14]. Most analysts[15] agree that the overall pharmaceutical market growth will remain strong, at approximately 9% per annum[16]. Furthermore, a McKinsey market survey from 2009 revealed that both physicians and pharmacists expect the domestic use of generics to continue growing[17].

In South Africa, per capita pharmaceutical spending reached US$74.2 in 2011 and is calculated to increase to US$93.8 by 2016 and US$148.7 by 2021[18]. In the same period the proportion of GDP dedicated to pharmaceutical spending will increase from 0.92% in 2011 to 1.07% by 2021. As public sector expenditure expands (despite the use of more affordable generic pharmaceuticals) and as economic development allows for the use of more modern pharmaceuticals, pharmaceutical expenditure is anticipated to remain a constant proportion of overall healthcare spending in the medium- to-long term.

6.3.2.3 *History of Ascendis' pharmaceuticals segment*

Pharmachem was founded in 2006 by two business partners, Imtiaz Mohammed and Bashir Ahmed Carrim (both qualified pharmacists).

The business was established to compete in the LSM one to five markets, specifically in the generic pharmaceutical space, as these markets are not well covered by the large multi-nationals or local pharmaceutical companies, which focus more on the traditional general practitioner and retail pharmacy distribution channel. Through marketing and selling products to dispensing doctors and wholesalers focusing on the dispensing doctors and the lower LSM market Pharmachem has been able to build significant market share in this segment of the domestic market.

Pharmachem is comprised of the following legal entities:

- Pharmachem Pharmaceuticals: engaged in the marketing and distribution of its own branded generic pharmaceuticals, nutraceuticals and OTC products to the private and public sectors. Approximately 90% of private sector sales are through the dispensing doctor channel and approximately 10% through urban retail pharmacies. Pharmachem

[10] Source: *BMI Pharmaceuticals and Healthcare Report,Q2 2012*
[11] Source: IMF, BMI, IMS
[12] Source: BMI
[13] Source: BMI
[14] Source: IMF World Economic Outlook, BMI, World Bank WDI
[15] Source: BMI estimate of c. 8.9% (2010 – 2020); Espicom Business Intelligence estimate of c. 8% (2011 – 2016)
[16] Source IMF World Economic Outlook, BMI, World Bank WDI
[17] Source: McKinsey Generic Perception Survey 2009
[18] Source: BMI

Pharmaceuticals medical representatives market these products to the dispensing doctors and retail pharmacies which then place orders with pharmaceutical wholesalers located across the country. Accordingly, Pharmachem Pharmaceuticals is able to distribute its products to doctors and pharmacies via pharmaceutical wholesalers;

- Dezzo: focuses solely on tender business to Government and does not participate in the private market. Dezzo is a licenced importer and exporter of pharmaceutical products and has a strong regulatory team involved in the development, compilation and submission of new generic product-dossiers to the MCC for registration;
- Pharmadyne: is involved in the manufacture, import, export and distribution of vitamins and minerals. Approximately 90% of Pharmadyne's business involves distribution to the tender market for Government. The remaining 10% is to the private market.

6.3.2.4 *South African pharmaceutical market participants*

The domestic pharmaceutical market is dominated by multi-national participants and the South African companies Aspen and Adcock. Whereas the multi-nationals dominate the patented prescription pharmaceuticals segment, Aspen is the market leader in the generic market. The multi-national vendors include Novartis, Sanofi, Johnson & Johnson, Pfizer, Merck and others.

Pharmachem generates its sales almost entirely through the dispensing doctor market, where it is a dominant player, and has not begun to sell its products through the retail pharmacy channel yet. In addition, Pharmachem is a significant participant in the antibiotic and tablet tender markets in South Africa.

6.3.2.5 *Growing impact of legislation on the pharmaceutical market*

The introduction of NHI[19] will force more people onto health insurance schemes and will see the demand for prescription medicines increase, but so will the stringency of cost containment strategies. Cost containment policies are in place in the form of a single exit pricing[20] system, which has impacted the branded market participants (typically, the multi-national companies are active in the prescription medicines segment only) and created an increased demand for generic substitutes. The system of mandatory generic prescribing and dispensing has further benefited the generic players at the expense of the branded pharmaceutical players.

Government's policies to encourage a reduction in the cost of healthcare – in tandem with proposals for NHI, will make some form of health insurance scheme mandatory for everyone. As out-of-pocket expenditure on pharmaceuticals tends to correlate with high sales of patented medicines over generic drugs, and as private patients tend to make more irrational prescription decisions, this should bode well for generic drug sales.

To further encourage this move towards rational prescription, Government has introduced schemes to encourage the prescription of generic medicines, such as making it mandatory for pharmacists to alert customers of generic alternatives to every prescription, regardless of whether or not they have the generic drug in stock.

In addition, pricing legislation (single exit pricing and international benchmarking of prescription drugs) should result in stabilisation or even reduction of price levels of existing drugs and a significant increase in sales volumes as large sections of the population, previously disenfranchised by high medicine prices, are increasingly able to afford pharmaceutical products.

Despite representing the largest portion by volume in the pharmaceutical market, the low prices of generic medicines compared to original branded equivalents, has resulted in the value of the generic medicines market remaining relatively small (in comparison to other international markets), estimated at approximately 30% of total drug sales in 2011. However, Ascendis anticipates that the generic and OTC market shares will increase in the next ten years as demand for these medicines increases and more generic and OTC pharmaceutical manufacturers enter the market. In addition to a growing middle class

[19] NHI – National Health Insurance is a financing system that aims to ensure that all citizens of South Africa (and legal long-term residents) are provided with essential healthcare, regardless of their employment status and ability to make a direct monetary contribution to the NHI Fund (www.doh.gov.za).

[20] Single exit price refers to legislation mandating that medicine manufacturers may only sell their products at one price to all their customers, regardless of the nature of the customer's order size and consumption levels. The term means that each and every product and its variant exits the factory at one single price for that product or variant. It is specifically regulated in terms of the Medicines and Related Substance Control Amendment Act which came into force in 2004.

and increased urbanisation which is currently driving the demand for generic medicines, customers' generic medicines preference is also driven by the fact that medical insurance in South Africa currently only covers the cost of generic equivalents.

6.3.2.6 *The generic market*

According to BMI South Africa's generic pharmaceuticals market was worth approximately R8 billion in 2011 and is calculated to increase to approximately R15 billion by 2016, equating to an expected CAGR of 13.6% in local currency terms, which is almost double the growth rate expected for the patented pharmaceuticals market. Applying this growth rate to the generic market, which accounted for approximately 30% of the total pharmaceutical market in 2013, imputes a generic market size of 33.4% in 2020. The development of the segment is further encouraged by the introduction of medicine pricing regulations in 2004[21]. Pharmaceutical product mark-ups in the supply chain for the pharmacists are now calculated using a tiered pricing structure (so called 'dispensing fee'). Pharmacists now have to charge a larger mark-up for lower priced pharmaceuticals, which incentivises them to dispense more generic medicines.

Private spend accounts for about 70% of pharmaceuticals and public (via Government tenders) about 30%. Ascendis believes the Government tenders provide an opportunity for growth, particularly for South African pharmaceutical companies where the Government is pushing for greater participation via its focus on state supplied healthcare and the proposed NHI. Dezzo, which is the tender specific operation of Pharmachem, was recently awarded a R400 million Government tender, predominantly for the supply of various scheduled HIV medicine products. Government pharmaceutical tenders currently equate to approximately R11 billion per annum of which R5.9 billion relate to HIV drugs[22].

6.3.2.7 *Key strengths and opportunities (prescription and generic pharmaceutical markets)*

- Largest market in Africa, with the fifth highest expenditure on pharmaceuticals per capita[23];
- Well-established local manufacturing industry, supported by foreign investment;
- High disease burden ensures a high demand for drugs, especially antiretroviral drugs;
- Medical aid schemes will encourage generic usage to manage costs;
- Winners of Government drug tenders are guaranteed substantial revenues;
- Government procurement schemes favour local pharmaceutical manufacturers;
- Increasing investment in healthcare e.g. NHI is likely to expand the market for pharmaceuticals and generics in particular;
- Growing retail footprint will increase access to under-served communities but also likely to increase pressure on pricing; and
- Growing consumer class with rising income levels means that over 80% of South African households will have discretionary spending power by 2020.

6.3.2.8 *Key risks and weaknesses (prescription and generic pharmaceutical markets)*

- Continued delays in registration – there is significant backlog at the MCC, and despite promised initiatives, there has been very little improvement with regards to speed of registrations;
- Exchange rate – the exchange rate could remain volatile, with most forecasts indicating steady depreciation of the Rand against the Dollar;
- Ongoing pricing regulation – the policy is fairly mature and regulators take industry opinions into consideration. This does not however guarantee a favourable outcome for industry players; and
- Changes to BEE requirements – presently black ownership accounts for 10% of Government's tender criteria. Should this be increased it could pose a risk to the Company's tender participation (Preferential Procurement Policy Framework Act of 2000: Preferential Procurement Regulations, 2011).

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[21] Single exit price refers to legislation mandating that medicine manufacturers may only sell their products at one price to all their customers, regardless of the nature of the customer's order size and consumption levels. The term means that each and every product and its variant exits the factory at one single price for that product or variant. It is specifically regulated in terms of the Medicines and Related Substance Control Amendment Act which came into force in 2004.

[22] Source: Department of Health

[23] Source: BMI

6.4 Phyto-Vet Division

6.4.1 ***Overview***

Division	*Pro forma* Year ended 30 June 2013 Sales (R' million)	EBITDA (R' million)	Forecast* Year ending 30 June 2014 Sales (R' million)	EBITDA (R' million)
Consumer Brands	446	68	783	129
Pharma-Med	385	31	307	34
Phyto-Vet	353	36	576	75
Head office costs	–	(21)	–	(32)
TOTAL	**1,184**	**114**	**1,666**	**206**
Phyto-Vet Division % of TOTAL	**30%**	**32%**	**35%**	**36%**

* Forecast figures are inclusive of the acquisitions made post 30 June 2013 which are accounted for from their respective effective dates of acquisition i.e. not on a *pro forma* basis for the full financial year

Total sales and EBITDA in the table above reflect total sales and EBITDA as contained in the *pro forma* and forecast financial information set out in Annexure 4 and Annexure 2 to this Pre-Listing Statement, respectively.

The Phyto-Vet Division supplies health and care products to the plant and animal markets and its core operations comprise the Efekto, Marltons and Avima operations. The acquisition of Efekto by Ascendis was the initial catalyst for the creation of the Phyto-Vet platform, which was later followed by the acquisition of Avima serving as a key component of the Group's vertical integration strategy. Marlton's, a more recent acquisition, was premised on being able to supplement the division with a growing stable of recognised, defensible brands within the lucrative niche of pet care.

The Phtyo-Vet Division manufactures and supplies mainly its own brands being Efekto, Wonder, Avima and Marltons which in aggregate comprise 3 500 different products supplied to over 4 500 customers throughout South Africa and a further 20 African countries. The majority of products are sold via retail channels but the division also supplies products into 20 African countries via a network of distributors or direct governmental tender participation.

6.4.2 ***Key management***

As at the Last Practicable Date, the Phyto-Vet Division employed a staff complement of approximately 417 employees headed by Jayen Pather, who has significant experience in supply chain and branded FMCG in South Africa.

As with all of the Ascendis acquisitions to-date, key management and/or founder management of these businesses have been retained and have furthermore invested substantial private capital into Ascendis.

As regards Avima, the two founders, Anton Gericke and Edwin Butler, continue to manage the business with a combined 40 years of experience in the sector.

As regards Marltons, the founder, Gavin Marlton, has been retained to head up sales, marketing and product purchasing and new product development, along with the managing director Gavin Faulds, a chartered accountant. The Marlton's team has collectively over 40 years of experience in the pet care industry.

Along with the divisional CEO, Efekto continues to be managed by Andre Bimray and Jan Swanepoel, with a combined 30 years of experience in the business.

6.4.3 ***Divisional history***

1961: Avima founded – agri-chemical and pesticide business with extensive registrations.

1973: Efekto founded – plant health business, mainly for home and garden (developed over 160 registrations in 40 years).

1989: Marltons founded – pet care and accessories, expanding into retail, both chain and pet/vet stores.

2011: Ascendis acquires Efekto as the platform for its Phyto-Vet Division.

2012: Ascendis acquires Avima as part of its vertical integration strategy (Avima produces the majority of Efekto's chemical products and offers an African network for the distribution of Efekto and other Group products).

2013: Ascendis acquires Marltons and merges the aspects of Efekto and Marltons with similar operations and customer bases. Marltons division takes over all Efekto animal products as this is their core focus.

6.4.4 ***Industry***

The total South African market for the Phyto-Vet Division is estimated at approximately R7 billion per annum.

Market segment	SA Market 2013 (R' million)	Phyto-Vet sales 2013 (R' million)
Animal	2,562[1]	1,61[2]
Plant	4,437[1&3]	3,53[4]
TOTAL	**6,999**	**514**

[1] Sources: *ADI Consultants (Pesticides) Report 2010*, AVCASA (Association of Veterinary and Crop Associations of South Africa) and management estimates

[2] Based on sales for Marltons for the year ended 28 February 2013 which is excluded from Asendis' *pro forma* sales due to materiality

[3] Estimate of the home and garden market is approximately R430 million

[4] Based on *pro forma* sales, for the Phyto-Vet Division for the year ended 30 June 2013

Complex registration protocols with the Ministry of Agriculture provide the most significant barriers to entry for this business. Trials for a new product can take between eight weeks and three years depending on the complexity of the product. Thereafter registration could take a further 18 to 24 months, resulting in an extended lead time before products can get to market. This delay provides a significant barrier to entry as all new (including foreign registered) products must follow this process.

6.4.4.1 *Animal segment*

The domestic animal health market of approximately R2.6 billion per annum split between companion and livestock and the Phyto-Vet Division has concentrated its business in the companion health space where it holds approximately a 15% market share.

South African revenue mix 2013 (manufacturers' sell out price)

Animal category	Value (R' million)	% of TOTAL
Companion	330	13%
Livestock	2,232	87%
TOTAL	**2,562**	**100%**

Source: AVCASA (Association of Veterinary and Crop Associations of South Africa) and management estimates

6.4.4.2 *Plant segment*

The plant health market in South Africa is approximately R4.4 billion in size and is split between the agri-chemical market and the home and garden market. The Phyto-Vet Division has focused its strategy in the home and garden market, where the Company estimates it holds over a 70% market share.

Market segment	2013 (R' million)	%
Home and garden (domestic)	432	10%
Agriculture chemical (commercial)	4,005	90%
TOTAL	**4,437**	**100%**

Source: ADI Consultants (Pesticides) Report 2010, Efekto management estimates

6.4.5 *Business activities*

The Phyto-Vet Division consists of three main operations which are detailed below.

6.4.5.1 *Avima*

Avima produces a comprehensive range of crop protection, public health and stored grain protection pesticides.

The company, which recently celebrated its 50th anniversary, continues to be run by the two founders, Anton Gericke and Edwin Butler, who have re-invested significant capital into Ascendis.

Approximately 50% of Avima's revenue is derived from export sales to over 20 African countries through long established distribution relationships and government tender business for malaria, Tsetse fly and locust spraying.

Avima's manufacturing is done at its own production facility in Krugersdorp. Avima is also a major supplier to Efekto of all its boxed chemical products for retail and the companies share research and product development facilities as well as some warehousing and production operations.

6.4.5.2 *Efekto*

Efekto is the leading plant, home and garden protection and nutrition company in South Africa. It has been operating for over 45 years selling over 1 000 different products under its own Efekto (protection) and Wonder (nutrition) brands, as well as numerous sub-distributed brands such as Mayford Seeds, Redtop, Roundup, Seagro etc.

These products are distributed into over 4 000 retail outlets across South Africa, ranging from major chain retailers, to co-operatives and nurseries as well as other independent retailers.

Exports are mainly growing via Shoprite, Pick 'n Pay and Massmart and other South African retailers' expansion efforts into Africa. Ascendis is actively pursuing an Africa strategy to enter major African markets like Nigeria, Ghana, Kenya and Zimbabwe, where Avima is already active commercially and where there is a strong need for Efekto's product range. No single customer accounts for more than 9% of Efekto's sales and there is little or no customer concentration risk.

6.4.5.3 *Marltons*

Marltons supplies over 2 500 different pet care and accessory products to over 2 000 retail outlets in the retail chain, pet and vet stores and nursery markets.

In large retailers (such as Pick 'n Pay and Builders Warehouse) throughout South Africa, Marltons and Efekto have the majority of shelf space (up to 70%) in the segments they operate in. Due to the nature of products sold significant shelf space is usually occupied in close proximity and, often, in adjoining aisles. This statement is based on management's own market research based on a large sample of these stores.

Marltons continues to be operated by the founder, Gavin Marlton, who agreed to remain within Ascendis. His role includes the integration of Marltons into the Phyto-Vet Division and assisting to take the business into a new growth phase, including internationalisation.

The administration and sales teams of Efekto and Marltons are being combined as well as the operations (as there are about 1 500 common customer doors which enable strong synergies).

6.4.6 ***Business strategy***

The Phyto-Vet Division's growth will be driven by:

- leveraging off existing sales (merchandising) and distribution (supply chain) relationships currently shared between the Marltons and Efekto product ranges. Furthermore the Group intends leveraging the extensive client bases (4 500 clients) to optimise sales through all channels;
- Internationally, Efekto and Marltons will seek to capitalise on Avima's existing relationships in over 25 African countries, with the intention of establishing a strong market for its pest control, plant health and animal health products;
- Sales margins will be maintained and defended through new product development as a result of the ongoing research and development across the veterinary and plant operations. Each year dossiers are registered with the Ministry of Agriculture and the MCC to ensure there is a strong pipeline of new products that are automatically protected by the regulatory barriers to entry;
- Expenses as a ratio of sales are currently being improved as the Efekto and Marltons sales and administration teams are being merged (due to the high commonality of customer doors). Further cost efficiencies in warehousing, distribution, marketing and sales as well as finance and other back-office functions are currently being realised by merging these functions at the common offices for the Consumer Brands and Phyto-Vet Divisions physically situated in Bryanston, Johannesburg; and
- Ascendis also intends leveraging business expertise across some of the other brands in its Consumer Brands Division. This includes regulatory, design and advertising, web-marketing and sales, Group legal, human resources, finance and operational best practice underpinned by sound strategy developed and driven by the executives of Ascendis.

6.4.7 ***Key strengths***

- Strong, market leading brands across plant and animal markets;
- Brand leadership in garden and pet industries:
  - Plant Nutrition – Wonder brand;
  - Plant Protection – Efekto brand; and
  - Pet care – Marltons brand;
- High barriers to entry in plant and vet products due to the three-to five-year registration processes with the Ministry of Agriculture in South Africa. The Phyto-Vet Division has over 100 registered products with the Department of Agriculture and the MCC (veterinary products) established over 30 years of research and development;
- Diverse customer spread with over 4 500 customers throughout 20 countries and therefore low customer concentration risk;
- Strong synergies in the Phyto-Vet Division, with high vertical integration between Avima, Efekto and Marltons; and
- Infrastructure of this platform being strong, large and integrated enough to handle 'bolt-on' acquisitions thereby generating significant cost savings and earnings enhancement opportunities.

7. KEY STRENGTHS

Ascendis has many strengths, key among these are:

- currently, a majority of the Group's earnings are earned from the brands housed in its Consumer Brands Division and Phyto-Vet Division, giving the Company a strong and stable foundation and making it relatively resistant to challenging economic conditions;
- diversified and renowned brands with three distinct pillars in the health and care sector;
- Ascendis has achieved the critical mass to allow margin optimisation in each division by 'bolting-on' additional brands and products (horizontal integration strategy);
- increased sales of branded products by leveraging off its enlarged sales channel and sales teams;

- further margin enhancement from the vertical integration benefits of using the Group's own supply chain to distribute its products thereby capturing the full value chain, resulting in a stronger and even more defensible business;
- Ascendis has a proven track record of acquiring quality brands and businesses in the health and care sector and the growth trajectory is expected to be enhanced as Ascendis continues to execute its strong pipeline;
- the health sector is a high growth and defensible sector with a constant demand for its products. Increased urbanisation and a healthy lifestyle focus should ensure continued growth in the health sector in emerging markets;
- Ascendis owns strong health and care brands with long-established track records spanning from 6 to 52 years;
- a loyal customer following;
- high LSM brands in the Consumer Brands Division and Phyto-Vet Divisions allow the business to be more resilient in the face of weaker economic conditions;
- lower LSM brands in the pharmaceutical sector of the Pharma-Med Division will profit from Government's focus on affordability of, and accessibility to, medicines and the NHI implementation;
- strong and experienced management teams are who invested in Ascendis and are consequently aligned to the growth and success of the business;
- Ascendis can leverage off existing international agents to sell additional Ascendis product groups;
- Ascendis can leverage off its network in Africa to sell products to a multitude of high growth emerging markets;
- a niche pharmaceutical sector in the Pharma-Med Division with a sales network poised to support the lower LSM market when NHI is introduced; and
- strong barriers to entry in the Phyto-Vet Division and Pharma-Med Division requiring registration of products which take between three to five years to approve.

8. FUTURE PROSPECTS AND RISKS

8.1 Prospects

The strategies, structures and business models considered and grown by the talented Ascendis management team are critical to the development of the carefully selected segments in which the Group operates.

It is Ascendis' objective to deliver sustainable and predictable earnings into the future.

Ascendis is pleased with the Group's performance thus far and in the absence of a marked deterioration in economic conditions, is confident that the Group's strategy will bear success in future years.

Ascendis is currently in negotiations to acquire a medical devices business. If concluded it is intended that it will become an integral part of the Pharma-Med Division. This business has key agencies for surgical and other medical equipment, which positions Ascendis extremely well to service these new hospitals, clinics and Government tenders.

Accordingly, the Directors believe that the prospects for the Group are positive.

8.2 Risks

The section entitled 'Forward-looking Statements' in the important legal notices to this Pre-listing Statement describes certain risk factors that should be considered (together with the other information in this Pre-listing Statement) before making a decision to participate in the Private Placing. Although information has been provided in this Pre-listing Statement in relation to the Placing Shares, a prospective investor, having made enquiries, should use his or her own judgment and seek advice from an independent financial adviser as to the appropriate value of such Placing Shares. With reference to the three operating divisions of Ascendis, the categories of risk covered within the 'Forward-looking Statements' section of the important legal notices to this Pre-listing Statement are explained as follows:

Business specific risks:

- Dependence upon key personnel within the senior executive management team of Ascendis due to their vast experience within their respective fields of expertise, providing each operating division with strong leadership capabilities;
- Possible reputational risk related to health products could negatively impact continued consumer support to an entire range of products due to collective brand damage;

- Risks related to acquisitions and divestitures, including the inability to integrate acquired companies successfully could result in the lack of implementation and achievement of the Group's acquisition growth strategy as well as contribute to back office function inefficiencies;
- Continual updating of information systems and technology could initially result in back office function inefficiencies; and
- Division specific risks contained in paragraphs 6.2, 6.3 and 6.4 of this Pre-Listing Statement;

Systemic risks:

- Exposure to macroeconomic changes such as a decrease in the country's gross domestic product which may affect the Company's overall growth forecasts or a volatile exchange rate environment which may interfere with price planning in respect of export products (such as is applicable to Nimue and Avima) and import products (such as certain raw materials applicable to Pharmachem);
- Effects of interest rate fluctuations may influence the Company's cost of capital which is linked to debt facilities;
- Threat to the Group's future growth from the increasingly competitive landscape and competition from other health and care providers;
- Current and future legal and regulatory restrictions may influence the types or range of products produced and distributed by the Company or alternatively may affect the expediency at which new pharmaceutical products are introduced to the market;
- Effects on the Group's ability to procure funding and Government related contracts (including pharmaceutical tenders) due to a failure to enhance the Group's BEE status and comply with BEE targets; and
- Risks relating to the growth in the health and care industry.

Risks related to the Private Placing:

- Liquidity risk may initially impact on an investors ability to sell Ascendis Shares in the open market;
- Share price volatility which may be as a result of either general market forces or Company specific factors; and
- Uncertainty of dividend policy going forward versus the option to recapitalise cash flow back into the Company's operations.

Risks related to South Africa and investing in South Africa:

- Political, social and economic conditions in South Africa or the region adversely affecting economic conditions and demand for the Group's products and services;
- Risks relating to strike actions may either impact the manufacturing leg of the Company or alternatively influence foreign investor sentiment negatively;
- South African exchange control restrictions hindering the Group's ability to make foreign investments and procure foreign-denominated finance;
- Proposals by a non-South African entity to acquire Ordinary Shares or exchange other securities for Ordinary Shares being subject to exchange control regulations;
- Exposure of an Ascendis non-South African Shareholder to currency exchange rate fluctuations;
- Shareholders' rights under South African law differing in material respects from the rights of shareholders under the laws of other jurisdictions;
- Difficulties for foreign investors to effect the service of legal process, or enforce judgments of courts outside of South Africa or to bring actions based on securities laws of jurisdictions other than South Africa against Ascendis or members of its Board;
- Risks relating to changes in taxation; and
- National electricity shortages may hamper the various production processes.

9. **DIRECTORS AND SENIOR MANAGEMENT OF ASCENDIS**

9.1 **Directors**

The full names, ages, qualifications, nationalities, business addresses and occupations of the Directors of Ascendis are set out below:

Directors	Business address	Director since	Occupation
Executive			
Dr Karsten Uwe Harald Horst Wellner (53) PhD Economics and Political Science German	The Terraces, Block E, Steenberg Office Park, Tokai, 7945	26 July 2011	CEO
Robert James Taylor (44) CA(Z) South African	The Terraces, Block E, Steenberg Office Park, Tokai, 7945	1 May 2012	CFO
Non-executive			
John Bester (67) CA(SA), CTA (Wits), BCom (Hons) (Wits), CMS (Oxon) South African	PO Box 23431, Claremont, 7735	21 October 2013	Independent non-executive chairman
Osment Philip Cunningham (43) BAgricMan (UKZN) British	Unit 14B, Interwil House, Tokai, Cape Town, 7945	21 October 2013	Independent non-executive Director
Crispian Douglas Dillon (43) BSc (Hons) Chemical Engineering (UCT), MBA (UCT) South African	The Terraces, Block E, Steenberg Office Park, Tokai, 7945	5 March 2008	Non-executive Director
Bharti Harie (43) LLM (Wits), BA LLB (Natal), admitted attorney, notary and conveyancer South African	40 Cecil Avenue, Melrose, 2196	21 October 2013	Independent non-executive Director
Gary John Shayne (43) CA(Z), BCom British	The Terraces, Block E, Steenberg Office Park, Tokai, 7945	5 March 2008	Non-executive Director

The brief curriculum vitae of the Board are set-out below:

Executive Directors

Dr Karsten ('Karsten') Uwe Harald Horst Wellner (CEO)

Karsten holds a PhD in Economics and Political Science. He joined the Group in May 2011. Karsten has in excess of 20 years experience in international and South African health markets. Prior to joining the Group, Karsten founded a consulting company specialising in strategic and executive consulting and post-graduate education at various business schools in South Africa. Prior to that he was the managing director of Fresenius Kabi South Africa for a period of eight years, the South African subsidiary of the c.€16 billion multi-national company, Fresenius SE & Co. KGaA, which is listed on the Frankfurt Stock Exchange in Germany. One of its subsidiaries also has a dual-listing on the Frankfurt and New York stock exchanges. Before coming to South Africa in 2000 he headed up their Swiss subsidiary for six years after working in export for five years where he was responsible for the development of agencies, distributors and subsidiaries in various developing markets in Eastern Europe, Africa, the Middle East and parts of Asia.

Robert ('Robbie') James Taylor (CFO)

Robbie is a Chartered Accountant (Zimbabwe). He joined the Group in May 2012. After completing his studies at the University of Cape Town, Robbie joined Deloitte & Touche as an articled clerk. He qualified as a Chartered Accountant in 1996 and moved straight into commerce. He has held various financial director positions for the last 16 years, including his listed experience as the Financial Director of Country Bird Holdings Limited.

Non-executive Directors

John Bester *(Non-executive chairman)*

John is a Chartered Accountant (South Africa). He worked for 16 years in the accounting profession; including serving as a partner of Ernst & Young for 10 years. He has been involved in commerce and industry for a further 32 years, holding a number of financial directorships during this time. He is a non-executive director of Clicks Group Limited, Personal Trust International, HomeChoice Holdings Limited, Sovereign Food Investments Limited, Tower Property Fund Limited and Western Province Rugby Proprietary Limited. John is also a trustee of the Children's Hospital Trust.

In the past he has chaired the board of listed company Barnard Jacobs Mellet Holdings Limited and the audit committee of Paramount Properties Limited.

Osment Philip ('Phil') Cunningham *(Non-executive Director)*

Phil holds a BAgricMan. He is the founder and managing director of Sunrise Productions, a Cape Town-based animation studio and media company. After graduating from university and building a successful international trading company, Phil formed Sunrise Productions and Jungle Beat – a series of high-quality animated short episodes that are popular worldwide, having been broadcast in over 170 countries and across a range of media platforms including TV, cinema and in-flight entertainment, among others.

In 2010 Phil partnered with SA Rugby to launch a marketing, merchandise and communications programme driven by Bokkie, a computer graphics animated super-hero embodying the Springbok brand. The success of Bokkie led to ongoing campaigns with Cricket SA and The Sharks Rugby brand in South Africa, launching their characters Zac and Sharkie. This domestic success was soon followed by campaigns with two of Europe's leading sports brands – the England Rugby Football Union and Wales Rugby.

Crispian ('Cris') Douglas Dillon *(Non-executive Director and co-founder)*

Cris holds a BSc Hons Chemical Engineering and an MBA. He co-founded Ascendis in 2008. Cris has spent 10 years in the investment banking industry, including three years with Standard Bank's corporate finance team, and the last seven years as a founding partner of Coast2Coast Investments, the controlling shareholder of Ascendis. He has been involved in commerce and industry for a further 10 years, holding a number of directorships during that time. He is an executive director of the Coast2Coast Group of Companies, as well as a trustee of the Ubuntu Football Academy.

Cris currently chairs the Remuneration Committee of Ascendis and heads up the Group's innovation council.

Bharti Harie *(Non-executive Director)*

Bharti holds a BA LLB and a LLM. She is an admitted attorney, notary and conveyancer. She presently serves as an independent director on the boards of three companies, namely Bell Equipment Limited, Lenmed Investments Limited and Mineworkers Investment Corporation. Her previous directorships include the Charities Aid Foundation and the Ethekwini Hospital and Heart Centre.

Bharti worked at the Industrial Development Corporation of South Africa Limited for 14 years until 2010. Her career at the IDC started in the legal department and she moved to the International Finance department in 2000. She headed the Corporate Funding department from 2003 to 2006 and subsequently headed the International Finance department from 2006 to 2010.

Gary John Shayne *(Non-executive director and co-founder)*

Gary is Chartered Accountant (Zimbabwe). He co-founded Ascendis in 2008. He is the CEO and co-founder of Coast2Coast Investments where he is responsible for the overall strategy and management of the Company. Gary successfully listed Celsys Limited, one of Zimbabwe's leading telecommunications companies, on the Zimbabwe Stock Exchange and founded Shayne Accounting Services which went on to become one of Zimbabwe's largest single-owned accountancy practices. Gary was involved in a number of other Zimbabwean ventures, including Milpal Chemicals. The group sold all of their Zimbabwean interests to Lonrho plc in late 2007 in order to concentrate on the South African market.

9.2 **Directors of Major Subsidiaries and Senior Management**

The full names, ages, qualifications, nationalities, business addresses and occupations of the directors of Major Subsidiaries and Senior Management are set out below:

Directors of Major Subsidiaries and Senior Management	Business address	Director since	Occupation
Richard Ross Crouse (38) CIMA, BCom Hons (UP) South African	The Terraces, Block E, Steenberg Office Park, Tokai, 7945	27 July 2012	Group COO and a director of Chempure
Marion Burgess (45) BSc Dietetics, CM(SA), MBA South African	The Terraces, Block E, Steenberg Office Park, Tokai, 7945	5 September 2013	Managing director – Consumer Brands Division and a director of Solal
Imtiaz Mohamed (47) BPharm (RU), registered pharmacist South African	Pharmachem House, 335 Frederick Street, Pretoria West, 0183	31 October 2006	Managing director – Pharma-Med Division and a director of Pharmachem
Jayen Pather (43) BCompt South African	The Terraces, Block E, Steenberg Office Park, Tokai, 7945	1 July 2013	Managing director – Phyto-Vet Division and a director of Efekto

The brief curriculum vitae of directors of Major Subsidiaries and Senior Management are set out below:

Richard Ross Crouse *(Group COO)*

Richard holds a BCom (Hons), Financial Accounting and has completed all the modules for CIMA. Richard joined Ascendis in 2013. Prior to joining Ascendis, Richard was managing director of Chempure for eight years until July 2012 when he sold Chempure to Ascendis. Before Chempure, Richard worked for MTN Group Limited in various roles from 1996 to 2005 in finance and marketing including product development, market development and brand management. He was an expatriate in Nigeria for MTN Group Limited's start-up in 2001 and headed up marketing communications and public relations. He also ran strategy and business planning at MTN Group Limited from 2002 to 2005. He left MTN Group Limited to join Chempure as its managing director.

Marion Burgess *(Managing director – Consumer Brands Division)*

Marion holds a BSc, CM(SA) and MBA. She joined Ascendis in July 2013. She has 13 years experience at an executive level within the pharmaceutical, medical devices and consumer health care markets. Most of her executive experience has been at 3M, Johnson & Johnson Medical and K. Storz. In all of these businesses she was instrumental in their success.

Imtiaz Mohamed *(Managing director – Pharma-Med Division)*

Imtiaz holds a BPharm and is a registered pharmacist. Imtiaz joined Ascendis in 2013. Prior to joining Ascendis Imtiaz founded and managed Pharmachem, a company acquired by Ascendis, and City Medical Wholesalers. Imtiaz has 24 years experience in the pharmaceutical industry, 22 of which as a registered pharmacist.

Jayen Pather *(Managing director – Phyto-Vet Division)*

Jayen holds a BCompt degree. He joined Ascendis in June 2013. Prior to joining Ascendis he was the financial director and later managing director at Incolabs, a diversified FMCG company. Before that Jayen occupied various executive financial and operational positions at Unitrans Holdings Limited and DHL.

9.3 **Appointment and qualifications of the Directors**

The relevant provisions of the Memorandum of Incorporation governing the appointment, qualification, remuneration, participation in decisions relating to their remuneration, terms of office, borrowing powers and procedure for appointment of the Directors are set out in Annexure 12 to this Pre-Listing Statement .

The Directors' borrowing powers have never been exceeded in any of the companies in the Group.

No right is held by any person relating to the appointment of any particular Director or number of Directors.

All the Directors have submitted duly completed directors' declarations to the JSE in compliance with Schedule 21 of the Listings Requirements.

None of the Directors have:

- had any bankruptcy order made against him or her, been insolvent or entered into any voluntary compromise arrangements;
- been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or been involved in business rescue proceedings or issuance of notices in terms of Section 129(7) of the Act, or been subject to a voluntary arrangement or any compositional arrangement with its creditors generally or any class of its creditors whilst he or she was a director of that company or within the 12 months after he or she ceased to be a director of that company;
- been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement while he or she was a partner in that partnership or within the 12 months after he or she ceased to be a partner in that partnership;
- been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he or she was a partner in that partnership or within the 12 months after he or she ceased to be a partner in that partnership;
- been publicly criticised by any statutory or regulatory authority (including recognised professional bodies);
- any convictions or been removed from an office of trust, on the grounds of misconduct and involving dishonesty; and
- been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

9.4 **Remuneration of the Directors**

The total remuneration and benefits paid to the executive Directors for the year ended 30 June 2013 are set out below:

Director	Salaries R	Medical Aid Contributions R	Bonuses R	Commissions R	UIF Fund Contributions R	Total R
Dr Karsten Wellner	2,106,966	35,134	450,000	–	–	2,592,100
Robert Taylor	1,358,333	30,000	–	952,800	1,713	2,342,846
Total	**3,465,299**	**65,134**	**450,000**	**952,800**	**1,713**	**4,934,946**

For the year ended 30 June 2013 no remuneration and benefits were paid to the non-executive Directors.

The remuneration and benefits proposed to be paid by the Company to the Directors for the year ending 30 June 2014 are set out in the tables below:

Director	Salaries R	Medical Aid Contributions R	Bonuses R	Commissions R	UIF Fund Contributions R	Total R
Executives						
Dr Karsten Wellner	2,700,000	53,115	1,150,000	230,400	1,785	4,135,300
Robert Taylor	2,600,000	31,200	600,000	–	1,785	3,232,985
Total	**5,300,000**	**84,315**	**1,750,000**	**230,400**	**1,785**	**7,368,285**

Director	Directors' fees R
Non-Executives	
John Bester	330,000
Osment Philip Cunningham	250,000
Crispian Douglas Dillon	–
Bharti Harie	250,000
Gary John Shayne	–
Total	**830,000**

Commissions proposed to be paid to executive Directors relate to the successful conclusion of acquisitions by Ascendis introduced and brokered by such Directors. Such commissions range between 1% and 2% of the enterprise value of the target multiplied by the percentage acquired by Ascendis.

Directors have been and will continue to be entitled to reimbursement of reasonable expenses incurred on behalf of the Company.

None of the executive Directors earned fees for management, consulting, technical or other such fees paid for services rendered, directly or indirectly, including payments to management companies. No bonuses, performance related payments, sums paid by way of expense allowance or contributions paid under any pension scheme were paid to the executive Directors other than as disclosed above. No commission, gain or profit sharing arrangements were entered into or paid to executive Directors other than disclosed above. There was no share purchase or option scheme for employees prior to the Listing of Ascendis. The executive Directors received no other emoluments from Ascendis, any of its subsidiaries, associates or JVs other than as disclosed above.

The remuneration of the executive and non-executive Directors of Ascendis will not be varied as a result of the Listing and the Memorandum of Incorporation does not provide for any power enabling the Directors to vote remuneration to themselves or any members of the Board. The remuneration of the Directors shall be determined by the Board on recommendation from the Remuneration Committee from time to time.

Ascendis has entered into an agreement with Coast2Coast Investments, a company in which Gary John Shayne and Crispian Douglas Dillon are beneficially interested as a result of their direct or indirect shareholdings, to render corporate advisory services to the Company. In terms of this agreement Ascendis will pay Coast2Coast Investments a fee for the introduction, facilitation and closing of acquisitions successfully concluded by Ascendis, as well as reimbursing Coast2Coast Investments for all disbursements. Further details of this agreement are set out in Annexure 7 to this Pre-Listing Statement.

Save as disclosed above, Ascendis has not paid any amounts (whether in cash or securities), nor given any benefits to any Directors or to any company in which Directors are beneficially interested, or to any partnership, syndicate or other association of which the Directors are members, or to any Director as an inducement to become a Director or otherwise, or for services rendered by Directors, or otherwise for services rendered by Directors or by the associate company or associate entity, during the preceding three years. There are no fees paid or accrued as payable to third parties in lieu of directors' fees.

9.5 Other directorships held by Directors, directors of Major Subsidiaries and Senior Management

Annexure 9 to this Pre-Listing Statement sets out the names of all companies of which the Directors, directors of Major Subsidiaries and Senior Management are or have been directors in the past five years.

None of the Directors are partners with unlimited liability or founders as defined by the Listings Requirements.

9.6 Directors' interests in Ascendis

As at 30 June 2013 the Directors, including their associates, held, directly or indirectly, the following number of Ascendis Ordinary Shares:

Director	Direct beneficial	Indirect beneficial	Total	Percentage held*
Executive Directors				
Dr Karsten Wellner	239	–	239	1.14%
Robert Taylor	201	–	201	0.96%
Non-executive Directors				
Crispian Dillon	321	2,406	2,727	13.04%
Bharti Harie	–	10	10	0.05%
Gary John Shayne	304	13,712	14,016	67.00%
Total	**1,065**	**16,128**	**17,193**	**82.19%**

*Based on 20,919 Ordinary Shares in issue (before the 8000:1 share split in August 2013).

As at the Last Practicable Date, before the Vendor Issuances and Private Placing, the Directors, including their associates, held, directly or indirectly, the following number of Ascendis Ordinary Shares:

Director	Direct beneficial	Indirect beneficial	Total	Percentage held*
Executive Directors				
Dr Karsten Wellner	2,331,580	–	2,331,580	1.33%
Robert Taylor	1,608,000	–	1,608,000	0.91%
Non-executive Directors				
Osment Philip Cunningham	40,000	–	40,000	0.02%
Crispian Dillon	976,000	20,634,033	21,610,033	12.29%
Bharti Harie	–	80,000	80,000	0.05%
Gary John Shayne	214,500	110,184,851	110,399,351	62.81%
Total	**5,170,080**	**130,898,883**	**136,068,963**	**77.41%**

*Based on 175,778,937 Ordinary Shares in issue (after the 8000:1 share split in August 2013). Ascendis issued 8,426,937 Ordinary Shares and Coast2Coast Investments disposed of 1,003,500 Ordinary Shares between the end of the preceding financial year but before the Vendor Issuances and Private Placing.

Pursuant to the Vendor Issuances and Private Placing, the Directors, including their associates, will, directly or indirectly, hold the following number of Ascendis Ordinary Shares:

Director	Direct beneficial	Indirect beneficial	Total	Percentage held*
Executive Directors				
Dr Karsten Wellner	2,131,580	–	2,131,580	0.93%
Robert Taylor	1,608,000	–	1,608,000	0.70%
Non-executive Directors				
Osment Philip Cunningham	40,000	–	40,000	0.02%
Crispian Dillon	976,000	19,727,533	20,703,533	9.01%
Bharti Harie	–	80,000	80,000	0.03%
Gary John Shayne	214,500	106,181,351	106,395,851	46.31%
Total	**4,970,080**	**125,988,883**	**130,958,963**	**57.00%**

* Based on 229,735,527 Ordinary Shares in issue, the table above assumes that the maximum subscription in terms of the Private Placing, being up to 36,363,636 new Ascendis Ordinary Shares, is effected.

The CEO has the right to subscribe for between R1 million and R5 million Ascendis Ordinary Shares on Listing at a 35% discount to the Private Placing Price. No consideration is to be given by the CEO for this right. The CEO has notified the Company that he does not intend to exercise this right.

An analysis of the Company's CEO's right to subscribe for Ordinary Shares, accrued during the last financial period, is as follows:

Opening balance of rights	Right to acquire between 139,860 and 699,300 Ordinary Shares at a price of R7.15 per Ordinary Share at the Listing Date
Number of rights awarded during the period	Not applicable
Strike dates of differing lots of rights awarded during the period	Not applicable
Number of rights exercised during the period and at what prices	Not applicable
Closing balance of rights	Right to acquire between 139,860 and 699,300 Ordinary Shares at a price of R7.15 at the Listing Date

Save for the aforementioned, no Directors hold any share options or any other right which has had the same or a similar effect in respect of providing a right to subscribe for Ordinary Shares.

No Directors have resigned during the last 18 months.

9.7 **Directors' interests in transactions**

There were no material beneficial interests, direct or indirect, of the Directors in transactions that were effected in Ascendis during the current or immediately preceding financial year or any earlier financial year and remain outstanding or unperformed.

9.8 **Directors' service agreements and term of office**

Executive Directors

The terms and conditions regulating the provision of services by the Company's executive Directors are set out in written service agreements, accepted by each executive Director. The service agreements regulate the terms and conditions of the executive Directors' employment with the Company and the terms and conditions are normal for agreements of this nature. The CEO and CFO's service agreements contain a six and three month notice period, respectively.

The service agreements with the executive Directors contain a clause providing for the payment of a commission in respect of the successful conclusion of any acquisition introduced and brokered by such executive Director. Such commission ranges between 1% and 2% of the enterprise value of the target multiplied by the percentage acquired by Ascendis.

Non-executive Directors

Agreements have been entered into with non-executive Directors, which terms and conditions are normal for agreements of this nature.

The appointment of non-executive Directors will be for an initial term of one year unless otherwise terminated earlier by and at the discretion of either the Company or the Director upon one month's written notice.

Continuation of Director's contracts of appointment is contingent on satisfactory performance and re-election at annual general meetings. One third of the Directors retire by rotation at each annual general meeting, who being eligible, may make themselves available for election. The election of new Directors, if any, as proposed in terms of the provisions of the Memorandum of Incorporation, are ratified at each annual general meeting.

There is currently no right held by any person or entity relating to the appointment of any particular Director or number of Directors.

9.9 **Loans granted to the Directors**

As at the Last Practicable Date, a loan had been made by the Group to or for the benefit of Coast2Coast Investments, a Company in which Gary John Shayne and Crispian Douglas Dillon are beneficially interested as a result of their direct or indirect shareholdings, to the sum of R43,762,281. The loan is unsecured, bears interest at 30% per annum and has no fixed terms of repayment. Details of this loan receivable are set out in Annexure 8 to this Pre-Listing Statement.

This loan should be viewed against a R38,990,050 loan, as at the end of the preceding financial year, made by Bounty Brands Proprietary Limited, a wholly-owned subsidiary of Coast2Coast Investments. The terms of this loan are more fully set out in Annexure 8 to this Pre-Listing Statement.

Other than as indicated above, no loans have been made nor has any security been furnished by Ascendis to or for the benefit of any Director or associate of any Director.

9.10 **Sums paid to Directors**

No sums have been paid or are agreed to be paid to any Director in the three years preceding this Pre-Listing Statement to induce him or her to become or qualify him or her as a Director.

10. FINANCIAL INFORMATION

10.1 Historical financial information

The audited consolidated historical financial information of Ascendis for the 12 months ended 30 June 2013, six months ended 30 June 2012 and 12 months ended 31 December 2011 is set out in Annexure 1 to this Pre-Listing Statement. The Company changed its year end from December to June in 2012.

No adjustments were made to previously reported historical financial information used in preparing the report of historical financial information set out in Annexure 1 to this Pre-Listing Statement.

The Independent Reporting Accountants' report on the audited consolidated historical financial statements of Ascendis for the 12 months ended 30 June 2013, six months ended 30 June 2012 and 12 months ended 31 December 2011 is set out in Annexure 2 to this Pre-Listing Statement.

10.2 *Pro forma* financial information

The *pro forma* financial information set out in Annexure 5 to the Pre-Listing Statement is included for the purpose of illustrating the effect of the Debt Refinance, the Solal Acquisition, the Pre-Listing Capital Raise, the Pharmachem Acquisition, the Private Placing and the Vendor Issuances on Ascendis. The Directors of Ascendis are responsible for the *pro forma* financial information. It is presented for illustrative purposes only and, because of its nature, may not fairly present Ascendis' financial position, changes in equity and results of operations or cash flows after implementation. The Independent Reporting Accountants' report relating to the *pro forma* financial information is set out in Annexure 6 to this Pre-Listing Statement.

10.3 Forecast financial information of Ascendis

The profit forecast for Ascendis for the year ending 30 June 2014 is set out in Annexure 3 to this Pre-Listing Statement. The Directors of Ascendis are responsible for the preparation of the forecast financial information. The forecast for Ascendis has been examined by Mazars and their Independent Reporting Accountants' report thereon is included in Annexure 4 to this Pre-Listing Statement.

10.4 Intended application of the proceeds from the Private Placing

Access to external capital will enable the Group to capitalise on opportunities that would otherwise not have been pursued.

By raising capital, the Group has the opportunity to supplement its growth via acquisitive means. Excellent opportunities exist as the Group can use its vast industry background to identify unique pockets of knowledge that can be utilised to increase value for stakeholders. Ascendis is targeting a number of strategic acquisitions that would broaden the depth and breadth of the Group's product offering and capitalise on its established infrastructure.

10.5 Capital expenditure commitments, lease payments and contingent liabilities

The Group had no material capital commitments except as set out in note 32 to the annual financial statements in Annexure 1 to this Pre-Listing Statement. The Group had no material lease payments and contingent liabilities as at 30 June 2013.

10.6 Material borrowings and loans receivable

Details of the material borrowings of Ascendis and its subsidiaries as at 30 June 2013 are set out in Annexure 8 to this Pre-Listing Statement. Borrowing powers of Directors are subject to the restrictions of the Memorandum of Incorporation of which an extract is set out in Annexure 12 to this Pre-Listing Statement. Borrowing powers of Directors have not been exceeded in the three years prior to this Pre-Listing Statement. There are no exchange control restrictions on the borrowing powers of Ascendis or any of its subsidiaries. Ascendis does not have any debentures currently in issue.

Details of the material loans receivable by Ascendis and its subsidiaries as at 30 June 2013 are set out in Annexure 8 to this Pre-Listing Statement. No loan capital is outstanding.

Details of Ascendis' inter-company loans as at 30 June 2013 are set out in Annexure 10 to this Pre-Listing Statement.

10.7 **Working capital statement**

The Directors are of the opinion that after considering the Private Placing:

- the Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of this Pre-Listing Statement;
- the assets of the Group will be in excess of the liabilities of the Group for a period of 12 months after the date of this Pre-Listing Statement. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- the share capital and reserves of the Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Pre-Listing Statement; and
- the working capital of the Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Pre-Listing Statement.

11. SHARE CAPITAL

11.1 Share capital

Details of Ascendis' share capital before and after the Vendor Issuances and Private Placing are set out below.

	R
Before the Vendor Issuances and Private Placing	
Authorised	
2,000,000,000 Ordinary Shares of no par value	–
1 preference share of no par value	–
Issued	
175,778,937 Ordinary Shares of no par value	447,917,551
Total	**447,917,551**
After the Vendor Issuances and Private Placing	
Authorised	
2,000,000,000 Ordinary Shares of no par value	–
1 preference share of no par value	–
Issued	
229,735,527 Ordinary Shares of no par value	1,041,440,042
Total	**1,041,440,042**

Notes:

1. The table above assumes that that the maximum subscription in terms of the Private Placing, being up to 36,363,636 Ascendis Ordinary Shares, is effected and a total of R400 million is raised.
2. The table above assumes that 17,592,954 new Ascendis Ordinary Shares are issued in terms of Vendor Issuances.
3. No Ordinary Shares are held in treasury as at the Last Practicable Date and there will be no Ordinary Shares held in treasury at the Listing Date.

All authorised and issued Ascendis Ordinary Shares, including those to be issued as part of the Vendor Issuances and in the Private Placing, will be of the same class and will rank *pari passu* in every respect. The entire issued share capital of Ascendis will be listed on the JSE.

'*Pari passu*' is understood to mean that the Ascendis Ordinary Shares:

(a) are in all respects identical;

(b) are of the same nominal value, and that the same amount per share has been paid up;

(c) carry the same rights as to unrestricted transfer, attendance and voting at general/annual general meetings and in all other respects; and

(d) are entitled to dividends at the same rate and for the same period, so that at the next ensuing distribution the dividend payable on each share will be the same amount.

The Ordinary Shares are to be listed on the JSE in terms of resolutions passed by the Directors on 21 October 2013.

Unissued equity securities shall be offered to existing Ordinary Shareholders *pro rata* to their shareholding unless issued for the acquisition of assets. The Ordinary Shareholders in a general meeting may authorise the Directors to issue unissued securities and/or grant options to subscribe for unissued securities as the Directors in their discretion deem fit, provided that such transaction(s) has/have been approved by the JSE. The authorised but unissued Ascendis Ordinary Shares are under the control of the directors of Ascendis until the next Company annual general meeting which is expected to take place in November 2014.

Other than the Ascendis Ordinary Shares which are expected to be listed on the JSE, no securities have been issued by Ascendis nor listed on any other stock exchange.

11.2 Preferential or exchange rights, options, voting rights, rights to dividends and other rights

In addition to the Ascendis Ordinary Shares, Ascendis is authorised to issue one preference share of no par value with the rights, preferences and limitations to be determined by the Board upon issue thereof.

There are no preferential, conversion or exchange rights or options attaching to the Ascendis Ordinary Shares or the securities of its subsidiaries.

In accordance with the Memorandum of Incorporation of Ascendis, at a general meeting of the Shareholders every Shareholder present in person or by proxy (or, if a body corporate, duly represented by an authorised representative), shall have one vote on a show of hands, and on a poll every Shareholder present in person or by proxy shall be entitled to that proportion of the total votes in Ascendis which the aggregate amount of the number of Ordinary Shares held bears to the aggregate amount of the total number of shares of all the Ordinary Shares issued by Ascendis. Accordingly, a Shareholder will have one vote for each Ascendis Ordinary Share of which that person is the registered holder. No special voting powers are reserved to any founder, vendor, Director or other person.

At meetings of Ascendis' Shareholders, every person present or represented by proxy shall have one vote for every Ascendis Ordinary Share.

Details of the rights pertaining to dividends and other rights including variation of rights and rights on winding-up are set out in Annexure 12 to this Pre-Listing Statement.

11.3 Alterations to share capital in the past three years

Ascendis was incorporated on 5 March 2008 with an authorised ordinary share capital of 100,000 ordinary shares with a par value of 100 cents each and an issued share capital of 10,000 ordinary shares of 100 cents each.

On 30 September 2011 the Company authorised one preference share of no par value with the rights, preferences and limitations determined by the Board upon issue thereof (issued to Vantage Mezzanine Fund II Proprietary Limited as a form of security for a funding arrangement at the time).

On 5 July 2013, the Company repurchased and cancelled the one issued preference share of no par value, at a purchase price of R1.

On 29 July 2013 the Company:

- converted all authorised and issued ordinary shares with a par value of 100 cents each to ordinary shares with no par value;
- subdivided its issued and authorised share capital in the ratio of 8,000 to 1; and
- increased its authorised share capital to 2,000,000,000 Ordinary Shares in terms of Special Resolution Number 3 registered with the Registrar of Companies on 29 July 2013.

A summary of the issues of securities of Ascendis during the preceding three years is as follows:

Average issue price	Securities issued	Class of security	Issue date
Capital raise (mainly to Coast2Coast)			
R39	1,000	Ordinary	January 2011
R1	1	Preference	October 2011
Staff issues			
R17,471	498	Ordinary	January – June 2012
Rights issue and capital raise (mainly staff and management)			
R19,218	1,597	Ordinary	September – December 2012
Rights issue and capital raise (mainly staff and management)			
R36 514	304	Ordinary	April 2013
Rights issue and capital raise (mainly staff and management)			
R43,490	7,859	Ordinary	June – July 2013
Rights issue and capital raise (new Shareholders)*			
R9.50	5,326,937	Ordinary	September 2013

Note:

* After the 8000:1 share split in August 2013.

Securities issued were not issued to all securities holders in proportion to their holdings. A summary of who the issues were made to and the reasons why securities were so issued is contained in the table above.

Staff issues in the table above relate to applications made by staff, at value, for securities of the Company. It is not in relation to any staff or share option scheme.

The premiums on issues were determined with reference to the estimated market value of the Company and appetite of the respective applicant at the time of the respective issuance. Premiums to par value were initially credited to the share premium account. Subsequent to the conversion of all authorised and issued ordinary shares to no par value, the share capital and share premium accounts have been aggregated as stated capital.

Save as set out above, no share repurchases, sub-divisions or consolidations have been undertaken by Ascendis during the three years preceding the date of this Pre-Listing Statement.

No offer has been made to the public for the subscription or the sale of Ordinary Shares or other securities in the Company during the three years preceding the Last Practicable Date.

11.4 **Simultaneous issues**

No other securities of the same class are issued or to be issued simultaneously with the issue of securities for which application to list all of the issued Ascendis Ordinary Shares is being made.

11.5 **Vendor Issuances**

Vendor Issuances will be made on the Listing Date to the vendors of acquisitions made by Ascendis, per their respective acquisition agreements. The Vendor Issuances are:

Acquisition	Vendor	Value of Shares to be issued on Listing Date (R)	Number of Shares to be issued on Listing Date at the Private Placing Price[1]
Chempure	RSC Family Trust	**21,721,350**	**1,974,668**
Solal	Brent Murphy Trust	14,000,000	1,272,727
	Weimaraner Trust	1,730,000	157,273
	David Arthur Family Trust	2,500,000	227,273
	Cleva Trust	5,000,000	454,545
	Solal Trust	5,000,000	454,545
		28,230,000	**2,566,363**
Marltons	Gavin Marltons	11,682,606	1,062,055
	Gavin Faulds	907,603	82,509
	Sally Hutchins	6,787,718	617,065
		19,377,927	**1,761,629**
SSN	Scientific Sports Nutrition Proprietary Limited	5,100,000	463,636
		5,100,000	463,636
		10,200,000	**927,272**
Evox	Allan Angel	**10,000,000**	**909,091**
Bolus	Mike Bolus	**3,011,725**	**273,793**
Pharmachem	PI Pharmaceuticals Proprietary Limited	42,500,000	3,863,636
	Sigma Pharmaceuticals Proprietary Limited	42,500,000	3,863,636
		85,000,000	**7,727,272**
Nimue	Ben Watkins	**15,981,489**	**1,452,863**
Total		**193,522,491**	**17,592,954**

Note:

1. The table above assumes a Private Placing Price of R11 per Ascendis Ordinary Share.

Further information regarding vendors of material acquisitions made within the three years prior to the date of the Pre-Listing Statement or proposed to be made are set out in Annexure 7 to this Pre-Listing Statement.

12. CONTROLLING SHAREHOLDERS

The controlling shareholder of Ascendis before the Vendor Issuances and Private Placing is Coast2Coast Investments, and this will not change after the Vendor Issuances and Private Placing. Additionally, there has been no change in the controlling shareholder of Ascendis during the previous five years.

Ascendis is the controlling shareholder of its subsidiaries as of their respective dates of becoming a subsidiary as set out in Annexure 10 to this Pre-Listing Statement.

13. MAJOR SHAREHOLDERS

At the Last Practicable Date, there are no other Shareholders, other than Directors, who directly or indirectly beneficially hold 5% or more of the issued share capital in the Company.

The Company will have a public shareholding of at least 300 Ordinary Shareholders who will hold a minimum of 20% of the Ordinary Shares on the day of Listing.

14. THE PRIVATE PLACING

14.1 Particulars of the Private Placing

Ascendis intends to raise capital in the form of the Private Placing from Eligible Investors. Through the Private Placing, Ascendis will accept irrevocable applications from Eligible Investors to subscribe for and purchase a maximum of 41,163,636 Placing Shares at the Private Placing Price of R11 per Ordinary Share totalling R452.8 million which includes the placing of Ordinary Shares by the Selling Shareholders. Should the Private placing not be fully subscribed, subscriptions will be allocated proportionately between the Offer for Subscription and the Offer for Sale.

The Ordinary Shares to be issued in terms of the Private Placing will rank *pari passu* with the existing Ordinary Shares in issue, including eligibility for dividends, and have no convertibility or redemption provisions attaching to them.

Fractions of Ordinary Shares will not be issued and the Company will round up or down to the nearest whole number of an Ordinary Share.

The Selling Shareholders who hold 14.53% of the Ascendis Ordinary Shares in issue, pre- the Vendor Issuances and Private Placing, intend placing a maximum of 4,800,000 Ascendis Ordinary Shares, representing 2.73% of issued Ordinary Shares pre- the Vendor Issuances and Private Placing. The Sale Shares total a maximum of R52.8 million at the Private Placing Price.

Subscriptions in terms of the Private Placing are only permitted to be made for a minimum of R1 million per single addressee acting as principal, except for persons falling within one of the categories listed in Section 96(1)(a) of the Companies Act.

Ordinary Shares subscribed for in terms of the Private Placing will be issued on the Listing Date upon receipt of the subscription amounts payable on that day. The Ordinary Shares to be issued in terms of the Private Placing will rank *pari passu* with the existing Ordinary Shares in issue and have no convertibility or redemption provisions attaching to them.

The *pro forma* financial effects of the Private Placing on Ascendis' EPS, HEPS, NAV and NTAV are set out in Annexure 5 to this Pre-Listing Statement, while the intended application of the proceeds from the Private Placing are set out in paragraph 10.4 of this Pre-Listing Statement.

14.2 Underwriting Agreement

The Private Placing has been underwritten by the Underwriter to the extent of R200 million in terms of the Underwriting Agreement and therefore there is no minimum subscription required to list. The Underwriting Agreement is irrevocable and two Directors of the Underwriter have submitted sworn declarations that the Underwriter has sufficient financial resources to meet its commitments in terms of the Underwriting Agreement.

The Directors have made due and careful enquiry to confirm that the Underwriter can meet its commitments in terms of the Underwriting Agreement.

The underwriting commission is an amount of R3 million which is payable five days after Listing by Coast2Coast Investments.

The Underwriter is not a Shareholder in the Company prior to Listing.

14.3 **Salient times and dates of the Private Placing and Listing**

	2013
Abridged Pre-Listing Statement released on SENS	Friday, 15 November
Opening date of the Private Placing (09h00)	Friday, 15 November
Abridged Pre-Listing Statement published in the South African press	Friday, 15 November
Closing date of the Private Placing (12h00)	Tuesday, 19 November
Notification of allotments	Wednesday, 20 November
Results of the Private Placing released on SENS	Thursday, 21 November
Results of the Private Placing published in the South African press	Friday, 22 November
Listing Date (09h00)	Friday, 22 November
Accounts at CSDP or broker updated and debited in respect of Dematerialised Shareholders	Friday, 22 November

Notes:

1. All dates and times shown in this Pre-Listing Statement are South African dates and times.
2. The above dates and times are subject to amendment. Any such amendment will be announced on SENS and published in the South African press.

14.4 **Conditions precedent to the Private Placing and Listing**

In the opinion of the Directors, a minimum amount of R200 million comprising 18 181 818 Ascendis Ordinary Shares at the Private Placing Price, is required to be raised by the Private Placing in order to fund the Company's anticipated acquisition pipeline and ensure the Company has the public shareholding required by the Listings Requirements.

The Private Placing has been underwritten by the Underwriter to the extent of R200 million in terms of the Underwriting Agreement and therefore there is no minimum subscription required to list.

The Private Placing and Listing remain subject to a spread of shareholders acceptable to the JSE being attained. The Listings Requirements provide that, unless the JSE determines otherwise, the number of public shareholders, as defined by the Listings Requirements, must be at least 300 and hold a minimum of 20% of the Ordinary Shares on the day of Listing.

The Private Placing and Listing will not proceed if the JSE's shareholder spread requirements are not met, and any acceptance of the Private Placing will not take effect and no person will have any claim whatsoever against the Company, the Selling Shareholders or any other person as a result of the Private Placing not taking effect.

If more than the minimum amount of R200 million is raised in terms of the Private Placing it will also be used to fund the Company's anticipated acquisition pipeline.

14.5 **Over subscriptions**

The maximum number of Ordinary Shares that can be subscribed for and acquired in terms of the Private Placing is 41,163,636 Ordinary Shares. In the event of an over subscription, Ordinary Shares will be allocated and issued at the discretion of the Directors. Factors to be considered by the Company in allocating Ordinary Shares include:

- the total amount applied for by respective applicants;
- achieving a spread of shares that is acceptable to the JSE; and
- promoting liquidity, tradability and an orderly after-market in the Ordinary Shares of the Company.

There is no preference on allotment to any particular company or group.

14.6 **Requisite approvals**

The requisite regulatory approvals regarding the issue and Listing of the Ordinary Shares have been obtained.

15. **PROMOTERS, COMMISSIONS AND THIRD PARTY INTERESTS**

The service agreements with the executive Directors and Senior Management contain a clause providing for the payment of a commission in respect of any successful acquisition introduced and brokered by such executive Director or Senior Management. Such commission ranges between 1% and 2% of the enterprise value of the target multiplied by the percentage acquired by Ascendis.

There were no payments made to promoters or to any partnership, syndicate or other association of which he or she is or was a member within the three years prior to the Last Practicable Date nor are there any amounts accrued as payable. There are no promoters' interests in the securities of Ascendis. There were no material beneficial interests, direct or indirect, paid to any Director in the promotion of Ascendis.

R3 million is payable to the Underwriter for agreeing to subscribe for Ascendis Ordinary Shares in terms of the Underwriting Agreement. Details of the Underwriter, of which Cy Jacobs and Steven Liptz are directors, are set out in the 'Corporate information' section on page 5 of this Pre-Listing Statement. There is no beneficial interest, direct or indirect, in the Underwriter by any promoter, Director or officer of Ascendis. The Private Placing has been underwritten by the Underwriter to the extent of R200 million for a fixed underwriting fee of R3 million in terms of the Underwriting Agreement.

Except as disclosed in this Pre-Listing Statement, there are no other commissions that have been paid or that are payable in respect of underwriting, during the three years preceding the date of this Pre-Listing Statement.

Except as disclosed in this Pre-Listing Statement, there are no other commissions, discounts, brokerages or other special terms granted during the three years preceding the date of this Pre-Listing Statement in connection with the issue or sale of any Ascendis Ordinary Shares or debentures.

No contracts or arrangements have been entered into with third parties in respect of managerial services.

16. **DIVIDENDS AND OTHER DISTRIBUTIONS**

Ascendis anticipates that the majority of earnings generated by the Group will not be distributed to shareholders as dividends but will be retained to, *inter alia*, finance the Group's organic and acquisitive growth. The Directors have considered and approved a dividend policy in terms of which the Group will, subject to compliance with applicable debt covenants, distribute a minimum of 25% of profit after tax and available for distribution.

There exists no time limit after which entitlement to dividends lapses, no fixed date on which entitlement to dividends arises and no arrangement under which future dividends are waived or agreed to be waived.

Relevant extracts of the Memorandum of Incorporation of Ascendis relating to dividends are set out in Annexure 12 to this Pre-Listing Statement.

17. **MATERIAL CONTRACTS**

Details of material contracts entered into by Ascendis or any of its subsidiaries within the two years before the date of this Pre-Listing Statement, or at any time which contain an obligation or settlement that is material to Ascendis or its subsidiaries at the date of this Pre-Listing Statement, other than contracts entered into in the ordinary course of business, are set out In Annexure 7 to this Pre-Listing Statement.

18. **MATERIAL ACQUISITIONS AND VENDORS**

Details of material acquisitions, within the last three years as at the date of this Pre-Listing Statement, including information relating to the vendors thereof are set out in Annexure 7 to this Pre-Listing Statement.

19. **PRINCIPAL IMMOVABLE PROPERTIES**

Details of the principal immovable properties leased by Ascendis are set out in Annexure 11 to this Pre-Listing Statement.

No material property acquisitions have been concluded during the preceding three years, or are proposed to be acquired by Ascendis.

20. **GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW AND ROYALTIES**

The nature of the businesses in the Group does not attract any investment restrictions by way of any degree of government protection or investment encouragement law, outside of BEE shareholding. Further to this, no royalties are payable by the Group.

21. **CORPORATE GOVERNANCE**

The Directors endorse and accept full responsibility for the application of the principles necessary to ensure that effective corporate governance is practiced consistently throughout Ascendis. In discharging this responsibility, the intention is to comply with the requirements of King III in both letter and spirit.

Extracts of the corporate governance policies adopted by Ascendis are set out in Annexure 13 to this Pre-Listing Statement.

22. **LITIGATION STATEMENT**

As at the Last Practicable Date, there were no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the Directors are aware), which may have or have had during the 12 months preceding the date of this Pre-Listing Statement, a material effect on the Group's financial position.

23. **MATERIAL CHANGES**

Save as disclosed in this Pre-Listing Statement, there has not been any material changes in the financial or trading position of the Group that have occurred since the end of the last financial period for which audited annual financial statements have been published, nor any material change in its business, nor any material fact or circumstance that has occurred between the end of the latest financial year of Ascendis and the date of this Pre-Listing Statement, save for the changes reflected in the *pro forma* financial informatin set out in Annexure 5 to this Pre-Listing Statement.

Furthermore, there have been no material changes in the trading objects or business of the Group since incorporation other than those set out in this Pre-Listing Statement in respect of the acquisitions.

24. **STATEMENT AS TO LISTING ON THE JSE**

The JSE has approved the application for a listing of all the issued Ascendis Ordinary Shares on the Main Board in the pharmaceuticals sector of the JSE under the abbreviated name 'ASCENDIS', with effect from the commencement of business on Friday, 22 November 2013.

25. **EXCHANGE CONTROL REGULATIONS**

The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt regarding SARB Exchange Control Regulations, please consult your professional advisor.

25.1 **Emigrants from the Common Monetary Area**

A former resident of the Common Monetary Area, who has emigrated from South Africa, may use blocked funds to subscribe for Ordinary Shares.

All payments in respect of the subscription for Ordinary Shares by an emigrant using blocked funds must be made through an authorised dealer in foreign exchange controlling the blocked assets.

Any Ordinary Shares issued pursuant to the use of blocked funds, will be credited to their blocked share accounts at the Central Securities Depository Participant controlling their blocked portfolios.

Ordinary Shares subsequently rematerialised and issued in certificated form, will be endorsed 'Non-Resident' and will be sent to the authorised dealer in foreign exchange through whom the payment was made.

If applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, for Ordinary Shares, emanating from emigrant blocked accounts, will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such applicants' blocked accounts. Applicants resident outside the Common Monetary Area should note that, where Ordinary Shares are subsequently re-materialised and issued in certificated form, such share certificates will be endorsed 'Non-Resident' in terms of the Exchange Control Regulations.

25.2 **Applicants resident outside the Common Monetary Area**

A person who is not resident in the Common Monetary Area should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable a subscription to be made.

This Pre-Listing Statement is not an offer in any area of jurisdiction in which it is illegal to make such an offer. In such circumstances, this Pre-Listing Statement has been sent for information purposes only.

Holders of Dematerialised Shares will have their statements endorsed 'non-resident' and their accounts at their CSDP or broker annotated accordingly.

26. EXPENSES OF THE PRIVATE PLACING AND LISTING

Save for the expenses of the Private Placing and Listing, as set out in the table below, Ascendis has not incurred any preliminary expenses in the three years preceding the date of this Pre-Listing Statement.

The expenses of the Private Placing and the Listing are estimated to be approximately R17 million (all excluding VAT) and relate to:

Description	R'000
Nedbank Capital (advisory and transaction Sponsor fee)	2,500
Nedbank Capital (capital raising fee)	13,050
Mazars (Independent Reporting Accountants and Auditors)	137
Cliffe Dekker Hofmeyr (Attorneys)	200
Luxury Brands (Communication Advisors)	60
JSE (listing fee)	378
JSE (documentation fee)	63
Printing costs	265
Contingency	347
Total	**17,000**

27. INTERESTS OF ADVISORS AND PROMOTERS

None of the advisors, save for the Communication Advisors, as set out in the 'Corporate information' section on page 5 of this Pre-Listing Statement hold any Ordinary Shares or have agreed to acquire any Ordinary Shares.

Ascendis has not paid any amount (whether in cash or in securities), nor given any benefit to any promoters or any partnership, syndicate or other association of which the promoter was a member, not being a Director or a selling shareholder during the period between the incorporation of Ascendis and the date of this Pre-Listing Statement. No promoters have any material beneficial interest in the promotion of Ascendis.

28. CONSENTS

Each of the Investment Bank, Corporate Advisor and Sponsor, Underwriter, Attorneys, Independent Reporting Accountants and Auditors, Communication Advisors and Transfer Secretaries named in this Pre-Listing Statement have consented in writing to act in the capacities stated, and to their names being stated in this Pre-Listing Statement and none of these consents have been withdrawn prior to the publication of this Pre-Listing Statement.

29. DIRECTORS' RESPONSIBILITY STATEMENT

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

30. **DOCUMENTATION AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the Company's registered office from Friday, 15 November 2013 to Friday, 22 November 2013:

- the Memorandum of Incorporation of Ascendis and the memoranda of incorporation of its subsidiaries ;
- the signed reports by the Independent Reporting Accountants and Auditors, the texts of which are set out in Annexures 2, 4 and 6 to this Pre-Listing Statement;
- the written consents of the professional advisors as set out in paragraph 28 of this Pre-Listing Statement;
- the latest valuation relating to immovable property, Erf 649 situated on 15 Diesel Road, Isando;
- the Directors' service agreements;
- the profit forecast for the year ending 30 June 2014;
- the audited annual financial statements of Ascendis for the 12 months ended 30 June 2013, six months ended 30 June 2012 and 12 months ended 31 December 2011;
- the consolidated audited annual financial statements incorporating audit reports of Solal Technologies, Dezzo and Pharmachem Pharmaceuticals for their three preceding financial periods, respectively;
- the signed agreements relating to material contracts and material acquisitions as set out in Annexure 7 to this Pre-Listing Statement; and
- a copy of this Pre-Listing Statement.

This Pre-Listing Statement has been signed in Cape Town behalf of all the Directors in terms of the powers of attorney granted.

Gary John Shayne
Non-executive Director

Cape Town

10 November 2013

HISTORICAL FINANCIAL INFORMATION OF ASCENDIS

Commentary on the historical financial information of Ascendis

Financial overview for the 12 months ended 31 December 2011

During the year ended 31 December 2011, the Group acquired Efekto, Sportron and Regal. It generated revenue of R99.6 million and a loss before tax of R16.3 million. The Group's gross profit margin was 41%. The loss was largely as a result of once-off acquisition costs (including commissions paid), integration costs and expensive debt funding.

Non-current assets of R225.9 million are largely made up of goodwill and intangible assets (R185.6 million).

As mentioned above, the Group was exposed to expensive debt funding in the order of R251 million. The net asset value per share was R210.36.

Financial overview for the 6 months ended 30 June 2012

During the year ended 30 June 2012, Ascendis changed its year end from December to June. It disposed of Comed Health Proprietary Limited and acquired Chempure and Avima. Revenue increased by 60% (despite the reduced reporting period). The Group reported a reduced loss before tax of R9.3 million. The loss was again largely as a result of once-off acquisition costs, which included commissions paid.

Non-current assets again largely comprised goodwill and intangible assets (R217.8 million), with goodwill being raised as a result of the various acquisitions of asset-light businesses. Net asset value per share increased to R2,060.53.

Financial overview for the 12 months ended 30 June 2013

The Group reported significantly higher revenues due to the fact that this was a full 12-month reporting period and the conclusion of the acquisition of Nimue. The increased revenue and operating profit evidenced the commencement of the extracting of synergies within the Group. This period also was the first in which the Group reported a profit before tax of R10.2 million.

Working capital increased in line with increases in revenue. The Group successfully concluded an equity capital raising in the order of R380 million, strengthening the balance sheet significantly. Net asset value per share increased to R18,757.75.

Historical financial information of Ascendis

The report below has been extracted from the audited historical financial information of Ascendis for the 12 months ended 30 June 2013, six months ended 30 June 2012 and 12 months ended 31 December 2011 (the Company changed its year end from December to June in 2012). The report is the responsibility of the Ascendis Board. The historical financial information has been audited by the Independent Reporting Accountants and was reported on without qualification, and their report is included in Annexure 2.

These financial statements were prepared in accordance with the International Financial Reporting Standards Framework, and the Companies Act, 2008.

1. **Review of activities**

   Main business and operations

   The Group is engaged in trading in health and care products and operates principally in South Africa. The Group operates in the human health sector, through its Pharmaceutical and Consumer Brands divisions, as well as the plant and animal health sector through its Phyto-Vet Division.

   Commentary on historical financial information

   The operating results and state of affairs of the Company are fully set out in the financial statements.

2. **Going concern**

   The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. **Events after the reporting period**

Subsequent to the Group's financial year end, the Group acquired the following investments:

- Purchase of all of the non-controlling interest's shareholding in Efekto Holdings Proprietary Limited;
- Purchase of the business and of certain assets and liabilities of Solal Technologies Proprietary Limited, Anti-aging Technologies Proprietary Limited, and Integrative Medical Centre CC; as well as
- Purchase Nimue Skin South Africa Proprietary Limited

The above acquisitions were funded by an additional facility granted by The Standard Bank of South Africa Limited. Through the granting of these facilities, the Group was also able to repay its high interest rate debt obligations to various mezzanine lenders, as well as other financial institutions as disclosed in note 14 to these annual financial statements.

During July an additional 317 shares were issued for approximately R14 million.

Subsequent to the financial year end, the Group adopted a new Memorandum of Incorporation ('MOI'). The new MOI provides for the conversion of the Company to a public company. Authorised share capital is 2 billion ordinary no par value shares.

Subsequent to the financial year end, the Group released contingencies, as disclosed in note 32.

The Directors are not aware of any other reportable matters or circumstances, not already disclosed, arising since the end of the financial period that has a material impact on the annual financial statements.

4. **Authorised and issued share capital**

There were no changes in the authorised share capital of the Group during the period under review. Ordinary share capital was issued during the year as disclosed in the statement of changes in equity and note 12 to these annual financial statements.

5. **Non-current assets**

During the year, the Group acquired, through direct business combinations, the operations, assets and liabilities of Scientific Sports Nutrition Proprietary Limited, One Vision Investments 381 Proprietary Limited, Chempure Proprietary Limited, Nimue Skin Proprietary Limited and Nimue Bioscience Proprietary Limited. The effects of this business combination are as disclosed in note 27 to these annual financial statements.

There has been no change in the nature or policy regarding the use of non-current assets during the year.

6. Investments in subsidiaries

Share of profits in subsidiaries

Name of company	R
Ascendis Management Services Proprietary Limited	(2,203,201)
Coast2Coast Distribution Proprietary Limited	(11,698)
Chempure Proprietary Limited (formerly Lavient Trading Proprietary Limited)	10,084,722
Efekto Holdings Proprietary Limited	(5,168,442)
Elixr Brands Proprietary Limited	(10,630)
Heritage Resources Limited	(605,253)
K2012021382 South Africa Proprietary Limited	(1,770)
K2012021393 South Africa Proprietary Limited	(1,770)
K2012021486 South Africa Proprietary Limited	(1,415)
Lavient Trading Proprietary Limited (formerly: Chempure Proprietary Limited)	–
Nimue Bioscience Proprietary Limited	2,672,411
Nimue Skin Proprietary Limited	–
One Vision Investments 381 Proprietary Limited	27,000
Regal Nutrients Proprietary Limited	112,019
Sportron International Proprietary Limited	4,737,451
Sportron Properties Proprietary Limited	(110,709)
Toolworth Distribution Proprietary Limited	–
Avima Proprietary Limited	2,951,638
Zasvin Trading Proprietary Limited	–
Halstrin Trading Proprietary Limited	6,655,635
Efekto Care Proprietary Limited	(9,346,509)
Tronitype Proprietary Limited	(1,162,747)
Reviva Technology Proprietary Limited	301,457
Small Pack Solution Proprietary Limited	13,797
Innovative Pest Management Proprietary Limited	(4,600)
Agro-Serve Proprietary Limited	(1,305,023)

Name of company	Holding 2013	Holding 2012	Holding 2011	Carrying amount 2013	Carrying amount 2012	Carrying amount 2011	Loans to (from) Group 2013	Loans to (from) Group 2012	Loans to (from) Group 2011
Ascendis Management Services Proprietary Limited	100.00%	–	–	3,964	–	–	4,914,050	–	–
Coast2Coast Distribution Proprietary Limited	100.00%	–	–	10,000	–	–	49,699	–	–
Chempure Proprietary Limited (formerly: Lavient Trading Proprietary Limited)	79.43%	79.43%	100.00%	61,488,589	5,256	4,820	15,590	16,954	4,680
Efekto Holdings Proprietary Limited – equity shares	85.00%	69.32%	69.32%	4,134,997	11,632	11,632	40,459,286	12,513,258	140,257
Efekto Holdings Proprietary Limited – preference shares	–	–	–	26,477,231	11,800,000	11,800,000	–	–	–
Elixr Brands Proprietary Limited	100.00%	100.00%	100.00%	39,000	39,000	39,000	3,368,017	2,029,208	1,520,298
Halstrin Trading Proprietary Limited	–	–	100.00%	–	–	4,820	–	282,190	380
Heritage Resources Limited	100.00%	100.00%	–	14,542	14,542	–	–	–	–
K2012021382 South Africa Proprietary Limited	100.00%	–	–	3,370	–	–	1,735	–	–
K2012021393 South Africa Proprietary Limited	100.00%	–	–	3,370	–	–	2,035	–	–
K2012021486 South Africa Proprietary Limited	100.00%	–	–	3,370	–	–	1,535	–	–
Lavient Trading Proprietary Limited (formerly Chempure Proprietary Limited)	79.40%	–	–	55,164,265	–	–	–	–	–
Nimue Bioscience Proprietary Limited	100.00%	–	–	32,000,001	–	–	8,057,394	–	–
Nimue Skin Proprietary Limited	100.00%	–	–	47,953,701	–	–			
One Vision Investments 381 Proprietary Limited	100.00%	–	–	1	–	–	23,040,670	–	–
Regal Nutrients Proprietary Limited	100.00%	95.00%	95.00%	14,162,344	12,823,344	12,823,344	–	–	2,803,25
Sportron International Proprietary Limited	100.00%	85.00%	85.00%	4,886,113	11,113	11,113	9,822,062	10,422,062	23,820,86
Sportron Properties Proprietary Limited	100.00%	100.00%	100.00%	6,249,083	6,249,083	6,249,083	(29,000,832)	(29,000,832)	–
Toolworth Distribution Proprietary Limited	100.00%	100.00%	100.00%	,36,952,098	36,952,098	36,952,098	(327,702)	(327,702)	–
Reviva Technology Proprietary Limited	100%	–	–	–	–	–	375,000	1,323,192	–
Efekto Care Proprietary Limited	85.00%	69.32%	69.32%	–	–	–	1,914	1,914	1,914
Avima Proprietary Limited	85.00%	69.32%	–	–	–	–	12,190	–	–
Zasvin Trading Proprietary Limited	100.00%	100.00%	100.00%	21,017,780,	21,017,780	21,017,780	(542,104)	(242,104)	–
				310,563,819	**88,923,848**	**88,913,690**	**60,250,539**	**(2,981,860)**	**28,291,644**
Impairment of investment in subsidiaries				**(160,357,469)**	**(57,289,808)**	**(57,289,808)**			
				150,206,350	**31,634,040**	**31,623,882**	**60,250,539**	**(2,981,860)**	**28,291,644**

Name of company	Holding 2013	Holding 2012	Holding 2011	Carrying amount 2013	Carrying amount 2012	Carrying amount 2011	Loans to (from) Group 2013	Loans to (from) Group 2012	Loans to (from) Group 2011
Other indirectly-held investments for which there are no loan balances									
Agro-Serve Proprietary Limited	85.00%	69.32%	69.32%						
Innovative Pest Management Proprietary Limited	85.00%	69.32%	–						
Small Pack Solutions Proprietary Limited	85.00%	69.32%	–						
Tronitype Propreitary Limited	85.00%	69.32%	69.32%						

7. Investment in joint venture

Comed Health Proprietary Limited	–	–	50.00%	–	–	10,000	–	–	690,000

Preference share asset

In the 2011 year the Company subscribed for 11,800,000 cumulative redeemable preference shares ('Prefs') of R1.00 in Efekto Holdings Proprietary Limited ('Efekto Holdings'). During the current financial year the Company acquired additional preference shares held by various minority shareholders of Efekto Holdings. The value of the additional cumulative shares acquired amounted to R14,677,231

The preference shares are carried at amortised cost, with the fair value being approximated by such carrying value. The dividend rate on the preference shares is 21.6% (2012: 19.6%; 2011: 29.6%) and the shares are redeemable as disclosed in note 16.

Statement of Financial Position as at 30 June 2013

		Group		
Figures in Rand	Notes	**30 June 2013**	**30 June 2012**	**31 December 2011**
Assets				
Non-current assets				
Property, plant and equipment	3	42,721,005	37,632,882	30,534,470
Goodwill	4	272,322,382	179,367,148	144,705,461
Intangible assets	5	35,997,081	38,445,896	40,890,761
Investments in subsidiaries		–	–	–
Investment in joint ventures	6	–	–	–
Deferred tax	7	3,174,413	3,774,978	9,811,864
Loans to Group companies		42,258,317	–	–
Other financial assets	8	197,620	–	–
		396,670,818	**259,220,904**	**225,942,556**
Current assets				
Inventories	9	169,492,264	104,291,232	60,460,416
Loans to Group companies	7	52,110,789	1,500	345,000
Current tax receivable		2,359,521	2,300,635	2,042,971
Other financial assets	8	3,612,559	–	489,189
Trade and other receivables	10	172,785,528	81,655,945	58,235,082
Cash and cash equivalents	11	134,983,928	27,884,039	19,337,720
		535,344,589	**216,133,351**	**140,910,378**
Total assets		**932,015,407**	**475,354,255**	**396,636,667**
Equity and liabilities				
Equity				
Capital and reserves		390,338,875	16,490,803	699,722
Non-controlling interest		347,633	7,203,253	1,614,498
		390,686,508	**23,694,056**	**2,314,220**
Liabilities				
Non-current liabilities				
Deferred tax	6	82,366	5,132,644	14,580,172
Deferred vendor liabilities	13	–	22,314,123	2,563,222
Other financial liabilities	14	84,200,113	232,330,617	179,413,997
Finance lease obligation	15	–	247,405	475,305
Operating lease liability		828,638	601,029	–
Redeemable preference shares	16	–	14,677,231	14,677,231
		85,111,117	**275,303,049**	**211,709,927**
Current liabilities				
Loans from Group companies	7	38,990,050	19,801,002	30,103,435
Deferred vendor liabilities	13	29,657,801	18,211,212	18,799,499
Other financial liabilities	14	242,010,419	31,627,656	71,632,588
Finance lease obligation	15	247,405	359,997	479,643
Current tax payable		5,789,192	2,907,778	345,604
Trade and other payables	17	128,785,616	102,477,966	61,251,637
Bank overdraft	11	10,737,299	971,539	114
		456,217,782	**176,357,150**	**182,612,520**
Total liabilities		**541,328,899**	**451,660,199**	**394,322,447**
Total equity and liabilities		**932,015,407**	**475,354,255**	**396,636,667**
Net asset value per share (cents)		1,875,866	206,071	21,038
Net tangible asset value per share (cents)		395,482	(1,688,285)	1,666,200

Statement of Comprehensive Income

		Group		
Figures in Rand	Notes	12 months ended 30 June 2013	6 months ended 30 June 2012	12 months ended 31 December 2011
Continuing operations				
Revenue	18	613,447,802	169,054,424	99,590,633
Cost of sales	19	(350,249,250)	(94,637,983)	(58,701,323)
Gross profit		**263,198,552**	**74,416,441**	**40,889,310**
Other income		15,932,534	9,125,239	2,293,091
Operating expenses		(215,485,176)	(72,080,111)	(47,157,121)
Operating profit	20	**63,645,910**	**11,461,569**	**(3,974,720)**
Finance costs	21	(53,409,200)	(20,795,365)	(12,334,694)
Profit (loss) before taxation		10,236,710	(9,333,796)	(16,309,414)
Taxation	22	(6,063,130)	2,874,876	8,440,508
Profit (loss) from continuing operations		**4,173,580**	**(6,458,920)**	**(7,868,906)**
Discontinued operations				
Profit (loss) from discontinued operations	23	–	11,566,756	(2,379,255)
Profit (loss) for the period		**4,173,580**	**5,107,836**	**(10,248,161)**
Other comprehensive income:				
Items that will not be subsequently reclassified to profit and loss:				
Gain on property revaluation		1,955,489	–	6,920,048
Taxation related to gain on property revaluation		(547,537)	–	(968,807)
Items that may be subsequently reclassified to profit and loss				
Exchange differences on translating foreign operations		671,551	–	–
Other comprehensive income for the period net of taxation		**2,079,503**	**–**	**5,951,241**
Total comprehensive income (loss) for the period		**6,253,083**	**5,107,836**	**(4,296,920)**
Attributable to:				
Owners of the parent:				
Profit (loss) for the period from continuing operations		12,038,719	(4,375,675)	(6,161,988)
Profit (loss) for the period from discontinuing operations		–	11,566,756	(2,379,255)
Profit (loss) for the period attributable to owners of the parent		**12,038,719**	**7,191,081**	**(8,541,243)**
Non-controlling interest:				
Loss for the period from continuing operations		(7,865,139)	(2,083,245)	(1,706,918)
Profit (loss) attributable to:				
Owners of the parent		12,038,719	7,191,081	(8,541,243)
Non-controlling interest		(7,865,139)	(2,083,245)	(1,706,918)
		4,173,580	**5,107,836**	**(10,248,161)**
Total comprehensive income (loss) attributable to:				
Owners of the parent		13,686,262	7,191,081	(2,590,002)
Non-controlling interest		(7,433,179)	(2,083,245)	(1,706,918)
		6,253,083	**5,107,836**	**(4 296,920)**
Number of shares in issue	37	20,827	11,498	11,000
Weighted average number of shares	37	12,869	11,330	10,636
Basic earnings per share (cents)	37	93,548	63,469	(80,305)
Diluted earnings per share (cents)	37	92,791	63,469	(80,305)

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Revaluation reserve	Change of ownership reserve *	(Accumulated loss) /Retained income	Total attributable to equity holders of the Group/ Company	Non-controlling interest ("NCI")	Total equity
Group										
Balance at 01 January 2011	10,000	–	10,000	–	–	–	2,094,488	2,104,488	–	2,104,488
Total comprehensive income for the period	–	–	–	–	5,951,241	–	(8,541,243)	(2,590,002)	(1,706,918)	(4,296,920)
Issue of shares	1,001	38,000	39,001	–	–	–	–	39,001	–	39,001
NCI allocation on acquisition	–	–	–	–	–	1,146,235	–	1,146,235	3,321,416	4,467,651
Balance at 31 December 2011	**11,001**	**38,000**	**49,001**	**–**	**5,951,241**	**1,146,235**	**(6,446,755)**	**699,722**	**1,614,498**	**2,314,220**
Total comprehensive income for the period	–	–	–	–	–	–	7,191,081	7,191,081	(2,083,245)	5,107,836
Issue of shares	498	8,599,502	8,600,000	–	–	–	–	8,600,000	–	8,600,000
Transfer between reserves – refer note 26	–	–	–	–	(5,951,241)	–	5,951,241	–	–	–
Business combinations	–	–	–	–	–	–	–	–	7,672,000	7,672,000
Balance at 30 June 2012	**11,499**	**8,637,502**	**8,649,001**	**–**	**–**	**1,146,235**	**6,695,567**	**16,490,803**	**7,203,253**	**23,694,056**
Total comprehensive income for the year	–	–	–	–	975,992	–	12,038,719	13,014,711	(7,433,179)	5,581,532
Issue of shares	9,329	370,322,494	370,331,823	–	–	–	–	370,331,823	–	370,331,823
Exchange differences on translating foreign operations	–	–	–	671,551	–	–	–	671,551	–	671,551
Dividends†	–	–	–	–	–	–	–	–	(679,800)	(679,800)
Changes in ownership interest – control not lost	–	–	–	–	–	(10,170,013)	–	(10,170,013)	(819,438)	(10,989,451)
NCI allocation on acquisition	–	–	–	–	–	–	–	–	2,076,797	2,076,797
Balance at 30 June 2013	**20,828**	**378,959,996**	**378,980,824**	**671,551**	**975,992**	**(9,023,778)**	**18,734,286**	**390,338,875**	**347,633**	**390,686,508**
	14	14	14							

Notes:

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

† There were no dividends declared by the parent company to equity holders during the current or two comparative periods (Dividends per share: 2013 – 0 cents; 2012 – 0 cents and 2011 – 0 cents.)

Statement of Cash Flows

		Group		
Figures in Rand	Notes	12 months ended 30 June 2013	6 months ended 30 June 2012	12 months ended 31 December 2011
Cash flows from operating activities				
Cash generated from (used in) operations	24	7,222,272	7,027,012	(2,722,359)
Interest income		800,990	909,981	165,191
Finance costs		(52,854,395)	(20,795,365)	(12,334,694)
Dividends paid		(679,800)	–	–
Tax (paid) received	25	(10,678,995)	1,250,878	(1,646,079)
Net cash from operating activities		**(56,189,928)**	**(11,607,494)**	**(16,537,941)**
Cash flows from investing activities				
Purchase of property, plant and equipment	3	(3,969,297)	(10,032,010)	(1,275,040)
Sale of property, plant and equipment	3	326,076	77,977	114,795
Sale of land and buildings	26	–	29,783,733	1,953
Purchase of other intangible assets	5	(1,840,657)	(962,552)	(171,068)
Business combinations	27	(101,811,962)	(25,139,111)	(142,939,885)
Business disposal	26	–	13,107,461	
Preference shares acquired		–	–	–
Change in ownership		(10,989,450)	–	4,780,000
Acquisition of investments in subsidiaries		–	–	–
Disposal of investments in subsidiaries		–	–	–
Net movement in loans receivable		3,408,448	(18,207)	(156,619)
Dividends received		–	–	–
Net cash from investing activities		**(114,876,842)**	**6,817,291**	**(139,645,864)**
Cash flows from financing activities				
Proceeds on share issue	12	370,331,823	8,600,000	39,000
Proceeds from other financial liabilities		–	35,000,000	146,831,488
Repayment of other financial liabilities		(6,607,774)	(15,798,746)	–
Movement in redeemable preference shares		(14,677,231)	–	1
Repayment of deferred vendor liabilities		(10,867,534)	(4,784,678)	–
Finance lease payments		(359,997)	(347,546)	(132,906)
Net cash movement from loans with Group companies		(69,418,388)	(10,303,933)	29,067,793
Net cash from financing activities		**268,400,899**	**12,365,097**	**175,805,376**
Total cash movement for the period		**97,334,129**	**7,574,894**	**19,621,571**
Cash at the beginning of the period		26,912,500	19,337,606	(283,965)
Total cash at end of the period	11	**124,246,629**	**26,912,500**	**19,337,606**

ACCOUNTING POLICIES

1. **Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act No. 71 of 2008. The annual financial statements have been prepared on the historical cost basis, except as indicated and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 **Consolidation**

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Company its subsidiaries and all entities, including special purpose entities, which are controlled by the Company.

Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition being the date on which the Group obtains control until the date such control ceases.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Non-controlling interests arising from business combinations are measured at either their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

1.2 **Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment on an ongoing basis. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows of that financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock is provided to write stock down to the lower of cost and net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write-down is included in the operating profit note.

Impairment testing

The recoverable amounts of individual assets and cash-generating units have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Property, plant and equipment

Property, plant and equipment are written-off over their expected useful lives, after taking into consideration the assets' residual values at the end of their useful lives. The useful lives and residual values are estimated based on industry knowledge. The carrying value of property, plant and equipment is set out in note 3.

Intangible assets

Intangible assets consist of brand names, client relations, patents, trademarks and other rights, technology-based assets and license agreement. Predicting the useful lives of these intangible assets requires significant judgement. Intangible assets are written off over their expected useful lives. The useful lives are estimated based on industry knowledge. The carrying value of intangible assets is set out in note 5.

1.3 **Property, plant and equipment**

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes those incurred initially to acquire or construct the item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount if the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	50 years
Plant and equipment	5 – 12 years
Furniture and fittings	5 – 7 years
Motor vehicles	3 – 6 years
Office equipment	4 – 8 years
Computer equipment	3 years
Computer software	2 years
Leasehold improvements	10 years
Stands and banners	3 years
Packaging moulds	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 **Intangible assets**

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Amortisation charges for the period are recognised in profit or loss.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Brand names and trademarks	5 – 10 years
License agreements	5 – 10 years
Client relations	5 – 10 years
Technology-based	2 – 5 years
Intellectual property	Indefinite
Patents	20 years

1.5 **Investments in subsidiaries**

Company annual financial statements

In the Company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.6 **Financial instruments**

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment;
- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, including transaction costs for those that are not at fair value through profit and loss.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial guarantee contracts are subsequently measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the interest on that instrument over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the instrument.

Impairment of financial assets

At each reporting date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered objective indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised; the reversal shall not result in the carrying amount of the financial asset exceeding what the carrying amount would have been had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written-off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written-off are credited against operating expenses.

Loans to and from Group companies

These include loans to and from holding companies, fellow subsidiaries and subsidiaries.

Loans to Group companies are classified as loans and receivables.

Loans from Group companies are classified as financial liabilities measured at amortised cost.

Other financial assets

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, plus any transaction costs using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered objective evidence that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss. Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value plus any transaction costs and subsequently measured at amortised cost.

Bank overdraft and other financial liabilities

Bank overdrafts and other financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Preference shares, which are mandatorily redeemable on a specific date, are classified as other financial liabilities carried at amortised cost.

The dividends on these preference shares are recognised in profit or loss as interest expense.

Deferred vendor liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Held-to-maturity

Investments in preference shares, included in investments in subsidiaries, are classified as held-to-maturity financial assets. These financial assets are initially measured at fair value plus direct transaction costs.

Financial assets that the Group has the positive intention and ability to hold to maturity are classified as held-to-maturity.

1.7 **Tax**

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.8 **Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property asset or, if lower, the present value of the minimum lease payments. The liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the company's incremental borrowing rate.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as income and the contractual receipts is recognised as an operating lease asset that it not discounted.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.9 **Inventories**

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of non-financial assets

The Group assesses at each reporting period end whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit it the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity. Preference shares are classified as a financial liability if they are redeemable on a specific date or at the option of the shareholders. Dividends thereon are recognised in the statement of comprehensive income as finance expenses when incurred.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are governed by the Pension Funds Act and are recognised as an expense as they fall due.

1.13 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

1.14 **Revenue**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the Company's right to receive payment has been established.

1.15 **Cost of sales**

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.16 **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 **Translation of foreign currencies**

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Investments in subsidiaries

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

The exchange differences on a monetary item that is receivable or payable for, or to, a foreign operation are recognised in profit or loss in the separate financial statements. These exchange differences are recognised in other comprehensive income in the Group and will be reclassified to profit and loss on disposal of the investment.

Any 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 that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current period

In the current year, there were no new standards and interpretations that are effective and relevant to the Company's operations.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 July 2013 or later periods:

IFRS 9: *Financial Instruments*

This new standard is the first phase of a three-phase project to replace IAS 39: *Financial Instruments-Recognition and Measurement*. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost only.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Financial liabilities shall not be reclassified.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.

- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remain unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

The effective date of the standard is for years beginning on or after 1 January 2015.

The Group expects to adopt the standard for the first time in the 2016 annual financial statements

The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial instruments and may result in more disclosure than is currently provided for in the annual financial statements.

IFRS 10: *Consolidated Financial Statements*

Standard replaces the consolidation sections of IAS 27: *Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities*. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee.

The amendment to IFRS 10: *Consolidated Financial Statements* provided an exemption for groups with investment entities that are evaluated on a fair value basis from consolidation where certain requirements are met.

The effective date of the standard is for years beginning on or after 1 January 2013.

The Group expects to adopt the standard for the first time in the 2014 annual financial statements.

The impact of the adoption of this standard is currently being assessed.

IAS 27: *Separate Financial Statements*

Consequential amendment as a result of IFRS 10. The amended standard now only deals with separate financial statements.

The effective date of the amendment is for years beginning on or after 1 January 2013.

The Group expects to adopt the amendment for the first time in the 2014 annual financial statements.

The impact of the adoption of this standard is currently being assessed.

IFRS 12: Disclosure of Interests in Other Entities

The standard set out disclosure requirements for investments in subsidiaries, associates, joint ventures and unconsolidated structured entities. The disclosures are aimed to provide information about the significance and exposure to risks of such interests. The most significant impact is the disclosure requirement for unconsolidated structured entities or off balance sheet vehicles.

The effective date of the standard is for years beginning on or after 1 January 2013.

The Group expects to adopt the standard for the first time in the 2014 annual financial statements.

The adoption of this standard is not expected to impact the results of the Company, but may result in more disclosure than is currently provided in the financial statements.

IFRS 13: *Fair Value Measurement*

New standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRS'.

The effective date of the standard is for years beginning on or after 1 January 2013.

The Group expects to adopt the standard for the first time in the 2014 annual financial statements.

IFRS 13 does not introduce new requirements to measure asset or liabilities at fair value – the Group is in the process of evaluating the impact of this standard, but it may result in more disclosure than is currently provided in the financial statements.

3. **Property, plant and equipment**

Group	2013			2012			2011		
Figures in Rand	**Cost/ Valuation**	**Accumulated depreciation**	**Carrying value**	**Cost/ Valuation**	**Accumulated depreciation**	**Carrying value**	**Cost/ Valuation**	**Accumulated depreciation**	**Carrying value**
Land	6,586,647	–	6,586,647	6,000,000	–	6,000,000	6,000,000	–	6,000,000
Buildings	20,680,244	(191,086)	20,489,158	19,311,401	(51,250)	19,260,151	15,844,462	–	15,844,462
Plant and machinery	4,288,255	(1,373,057)	2,915,198	2,605,483	(833,217)	1,772,266	4,004,110	(586,964)	3,417,146
Furniture and fixtures	7,294,866	(2,198,142)	5,096,724	5,145,099	(536,230)	4,608,869	2,663,788	(201,343)	2,462,445
Motor vehicles	4,001,148	(752,112)	3,249,036	2,703,919	(347,572)	2,356,347	681,588	(234,620)	446,968
Office equipment	2,767,479	(1,094,412)	1,673,067	1,512,260	(278,607)	1,233,653	906,964	(132,222)	774,742
Computer equipment	3,292,015	(1,705,482)	1,586,533	2,095,340	(758,756)	1,336,584	1,364,680	(489,556)	875,124
Computer software	304,431	(166,824)	137,607	364,995	(77,270)	287,725	75,456	(62,648)	12,988
Leasehold improvements	776,756	(412,733)	364,023	144,655	(6,023)	138,632	–	–	–
Packaging moulds	503,679	(176,080)	327,599	503,678	(75,344)	428,334	503,678	(25,115)	478,563
Stands and banners	425,490	(130,077)	295,413	369,263	(158,942)	210,321	315,942	(93,910)	222,032
Total	**50,921,010**	**(8,200,005)**	**42,721,005**	**40,756,093**	**(3,123,211)**	**37,632,882**	**32,360,668**	**(1,826,198)**	**30,534,470**

Reconciliation of property, plant and equipment – Group – 2013

Figures in Rand	Opening balance	Additions	Additions through business combinations	Disposals	Revaluations	Depreciation	Total
Land	6,000,000	–	–	–	586,647	–	6,586,647
Buildings	19,260,151	–	–	–	1,368,843	(139,836)	20,489,158
Plant and machinery	1,772,266	901,198	983,626	(18,491)	–	(723,401)	2,915,198
Furniture and fixtures	4,608,869	837,024	738,945	–	–	(1,088,114)	5,096,724
Motor vehicles	2,356,347	921,729	793,407	(255,000)	–	(567,447)	3,249,036
Office equipment	1,233,653	345,055	531,504	(11,443)	–	(425,702)	1,673,067
Computer equipment	1,336,584	896,895	152,035	(41,142)	–	(757,839)	1,586,533
Computer software	287,725	–	–	–	–	(150,118)	137,607
Leasehold improvements	138,632	46,953	279,206	–	–	(100,768)	364,023
Packaging moulds	428,334	–	–	–	–	(100,735)	327,599
Stands and banners	210,321	243,801	–	–	–	(158,709)	295,413
	37,632,882	**4,192,655**	**3,478,723**	**(326,076)**	**1,955,490**	**(4,212,669)**	**42,721,005**

Reconciliation of property, plant and equipment – Group – 2012

Figures in Rand	Opening balance	Additions	Additions through business combinations	Disposals	Disposals through business divestiture	Depreciation	Total
Land	6,000,000	–	–	–	–	–	6,000,000
Buildings	15,844,462	3,466,939	–	–	–	(51,250)	19,260,151
Plant and machinery	3,417,146	181,597	1,046,648	–	(2,626,872)	(246,253)	1,772,266
Furniture and fixtures	2,462,445	2,316,044	185,380	(20,113)	–	(334,887)	4,608,869
Motor vehicles	446,968	1,843,332	338,974	(32,883)	(127,092)	(112,952)	2,356,347
Office equipment	774,742	910,441	38,423	–	(343,568)	(146,385)	1,233,653
Computer equipment	875,124	869,555	76,217	(22,898)	(192,214)	(269,200)	1,336,584
Computer software	12,988	300,234	–	(2,083)	(8,612)	(14,802)	287,725
Leasehold improvements	–	90,547	54,108	–	–	(6,023)	138,632
Packaging moulds	478,563	–	–	–	–	(50,229)	428,334
Stands banners	222,032	53,321	–	–	–	(65,032)	210,321
	30,534,470	**10,032,010**	**1,739,750**	**(77,977)**	**(3,298,358)**	**(1,297,013)**	**37,632,882**

Reconciliation of property, plant and equipment – Group – 2011

Figures in Rand	Opening balance	Additions	Additions through business combinations	Disposals	Disposals through business divestiture	Depreciation	Total
Land	–	–	6,000,000	–	–	–	6,000,000
Buildings	–	123,697	15,720,765	–	–	–	15,844,462
Plant and machinery	2,843,900	88,532	808,800	–	–	(324,086)	3,417,146
Furniture and fixtures	–	150,429	2,877,044	–	(363,685)	(201,343)	2,462,445
Motor vehicles	228,549	311,841	104,359	(105,678)	–	(92,103)	446,968
Office equipment	379,397	13,052	455,515	(927)	–	(72,295)	774,742
Computer equipment	359,587	446,318	326,172	(8,189)	–	(248,764)	875,124
Computer software	29,030	12,803	4,592	–	–	(33,437)	12,988
Leasehold improvements	–	–	–	–	–	–	–
Packaging moulds	–	–	503,678	–	–	(25,115)	478,563
Stands banners	–	128,368	187,574	–	–	(93,910)	222,032
	3,840,463	**1,275,040**	**26,988,499**	**(114,794)**	**(363,685)**	**(1,091,053)**	**30,534,470**

Revaluations

A valuation of the property, Erf 649 situated on 15 Diesel Road, Isando, Gauteng was performed on 7 March 2013 by an independent valuer, Errol B Ansara, Professional associated Valuer (Reg 835/8). The valuation was performed using the discounted cash flow approach, using a discount rate of 9.9%.

No valuation has been performed for the property Erf 514, Brooklyn, Pretoria as the Directors feel that the fair value of the property is correctly reflected by the current carrying value thereof.

Details of properties

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Gauteng			
Title deed T13122/2010, Isando, Gauteng (Erf 649)			
– Acquisition from business combination	21,720,765	21,720,765	21,720,765
– Additions since purchase	450,109	450,109	123,697
– Depreciation	(191,086)	(51,250)	–
– Revaluation	1,955,490	–	–
	23,935,278	**22,119,624**	**21,844,462**
Pretoria			
Erf 514, Brooklyn, Pretoria			
– Purchase price: 15 March 2012	2,800,000	2,800,000	–
– Additions since purchase	340,527	340,527	–
	3,140,527	**3,140,527**	**–**

Land and buildings situated in Gauteng have been pledged as security for the mortgage bond with The Land and Agricultural Development Bank of South Africa as disclosed in note 14. It is further encumbered by a notarial bond in favour of The Land and Agricultural Bank of South Africa in the amount of R20,000,000. A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of Efekto Care Proprietary Limited ('Efekto Care').

The carrying value of the building situated in Pretoria was pledged as security for the loan with The Standard Bank of South Africa Limited to the value of R1,600,000. Refer note 14.

Motor vehicles with a net book value of R1 535 075 (2012: R1,104,763) have been given as security for instalment sale agreements as disclosed in note 14. Further movable assets have been provided as security for other financial liabilities. Refer note 16 for details thereof.

4. **Goodwill**

Group	2013			2012			2011		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	272 322 382	–	272,322,382	179,367,148	–	179,367,148	144,705,461	–	144,705,461

Reconciliation of goodwill – Group – 2013

	Opening balance	Additions through business combinations	Total
Goodwill	179,367,148	92,955,234	272,322,382

Reconciliation of goodwill – Group - 2012

	Opening balance	Additions through business combinations	Disposals through business divestiture	Total
Goodwill	144,705,461	37,120,732	(2,459,045)	179,367,148

Reconciliation of goodwill – Group - 2011

	Opening balance	Additions through business combinations	Disposals through business divestiture	Total
Goodwill	2,459,045	142,246,416	–	144,705,461

Impairment testing

The carrying value of goodwill for each entity where it exists, is reviewed for impairment annually by the Directors. The current year's valuation is based on a combination of net asset value of cash generating units and projected sustainable free cash flows calculations, taking into account the views of future performance of the respective companies.

Where the valuation is based on projected sustainable free cash flows methodology the latest budgets and forecasts are utilised. A five-year time horizon is used to project the cash flows. Cash flows are discounted using a discounting factor, which was determined taking into account both systematic and unsystematic risks. The key assumptions for the value-in-use calculations are based on past experience of management regarding entity performance and market variables.

Based on the above valuation methods, the Directors assessed the carrying value of the goodwill to be less than the expected benefits from future performance or net asset value of the cash generating units. As a result the goodwill is not deemed to be impaired.

Significant judgements applied in fair value estimation:

Inflation:	5.00% to 10.00%
Terminal growth rate:	5.00%
WACC:	14%/15.62%/18.14%

5. Intangible assets

Group	2013			2012			2011		
Figures in Rand	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Brand names	15,599,421	(3,312,035)	12,287,386	15,599,421	(1,642,553)	13,956,868	14,510,448	(392,679)	14,117,769
Client relations	11,973,527	(2,211,327)	9,762,200	11,973,527	(939,673)	11,033,854	11,973,527	(305,430)	11,668,097
Trademark registrations in progress	–	–	–	461,878	–	461,878	–	–	–
Intellectual property	–	–	–	–	–	–	2,000,000	–	2,000,000
License agreements	14,819,009	(3,900,530)	10,918,479	14,770,277	(2,480,413)	12,289,864	12,524,287	(411,654)	12,112,633
Patents, trademarks and other rights	1,548,502	(92,279)	1,456,223	–	–	–	–	–	–
Technology-based	2,374,920	(802,127)	1,572,793	1,071,316	(367,884)	703,432	1,126,872	(134,610)	992,262
Total	**46,315,379**	**(10,318,298)**	**35,997,081**	**43,876,419**	**(5,430,523)**	**38,445,896**	**42,135,134**	**(1,244,373)**	**40,890 761**

Reconciliation of intangible assets - Group – 2013

Figures in Rand	Opening balance	Additions	Additions through business combinations	Transfers	Amortisation	Impairment loss	Total
Brand names	13,956,868	–	–	–	(1,669,482)	–	12,287,386
Client relations	11,033,854	–	–	–	(1,271,654)	–	9,762,200
Trademark registrations in progress	461,878	805,000	–	(1,266,878)	–	–	–
License agreements	12,289,864	658,127	–	–	(1,820,605)	(208,907)	10,918,479
Patents, trademarks and other rights	–	340,803	1,207,699	–	(92,279)	–	1,456,223
Technology-based	703,432	36,727	–	1,266,878	(434,244)	–	1,572,793
	38,445,896	**1,840,657**	**1,207,699**	**–**	**(5,288,264)**	**(208,907)**	**35,997,081**

Reconciliation of intangible assets – Group – 2012

Figures in Rand	Opening balance	Additions	Additions through business combinations	Disposals through business divestiture	Amortisation	Impairment loss	Total
Brand names	14,117,769	324,556	388,212	–	(873,669)	–	13,956,868
Client relations	11,668,097	–	–	–	(634,243)	–	11,033,854
Trademark registrations in progress	–	461,878	–	–	–	–	461,878
Licence agreements	12,112,633	164,300	814,614	–	(801,683)	–	12,289,864
Intellectual property	2,000,000	–	–	(2,000,000)	–	–	–
Technology-based	992,262	11,818	–	–	(300,648)	–	703,432
	40,890,761	**962,552**	**1,202,826**	**(2,000,000)**	**(2,610,243)**	**–**	**38,445,896**

Reconciliation of intangible assets – Group – 2011

Figures in Rand	Opening balance	Additions	Additions through business combinations	Transfers	Amortisation	Impairment loss	Total
Brand names	–	–	14,510,448	–	(392,679)	–	14,117,769
Client relations	–	–	11,973,527	–	(305,430)	–	11,668,097
Trademark registrations in progress	–	–	–	–	–	–	–
Licence agreements	–	160,666	12,363,621	–	(411,654)	–	12,112,633
Intellectual property	2,000,000	–	–	–	–	–	2,000,000
Technology-based	–	10,402	1,116,470	–	(134,610)	–	992,262
	2,000,000	**171,068**	**39,964,066**	**–**	**(1,244,373)**	**–**	**40,890,761**

6. **Deferred tax**

Deferred tax asset (liability)

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Investment in subsidiaries	–	–	–
Property, plant and equipment	(3,538,676)	(2,013,344)	(3,836,824)
Finance leases	20,130	53,747	49,534
Intangible assets	(8,719,450)	(9,872,629)	(10,460,733)
Prepaid expenses	(170,384)	(70,726)	(26,118)
Operating leases	232,019	168,288	–
Assessed loss	11,629,369	8,039,602	7,291,316
IFRS adjustments	2,874	(101,957)	(256,497)
Provisions	3,636,165	2,439,353	2,471,014
	3,092,047	**(1,357,666)**	**(4,768,308)**
Reconciliation of deferred tax asset (liability)			
At beginning of the year	(1,357,666)	(4,768,308)	(135,570)
Increase in tax losses available for set off against future taxable income	3,772,049	748,286	7,291,316
Originating and reversing temporary difference on			
– Capital allowances	(1,525,332)	1,823,480	(3,625,211)
– Provisions	1,196,812	(31,661)	2,402,144
– Finance leases	(33,617)	4,213	42,361
– IFRS adjustments	104,831	154,540	(256,497)
– Intangible assets	1,153,179	588,104	(10,460,733)
– Prepaid expenses	(99,658)	(44,608)	(26,118)
– Operating leases	63,731	168,288	–
– Investments in subsidiaries	–	–	–
Derecognition of tax asset	(182,282)	–	–
	3,092,047	**(1,357,666)**	**(4,768,308)**
Non-current assets	3,174,413	3,774,978	9,811,864
Non-current liabilities	(82,366)	(5,132,644)	(14,580,172)
	3,092,047	(1,357,666)	(4,768,308)
Unrecognised deferred tax asset			
Deductible temporary differences not recognised as deferred tax assets	–	–	–
Unused tax losses not recognised as deferred tax assets	5,550,844	–	–
	5,550,844	–	–

7. **Loans to (from) Group Companies**

Joint ventures

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Comed Health Proprietary Limited	–	–	345,000
Holding companies			
Coast2Coast Investments Proprietary Limited	94,369,103	–	(3,842,456)
Bounty Brands Proprietary Limited	(38,990,050)	(19,801,002)	(23,208,426)
Vantage Mezzanine Fund II	–	–	–
	55,379,053	**(19,801,002)**	**(27,050,882)**
Non-current assets	132,379,488	26,588,778	28,981,645
Current assets	52,110,789	–	–
Current liabilities	(68,860,688)	(49,371,640)	(27,050,883)
	115,629,589	**(22,782,862)**	**1,930,762**

Sportron International Proprietary Limited

The loan is unsecured and interest free (2011: R13,000,000 of the loan, a portion which was repaid in 2012, was unsecured and bore interest at prevailing market rates). The loan is recorded at cost as there is uncertainty as to the timing of future cash flows. The loan has been subordinated with an undertaking not to reduce the balance of such Group company loan below the carrying value of the loan with The Standard Bank of South Africa Limited (refer note 14).

Efekto Holdings Proprietary Limited

The loan is unsecured, bears interest at 18% per annum, compounded quarterly, and has no fixed terms of repayment. R23,079,258 of the loan has been subordinated in favour of all other creditors of Efekto Holdings until such time as the assets of Efekto Holdings, fairly valued, exceed its liabilities.

Elixr Brands Proprietary Limited

The loan is unsecured and interest-free. The loan is recorded at cost as there is uncertainty as to the timing of future cash flows. R48,838 (2012: R38,208; 2011: R27,848) of the loan has been subordinated in favour of all other creditors of Elixr Brands Proprietary Limited ('Elixr') until such time as the assets of Elixr, fairly valued, exceed its liabilities.

Reviva Technology Proprietary Limited

The loan is unsecured, bears interest at 30% per annum and has no fixed terms of repayment. The loan is pledged as security for the facilities granted by the Chester Finance Group (refer note 14).

One Vision Investments 381 Proprietary Limited

A portion of the loan, R19,222,280 is unsecured and interest-free whilst the remaining portion R3,818,390 bears interest 11.30% per annum The loan has no fixed terms of repayment.

Ascendis Management Services Proprietary Limited

The loan is unsecured and bears interest at 30% per annum and has no fixed terms of repayment. R3,309,666 of the loan has been subordinated in favour of all other creditors of Ascendis Management Services Proprietary Limited ('AMS') until such time as the assets of AMS, fairly valued, exceed its liabilities

Coast2Coast Investments Proprietary Limited

The loan is unsecured, bears interest at 30% per annum and has no fixed terms of repayment.

Sportron Properties Proprietary Limited
Toolworth Distribution Proprietary Limited
Halstrin Trading Proprietary Limited
Zasvin Trading Proprietary Limited
Chempure Proprietary Limited (formerly: Lavient Trading Proprietary Limited)
Efekto Care Proprietary Limited
Nimue Bioscience Proprietary Limited
Avima Proprietary Limited
Bounty Brands Proprietary Limited
Vantage Mezzanine Fund II

These loans are unsecured, interest-free and have no fixed terms of repayment. The loans are recorded at cost as there is uncertainty as to the timing of future cash flows.

In the 2011 year, the loan from Bounty Brands Proprietary Limited ('Bounty') had been subordinated in favour of all other creditors of Ascendis Health Proprietary Limited ('Ascendis'), both present and future, until such time as the Company's assets, fairly valued, exceeded its liabilities.

Regal Nutrients Proprietary Limited

The loan was unsecured and bore interest at prevailing market rates. The loan was repaid during the 2012 period.

Comed Health Proprietary Limited

The loan was unsecured and interest-free. The loan was settled of as part of the Comed Health business disposal (refer note 26).

Coast2Coast Distribution Proprietary Limited
K2012021382 (South Africa) Proprietary Limited
K2012021393 (South Africa) Proprietary Limited
K2012021486 (South Africa) Proprietary Limited

The loans are unsecured, interest-free and have no fixed terms of repayment. The loans are recorded at cost as there is uncertainty as to the timing of future cash flows. The total loan balance of these entities has been subordinated in favour of all other creditors of these entities until such time as the assets, fairly valued, exceed their liabilities.

Credit quality of loans to Group companies

The credit quality of loans to Group companies has been assessed with reference to a review of the net asset value and future profit forecasts of the companies, and management assesses the ability of the companies to repay as high.

The maximum exposure to credit risk at the reporting date is the carrying value of each loan mentioned above. The Group does not hold any collateral as security.

Fair value of loans to and from Group companies

The loans are recorded at amortised cost as the fair value of the loans to, and from, Group companies cannot be ascertained as the future cash flows cannot be reliably determined.

8. **Other financial assets**

Loans and receivables

	Group		
Figures in Rand	**2013**	**2012**	**2011**
ABSA Bank Limited – Debtor Financing	2,274,696	–	–
A confidential invoice discounting facility has been entered into by One Vision Investments 381 Proprietary Limited with ABSA Debtor Finance Proprietary Limited, a division of ABSA Bank Limited. An invoice discount facility with recourse, with a limit of R5,000,000 and a retention value of 30% of fundable debtors.			
A first cession over trade debtors in the amount of R5,059,648. The securities for the above mentioned facility are as follows:			
– Unlimited suretyship by C Fitzpatrick, M van Biljon			
– Limited suretyship by Mario van Biljon Trust incorporating cession of loan funds limited to R2,500,000.			
This agreement was terminated subsequent to year end, on 31 July 2013 with all funds due being repaid.			
Scientific Sports Nutrition Proprietary Limited	1,293,440	–	–
The loan is unsecured and interest free. The loan is to be repaid within one year of the effective date of acquisition of One Vision Investments 381 Proprietary Limited (26 April 2013).			
D Maphanga	242,043	–	–
The loan is secured by a motor vehicle with a book value of R241 969 and bears interest at the prime bank overdraft rate less 0.5% per annum. The loan is repayable in monthly instalments, inclusive of capital and interest, of R5,637 over five years with the final instalment on 30 April 2018.			
Alclin Proprietary Limited			
The loan is unsecured, interest free and has no fixed terms of repayment. The loan is recorded at cost as there is uncertainty as to the timing of future cash flows.	1,226,648	–	–
W D Jonker			
The loan was unsecured, interest-free and had no fixed terms of repayment. The loan was settled as part of the Comed Health business disposal (refer note 26).	–	–	489,189
	5,036,827	–	489,189
Loans and receivables (impairments)	(1,226,648)	–	–
	3,810,179	**–**	**489,189**
Non-current assets			
Loans and receivables	197,620	–	–
Current assets			
Loans and receivables	3,612,559	–	489,189
	3,810,179	**–**	**489,189**

The motor vehicle and loan from D Maphanga have been pledged as security for the instalment-sale agreement with The Standard Bank of South Africa Limited. Refer note 14.

The carrying amounts of loans and receivables are denominated in South African Rands.

Credit quality of other financial assets

Credit quality of the loan to Scientific Sports Nutrition Proprietary Limited has been assessed with reference to a review of the net asset value of the Company, and management assessed the ability of the Company to repay the loan as high.

Credit quality of the amount receivable from ABSA Bank Limited has been assessed with reference to independent credit ratings, ABSA Bank Limited considered to have a AAA credit rating.

Credit quality of loan from D Maphanga has been assessed by a review of payment history and no history of default payments.

The maximum exposure to credit risk at the reporting date is the carrying value of each loan mentioned above. The Group does not hold any collateral as security.

9. Inventories

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Raw materials, components	42,933,677	45,394,000	22,947,884
Work in progress	1,774,050	234,793	–
Finished goods	106,647,103	58,779,470	39,072,775
Goods in transit – Raw materials	21,907,598	–	–
	173,262,428	104,408,263	62,020,659
Inventories – Finished goods (write-downs)	(3,770,164)	(117,031)	(1,560,243)
	169,492,264	**104,291,232**	**60,460,416**

10. Trade and other receivables

Trade receivables	132,012,703	73,249,311	51,078,154
Other receivables	27,367,457	912,154	222,717
Namibian VAT	–	397,770	369,383
Preference share dividend accrual	–	–	–
Prepayments	4,051,826	1,673,038	1,093,826
Deposits	3,094,384	807,119	4,817,803
VAT	6,259,158	4,616,553	599,199
	172,785,528	**81,655,945**	**58,235,082**

A portion of the 'Other receivables' disclosed above relates to unpaid share capital, as disclosed in note 12.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired are evaluated by management on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the credit quality of the customer is assessed, taking into account its financial position, past experience, and other factors.

Fair value of trade and other receivables

Trade and other receivables are carried at amortised cost, with the fair value being approximated by such carrying value.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired. At 30 June 2013, trade and other receivables amounting to R17,461,103 (2012: R21,903,036; 2011: R1,834,397) relating to the Group and Rnil (2012: Rnil; 2011: Rnil) relating to the Company were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	Group		
Figures in Rand	**2013**	**2012**	**2011**
One month past due	6,322,516	7,292,410	1,003,002
Two months past due	5,936,812	6,327,770	95,733
Three months past due	3,209,815	5,693,072	357,651
More than three months past due	1,991,960	2,589,784	378,011

Trade and other receivables impaired

As of 30 June 2013, trade and other receivables of R5,636,490 (2012: R2,600,637; 2011: R638,436) relating to the Group and Rnil (2012: R33,600; 20: Rnil) relating to the Company were impaired and provided for.

The ageing of these loans is as follows:

Over 90 days	492,898	2,560,842	239,728
Over 120 days	5,143,592	39,795	174,744
Reconciliation of provision for impairment of trade and other receivables			
Opening balance	2,600,637	638,436	–
Provision for impairment	6,677,225	1,160,285	638,436
Amounts written-off as uncollectable	(1,704,355)	(218,567)	–
Acquired through business combination	456,388	1,440,352	–
Reversal of impairment	(2,393,406)	(419,869)	–
	5,636,489	**2,600,637**	**638,436**

Credit risk:

The maximum exposure to credit risk at the reporting date is R162,474,544 (2012: R74,968,584; 2011: R56,172,674) relating to the Group.

11. **Cash and cash equivalents**

Figures in Rand
Cash and cash equivalents consist of:

Cash on hand	726,094	875,599	132,513
Bank balances	87,964,428	26,957,318	19,205,207
Short-term deposits	46,293,406	51,122	–
Bank overdraft	(10,737,299)	(971,539)	(114)
	124,246,629	**26,912,500**	**19,337,606**
Current assets	134,983,928	27,884,039	19,337,720
Current liabilities	(10,737,299)	(971,539)	(114)
	124,246,629	**26,912,500**	**19,337,606**

Credit quality of cash and cash equivalents

The credit quality of cash and cash equivalents, excluding cash on hand, that are neither past due nor impaired can be assessed by the high credit standing of The Standard Bank of South Africa Limited, Nedbank Limited, ABSA Bank Limited and FirstRand Bank Limited.

Guarantees and facilities relating to the Group:
Overdraft facility of R2,000,000
Card facility of R290,000
Electronic fund transfer of R6,200,000
SB Fleet of R108,000
Guarantees of R158,000

The Standard Bank of South Africa Limited overdraft facility is secured in conjunction with loans issued by the same bank (refer note 14).

12. **Share capital**

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Authorised			
100 000 Ordinary shares	100,000	100,000	100,000
1 Unspecified preference share	1	1	1
	100,001	**100,001**	**100,001**
Issued			
Ordinary	20,827	11,498	11,000
1 Unspecified preference share	1	1	1
Share premium	378,959,996	8,637,502	38,000
	378,980,824	**8,649,001**	**49,001**

Vantage Mezzanine Fund II ('Vantage') has subscribed for the 1 unspecified preference share. In the event of default on the Vantage facilities (refer note 14) and after a standstill period of four months the preference share will attribute 96% of the voting rights to Vantage until such time that the default has been remedied. Whilst Vantage has the voting rights, they agree not to issue ordinary shares in the Company.

The preference share was sold back shortly after year end to Bounty Brands Proprietary Limited ('Bounty Brands') in conjunction with the settlement of debt obligations to Vantage, as disclosed in note 14.

Reconciliation of number of shares issued:			
Reported as at beginning of the period	11,499	11,001	10,000
Issue of shares – ordinary shares	9,329	498	1,000
Issue of shares – unspecified preference share	–	–	1
	20,828	**11,499**	**11,001**

Of the total share capital issued (R370,331,823), R13,315,452 was unpaid at year end. This receivable has been included under 'Other receivables', refer note 10.

114 Ordinary shares were issued with written put options, which were classified as debt instruments, refer note 14 for further disclosure.

13. **Deferred vendor liabilities**

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Naturopathic Centre Trading CC	–	–	(5,482,638)
The Levien Trust No. 1	–	–	(4,714,234)
Ifula Holdings Proprietary Limited	–	(4,538,228)	(4,318,377)
Kajima Familie Trust	(738,750)	(1,679,259)	(1,631,154)
J W B Swanepoel	(276,000)	(632,393)	(581,263)
P A Bimray	(161,250)	(367,471)	(350,805)
Dr. WA Tomlinson	–	–	(1,473,376)
Aspen Trust	–	–	(1,403,311)
JH Fellingham	–	–	(653,910)
JB Tomlinson	–	–	(653,910)
Horizon Partnership	–	–	(99,743)
Combretum Family Trust	(9,142,883)	(16,653,992)	–
Pentagon Family Trust	(9,142,883)	(16,653,992)	–
Scientific Sports Nutrition Proprietary Limited	(10,196,035)	–	–
	(29,657,801)	**(40,525,335)**	**(21,362,721)**
Non-current liabilities	–	(22,314,123)	(2,563,222)
Current liabilities	(29,657,801)	(18,211,212)	(18,799,499)
	(29,657,801)	**(40,525,335)**	**(21,362,721)**

Ifula Holdings Proprietary Limited

The liability bore interest at 10% per annum and had no fixed terms of repayment. The liability was settled in full during the year.

Naturopathic Centre Trading CC, The Levien Trust No. 1

The deferred vendor liabilities relating to The Levien Trust No. 1 and Naturopathic Centre Trading CC ('Naturopathic') bore interest at varying rates as agreed between the parties. These liabilities were settled as part of the Comed Health business disposal (refer note 26).

Dr. WA Tomlinson, Aspen Trust, JB Tomlinson, JH Fellingham and Horizon Partnership

The deferred vendor liabilities relating to Dr WA Tomlinson, Aspen Trust, JB Tomlinson, JH Fellingham and Horizon Partnership bore no interest and have been settled in full during the current period.

PA Bimray, Kajima Familie Trust and JWB Swanepoel

The current year liabilities are unsecured, interest-free and have no fixed terms of repayments. The liabilities were settled in full subsequent to the year end.

The liabilities relating to PA Bimray, Kajima Familie Trust and JWB Swanepoel in 2012 bore interest at 10% per annum, as per the original agreement the liabilities would be repaid in two equal capital repayments on 1 July 2013 and 1 July 2014. During the current year the debt was delegated to the Company on loan account, after which it was further delegated to Coast2Coast Investments Proprietary Limited ('Coast2Coast Investments) on loan account.

Combretum Family Trust and Pentagon Family Trust

The liabilities relating to Combretum Family Trust and Pentagon Family Trust were repaid shortly after year end. The amount is recorded at amortised cost using an effective interest rate of 8.5%. During the current year, the estimated vendor payment due on 31 May 2014 of R19,635,000 was delegated to the Company on loan account, after which it was further delegated to Bounty Brands on loan account, after which it was further delegated to Coast2Coast Investments on loan account.

Scientific Sports Nutrition Proprietary Limited ('SSN')

The Company has purchased the equity (shares for R1 and loan account of R10.2 million) from SSN on 26 April 2013. The balance due on purchase price (R10,196,035) shall be paid to SSN through the issue of ordinary shares in the Company on date of listing by the Company on the Johannesburg Stock Exchange ('JSE'). If the Company for any reason whatsoever, has not listed by 30 June 2016, then the issue of shares shall not take place. In this instance the balance due shall be settled in cash by 15 July 2016. The Company has delegated its obligation to pay any cash amount to SSN, to Bounty Brands.

Fair value of deferred vendor liabilities

The deferred vendor liabilities are carried at amortised cost, with the fair value being approximated by such carrying value.

14. **Other financial liabilities**

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Held at amortised cost			
Vantage Mezzanine Fund II	110,384,231	84,497,337	73,210,723
The Land and Agricultural Bank of South Africa	148,850,885	143,657,383	110,850,462
Creditsmith Event Driven Fund LLP	–	4,047,577	48,720,952
AfrAsia Corporate Finance Proprietary Limited	–	7,000,000	5,000,000
Nedbank Limited (loan)	–	–	4,844,185
Nedbank Limited (invoice discounting facility)	–	–	2,928,036
ABSA Bank Limited	657,961	–	4,589
Chester Finance Group	1,277,999	1,488,921	1,867,123
The Standard Bank of South Africa Limited	32,130,707,	15,795,759,	–
The Combretum Family Trust	595,312	2,405,648	–
The Pentagon Family Trust	594,880	2,405,648	–
Zelpy 1497 Proprietary Limited	–	1,660,000	–
A Pretorius	–	1,000,000	–
Heritage Resource Limited	–	–	3,620,515
Penta Pacific Industrial Enterprise Proprietary Limited	38,791,	–,	–
Puttable instrument – JB Tomlinson	1,790,452	–	–
Puttable instrument – Isolex Proprietary Limited	1,247,025	–	–
Innu-Science SA Proprietary Limited	64,841,	–	–
First National Bank Limited	28,577,448	–	–
	326,210,532	**263,958,273**	**251,046,585**
Non-current liabilities			
At amortised cost	**84,200,113**	**232,330,617**	**179,413,997**
Current liabilities			
At amortised cost	242,010,419	31,627,656	71,632,588
	326,210,532	**263,958,273**	**251,046,585**

Vantage Mezzanine Fund II ('Vantage')

Long-term loan A of R63,964,723 (2012: R38,042,109; 2011: R26,757,005) bears interest at 30% per annum. The loan was repayable in full when the facility was due to expire on 4 October 2018. The loan was fully repaid subsequent to the year end.

Long-term loan B of R23,162,749 (2012: R23,180,611; 2011: R23,179,819) bears interest at 12.5% above the JIBAR rate per annum. The loan was repayable in full when the facility was due to expire on 4 October 2017. The loan was fully repaid subsequent to the year end.

Long-term loan C of R23,256,759 (2012: R23,274,617; 2011: R23,273,899) bears interest at 15% above the JIBAR rate per annum. The loan was repayable in full when the facility was due to expire on 4 October 2017. The loan was fully repaid subsequent to the year end.

The Vantage facilities have been secured as follows.

1st *Lien* Security

- Hypothec over trademarks and registrations of Agro-Serve Proprietary Limited ('Agro-serve');
- Cession and pledge of Ascendis Health Proprietary Limited ('Ascendis') ordinary shares in Efekto Holdings Proprietary Limited ('Efekto Holdings');
- Cession and pledge of new management team's ordinary shares in Efekto Holdings;
- Cession and pledge of shares in Coast2Coast Investments Proprietary Limited ('C2C');
- Cession and pledge of C2C shares in Bounty Brands Proprietary Limited ('Bounty');
- Cession and pledge of Bounty shares in Ascendis;
- Cession and pledge of Efekto Holdings shares in Agro-serve;

- Cession and pledge of Efekto Holdings shares in Efekto Care Proprietary Limited;
- 2nd *Lien* Security (1st *Lien* held by the Land Bank);
- Notarial covering bond of R45 million;
- Notarial covering bond of R20 million;
- Mortgage bond of R20 million over the property disclosed in note 3;
- Cession of all debtors in Efekto Care (debtors and loans to affiliates and shareholders);
- Cession of insurance policies;
- Suretyship from Ascendis to an amount of R100 million;
- Suretyship from C2C to an amount of R100 million; and
- Cession and pledge of shares in the Efekto Care to the The Land Bank.

Security relating to all Vantage facilities were released subsequent to year end in conjunction with the above mentioned settlement of debt.

The Land and Agricultural Bank of South Africa ('The Land Bank')

Long-term loan A of R16,399,336 (2012: R18,555,392; 2011: R19,528,971) bears interest at 3.00% per annum above the prime lending rate and is repayable in monthly instalments of R348,224 (2012: R352,980). The facility expires on 30 September 2018.

Long-term loan B of R9,338,059 (2012: R11,682,551; 2011: R12,765,869) bears interest at 1.00% per annum above the prime lending rate and is repayable in monthly instalments of R280,151 (2012: R282,903). The facility expires on 30 September 2016.

Long-term overdraft facility (revolving working capital facilities) of R64,999,707 (2012: R64,999,894; 2011: R65,000,000) bears interest at 0.50% per annum below the prime lending rate. The loan was repayable in full when the facility was due to expire on 31 March 2015. The loan was fully repaid subsequent to the year end.

Long-term mortgage loan of R13,114,280 (2012: R13,419,546; 2011: R13,555,621) bears interest at the prime lending rate and repayable in monthly instalments of R119,499 (2012: R123,637). The facility expires on 30 April 2031 and has been secured by fixed property as indicated in note 3 and as indicated below.

Long-term loan of R29,999,532 (2012: R35,000,000; 2011: Rnil), R13,714,003 (2012: R16,000,000; 2011: R16,000,000) of the loan bears interest at the prime bank overdraft rate plus 6% per annum, the remaining R16,285,529 (2012: R19,000,000; 2011: R19,000,000) of the loan bears interest at the prime bank overdraft rate plus 1% per annum. The loan is repayable in equal monthly instalments, inclusive of capital and interest, over a period of seven years with the final instalment on 30 June 2019.

R15,000,000 loan facility, limited to the security value, was granted to Avima Proprietary Limited ('Avima') on 26 September 2012. The Group has drawn on this facility to the extent of R14,999,971 at year end. The loan facility bears interest at the prime bank overdraft rate per annum. Interest is payable monthly with the capital amount being repayable on 30 September 2015. The loan was fully repaid subsequent to year end.

The various rates of interest as indicated above applicable to The Land Bank are subject to the company maintaining a gearing ratio of at least 1.50 and interest cover, calculated as the result of EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation) divided by total interest paid, of at least 2.00. In terms of these agreements Efekto Care is further restricted from declaring dividends until such time as the cumulative amount owing does not exceed R22,500,000.

The cumulative Land Bank facilities are jointly secured as follows:

- The first covering mortgage bonds for R20,000,000 over Erf 649 Diesel Road, Isando by Agro-Serve;
- First general notarial covering bond for an amount of R25,000,000 over all moveable assets in Avima (2012: Halstrin Trading Proprietary Limited ('Halstrin'));
- Cession and security of all amounts owing by Avima (2012: Halstrin);
- Cession of either separate or comprehensive insurance policies over property, plant and equipment and inventories by Avima;
- Unlimited suretyship by Avima;

- Cession and pledge of all Trademarks and Registrations owned by Avima;
- The notarial covering bonds for R20,000,000 by Agro-Serve Proprietary Limited ('Agro-Serve') and Efekto Care;
- The notarial covering bonds for R45,000,000 by Agro-Serve and Efekto Care;
- Cession of Efekto Care's entire debtors book to The Land Bank in a form acceptable to The Land Bank;
- Cession and pledge of insurance policies by the borrower to The Land Bank in a form acceptable to The Land Bank;
- Execution of a joint and several suretyship from the Company, limited to an amount of R100,000,000 in a form acceptable to The Land Bank;
- Execution of a joint and several suretyship from Coast2Coast Investments, limited to an amount of R100,000,000 in a form acceptable to The Land Bank;
- Cession and pledge of shares in Efekto Care to The Land Bank; and
- Subordination of all Vantage loans in favour of The Land Bank with respect to capital as well as capital and cash interest payments, in respect of which interest shall accrue and no payments shall be made until The Land Bank is satisfied that the financial covenants are not in danger of being breached both before and after any payment and issues a written consent therefore, which consent shall not be unreasonably withheld (based on forecast and calculations performed by the financial director of the borrower).

Nedbank Limited – (loan)

The loan bore interest at a rate of 10.5% per annum. The loan was settled of as part of the Comed Health business disposal (refer note 26).

Nedbank Limited – (Invoice discounting facility)

Comed Health, a joint venture of the Group in the prior period, had entered into an Invoice Discounting Facility with recourse, to a limit of R4,000,000, with a 30% retention margin. The facility bore interest at prime. The facility was settled of as part of the Comed Health business disposal (refer note 26).

Creditsmith Event Driven Fund LLP

The loan bore interest at 30% (2012: 30%; 2011: 24%) per annum and was repaid in full during the year.

The facility was secured as follows:

- Deed of suretyship from CD Dillon, C2C, Coast2Coast Holdings Proprietary Limited, GJ Shayne, VJ Shayne and The Kingfish Trust;
- A second covering mortgage bond for R5,000,000 over Erf 297 Chapman's Peak, Cape Town by VJ Shayne;
- A second covering mortgage bond for R600,000 over Erf 67217 Cape Town, by CD Dillon; and
- Pledge and cession by Ascendis of all its shares and claims in Toolworth Distribution Proprietary Limited ('Toolworth'), Zasvin Trading Proprietary Limited ('Zasvin') and Sportron Properties Proprietary Limited ('Sportron Properties');

Security relating to the loan was released in conjunction with the above settlement of debt.

AfrAsia Corporate Finance Proprietary Limited ('AfrAsia')

The loan bore interest at 2.5% per month although repayable in full when the facility expires on 31 July 2013, the loan was settled in full during the year with all security thereon released.The facility had been secured as follows.

- Surety by Elixr and Coast2Coast Investments.
- Elixr pledged and ceded all its shares in Reviva Technology Proprietary Limited ('Reviva').

ABSA Bank Limited

Instalment-sale agreements bearing interest at 1% above prime per annum. Repayments are payable monthly, instalments range between R5,888 and R8,693. Motor vehicles with a book value of R622,679 have been given as security as disclosed in note 3.

Chester Finance Group

All advances made to Reviva, a subsidiary of the Group, or on behalf of Reviva shall be repaid within 120 days from the date of the advance or the payment made. Interest is payable on the South African Rand balance at 13% per annum above the prime rate of Standard Bank, as determined on the date of advance. Interest is payable on all other currencies at 15.5% per annum above the higher of the base rate of Barclays Bank Plc or Libor, on all overdue amounts.

The facility has been secured as follows:

- Deed of Suretyship by Coast2Coast Investments for the indebtedness of Reviva;
- Deed of Suretyship by GJ Shayne for the indebtedness of Reviva;
- Pledge and Cession by GJ Shayne for the indebtedness of Reviva;
- Registration of General Notarial Bonds over the movable assets of Reviva for the amount of R1,500,00;
- Net Current Asset Covenant Agreement by Reviva for R2,000,000;
- Guarantee by the Company for the indebtedness of Reviva;
- Pledge and Cession by the Company for the indebtedness of Reviva;
- Cession of Debts by Reviva; and
- Registration of General Notarial Bonds over the movable assets of Reviva for the amount of R1,000,000.

The facility was fully repaid after year end, with security being released.

The Standard Bank of South Africa Limited

Loan A of R2,200,000 (2012: R2,750,000) bears interest at prime plus 2.5% per annum. The capital portion of loan is repayable in monthly instalments of R50,000 (2012: R50,000) over a period of five years.

Loan B of R9,316,678 (2012: R11,916,670) bears interest at the prime overdraft rate plus 2.5% per annum. The loan is repayable in monthly instalments, inclusive of capital and interest of R216,666 (2012: R216,706) on 31 May 2016.

Loan C of R18,000,000 bears interest at the prime overdraft rate plus 1% per annum. R16,000,000 of the loan is repayable in monthly capital instalments of R333,334 over four years with a final instalment of R333,302 on 31 May 2017. R2,000,000 of the loan is repayable four years after the date of the first drawdown, being 31 May 2017.

Loan D of R1,644,432 bears interest at the prime bank overdraft rate plus 1.5% per annum. The loan is repayable in monthly instalments, inclusive of capital and interest of R16 138 over 20 years with a final instalment on 30 June 2032.

Instalment-sale agreements of R562,181 (2012: R854,475) bearing interest at 0.5% (2012: 0.5%) above prime overdraft rate per annum. Repayments are payable monthly, and range between R7,368 and R10,562 (2012: R7,368 and R10,562). Motor vehicles with a book value of R723,238 (2012: R850,654) have been given as security as disclosed in note 3.

Instalment-sale agreements of R209,058 (2012: R274,614) bearing interest at 0.75% below prime overdraft rate per annum. The liability is repayable in monthly instalments of R7,166 with the final instalment on 5 March 2016. Motor vehicles with a book value of R254,109 have been given as security as disclosed in note 3.

Instalment-sale agreements of R198,357 bearing interest at 0.5% below prime overdraft rate per annum. The liability is repayable in monthly instalments of R7,166 with the final instalment on 5 May 2018. Motor vehicles with a book value of R241,969 have been given as security as disclosed in note 3.

The Standard Bank facilities are secured as follows:

Loan A is secured as follows:

- Unrestricted cession of book debts of Regal Nutrients Proprietary Limited ('Regal');
- General notarial bond in an amount of R3,500,000;
- Unrestricted cession of the material damage insurance policy;
- Waiver of landlord's hypothec in respect of movable assets;
- Suretyship limited to the amount of R3,000,000 together with an undertaking by the Company to fund all shortfalls in the borrower's cash flow requirements;
- An undertaking to fund losses limited to the amount of R3,000,000 of whatsoever nature suffered by the bank, as a result of the borrower being placed under business rescue in terms of the Companies Act by the Company; and
- Pledge and cession by the Company of all its shares in Regal.

Loan B is secured as follows:

- Unrestricted cession of book debts of Sportron International Proprietary Limited ('Sportron');
- Notarial general bond in an amount of R9,900,000 over all moveable assets;
- Unrestricted cession of the material damage insurance policy over the moveable assets;
- Waiver of landlord's hypothec in respect of the moveable assets;
- Suretyship limited to the amount of R13,000,000 together with;
- an undertaking in terms of which the Company undertakes to fund all;
- an undertaking in terms of which the Company undertakes to fund losses of whatsoever nature suffered by the bank;
- Pledge and cession by the Company of all its shares in Sportron; and
- Subordination of the Company loan together with an undertaking not to reduce the balance of such shareholder loan below an amount of R10,400,000.

Loan C is secured as follows:

- Unrestricted cession of debtors;
- R8,500,000 bond over all moveable property;
- Waiver of landlords hypothec over the moveable assets; and
- Suretyship from Coast2Coast Investments to fund all losses of whatsoever nature suffered by Standard Bank SA Limited as a result of Nimue Bioscience Proprietary Limited ('NBS') being placed under business rescue in accordance with the Companies Act.

Loans A – C were fully repaid after year end, with the security being released.

Loan D is secured as follows:

- Land and buildings with a carrying value of R3,140,527 in Sportron; and
- Limited suretyship of R2,240,000 from Coast2Coast Investments.

First National Bank

The loan bears interest at a rate linked to the prime bank overdraft rate, current prime plus 75 basis points. The loan was repayable in monthly instalments of R691,055 over a 50-month period. Subsequent to financial year end the Directors successfully concluded a loan agreement with another financial institution to refinance the loan at more favourable terms and conditions.

The loan is secured as follows:

- Surety limited to R48,000,000 by Coast2Coast Investments including further amounts for interest, costs and fees and/or such monies or amounts as provided in the suretyship;
- Suretyship limited to R7,200,000 by CD Dillon including further amounts for interest, costs and fees and/or such monies or amounts as provided in the suretyship;
- Suretyship limited to R7,200,000 by GJ Shayne including further amounts for interest, costs and fees and/or such monies or amounts as provided in the suretyship;
- Cession by Chempure Proprietary Limited ('Chempure') of any and all rights which the Company has towards its debtors from time to time;
- Registration of a general notarial bond over all moveable assets of Chempure for R15,000,000 a cession of the short term insurance for an adequate amount of cover over the relevant moveable assets. In addition the landlord has waived any legal hypothec over the assets secured by the notarial bond;
- The conclusion of a revenue participation agreement between Chempure and First National Bank; and
- Additional restrictions have been imposed on Chempure by First National Bank, details are disclosed under note 33 – Capital risk management.

Puttable Instruments

The company issued 48 and 66 ordinary R1 shares to Isolex Proprietary Limited and JB Tomlinson respectively ('the Parties'). The Parties were also issued with put options to require the Company to buy their shares back at a pre-determined price by 31 December 2013 (total estimated liability at 31 December has been calculated as R3,619,148). The equity instruments were therefore classified as debt in accordance with IAS 32. The total estimated liability as at 30 June 2013 toward the Parties with regards to the exercise of their put options, using a blended interest rate on these debt instruments of 10% per annum, has been calculated as R3,037,477.

The Combretum Family Trust
The Pentagon Family Trust
Innu-Science SA Proprietary Limited
Penta Pacific Industrial Enterprise Proprietary Limited

The loans are unsecured, interest-free and have no repayment terms. The loans are recorded at cost as there is uncertainty as to the timing of future repayments.

Zelpy 1497 Proprietary Limited

The loan was unsecured and interest-free. The loan was re-financed with a loan from The Standard Bank of South Africa Limited during the current financial year.

Heritage Resources Limited ('Heritage')

The loan was unsecured and bore interest at prevailing market rates. Heritage became a subsidiary of the Group during the current period and the loan was settled as part of this transaction.

A Pretorius

The loan was unsecured, bore interest at 18% per month, compounded quarterly and had no fixed terms of repayment. The loan was fully repaid during the year.

Fair value of other financial liabilities

Other financial liabilities are carried at amortised cost, with the fair value being approximated by such carrying value.

15. **Finance lease obligation**

		Group	
Figures in Rand	**2013**	**2012**	**2011**
Minimum lease payments due			
– within one year	265,053	439,124	596,031
– in second to fifth year inclusive	–	265,053	538,992
	265,053	704,177	1,135,023
Less: future finance charges	(17,648)	(96,775)	(180,075)
Present value of minimum lease payments	**247,405**	**607,402**	**954,948**
Non-current liabilities	–	247,405	475,305
Current liabilities	247,405	359,997	479,643
	247,405	**607,402**	**954,948**

Remaining finance lease obligation is repayable over 60 months bearing interest at rates linked to the prime overdraft rate. Secured by plant and machinery of R175,514 (2012: R415,449).

Interest rates are fixed at the contract date. All leases have fixed repayments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

Fair value of finance lease obligations

The fair value of the finance lease obligation approximates its carrying amount as it bears interest at a market related rate.

16. Redeemable preference shares

14 677 231 Cumulative redeemable preference shares of R1.00 each were issued by Efekto Holdings, a subsidiary of the Group during 2011 as follows:

9 199 604 – Kajima Familie Trust
2 013 145 – PA Bimray
3 464 482 – JWB Swanepoel

The dividend rate on the preference shares is 21.6% (2012: 19.6%; 2011: 19.6%).

During the current year under review, the Company acquired the preference shares from minority shareholders.

The preference shares are redeemable as follows:

Scheduled redemption: Efekto Holdings shall redeem all the outstanding preference shares ('prefs') on the later of, eight years after the actual issue date of the prefs and the date upon which Efekto Care has made payment in full to Vantage of all amounts owing under the Vantage Facilities Agreement; in respect of interest, capital or otherwise ('the Vantage Facilities Discharge Date').

Voluntary redemption: Efekto Holdings shall be entitled (but not obliged) to redeem, such number of the outstanding prefs as the Company may in its sole discretion determine, at any time after the Vantage Facilities Discharge Date.

Compulsory early redemption: If at any time after the Vantage Facilities Discharge Date, a trigger event occurs; the holders shall be entitled, but not obliged, to deliver written notice to Efekto Holdings in which the holder requires Efekto Holdings to redeem the outstanding prefs on a date set-out in the early redemption notice.

17. Trade and other payables

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Trade payables	103,400,432	79,987,110	45,947,109
Accrued bonuses	1,832,085	813,999	205,616
Accrued expenses	12,196,809	12,848,975	8,901,187
Accrued leave pay	2,310,797	962,570	1,132,338
Amounts received in advance	647,305	–	–
Deposits received	1,205,793	1,116,038	1,131,687
Other payables	5,355,804	3,775,196	645,672
Namibian VAT	36,510	–	225,445
Preference share dividend accrual	–	2,135,878	701,451
SARS interest and penalty accrual	–	–	524,587
VAT	1,800,081	838,200	1,836,545
	128,785,616	**102,477,966**	**61,251,637**

Fair value of trade and other payables

Trade and other payables are carried at amortised cost, with the fair value being approximated by such carrying value.

Currencies

Foreign currency trade payables have been disclosed in note 33.

18. Revenue

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Sale of goods	604,900,158	167,120,348	98,265,160
Rental income	399,401	405,999	–
Imputed interest	8,056,875	1,463,597	864,869
Recoveries	91,368	64,480	460,604
	613,447,802	**169,054,424**	**99,590,633**

19. Cost of sales

Sale of goods			
Cost of goods sold	344,707,101	90,764,245	58,701,323
Imputed interest	5,542,149	3,873,738	–
	350,249,250	**94,637,983**	**58,701,323**

20. Operating profit

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Operating profit for the year is stated after accounting for the following:			
Investment income			
Interest income			
– Loans to Group companies	(5,760,167)	–	–
– Bank	(419,602)	(909,981)	(165,191)
– Trade and other receivables	(304,483)	–	–
– Sundry interest	(362,818)	–	–
– Loans to directors, managers and employees		–	
Preference share dividends	–		–
Dividend income			
– from subsidiaries	–	–	–
	(6,865,640)	**(909,981)**	**(165,191)**
Operating lease charges			
Premises			
– Contractual amounts	9,474,121	3,823,685	870,058
Acquisition related costs in business combinations	–	117,098	6,114,180
Profit on sale of businesses	–	(12,634,581)	
Advertising and marketing	17,427,239	8,427,744	6,357,147
Commission paid	14,882,786	13,157,998	7,902,138
Consulting and professional fees	4,716,593	1,006,599	2,346,051
Transportation, distribution and delivery	40,832,178	2,926,999	1,500,257
Gain on bargain purchase	–	4,989,533	(595,811)
Administration and management fees	199,108	3,654,282	2,559,246
Impairment on intangible assets	208,907	–	–
Impairment of investments	–	–	–
Amortisation of intangible assets	5,153,438	–	–
Depreciation on property, plant and equipment	3,954,582	3,907,256	1,802,622
Research and development	987,225	–	–
Net loss/(profit) on foreign exchange differences	790,700	(1,578,336)	
Employee costs	84,431,379	21,024,504	10,859,995

21. **Finance costs**

Bank	2,884,267	36,982	369,746
Finance leases	144,154	64,560	46,271
Group companies	–	268,462	748,470
Other financial liabilities	49,548,516	18,195,344	10,395,042
Other interest paid	228,728	787,956	70,945
Preference dividends	–	1,434,428	701,451
SARS	48,730	–	–
Trade and other payables	554,805	7,633	2,769
	53,409,200	**20,795,365**	**12,334,694**

22. **Taxation**

		Group	
Figures in Rand	**2013**	**2012**	**2011**
Major components of the tax expense (income)			
Current			
Local income tax – current period	10,490,109	1,437,128	521,393
Local income tax – recognised in current tax for prior periods	4,342	–	–
STC	–	–	160,000
	10,494,451	**1,437,128**	**681,393**
Deferred			
Current period	(4,431,321)	(4,312,004)	(9,121,901)
	6,063,130	**(2,874,876)**	**(8,440,508)**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28.00%	(28.00)%	28.00%
Exempt income	(16.09)%	(5.26)%	–
Relating to pre-acquisition profits	(14.73)%	–	–
Discontinued operations	–	18.57%	–
Assessed loss utilised	(19.14)%	(2.45)%	–
Namibia tax	4.75%	–	–
Disallowable charge	36.93%	44.90%	–
CGT assessed loss not recognised	–	(5.53)%	–
Prior year tax recorded in current year	2.54%	–	–
Deferred tax not recognised	32.07%	8.57%	–
Reversal of prior year deferred tax asset	4.90%	–	–
	59.23%	**30.80%**	**–**

No provision has been made for 2013 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R720,286 (2012: R651,007; 2011: R2,005,175).

No provision has been made for 2013 tax for certain companies within the Group as these companies have no taxable income. The estimated tax loss available for set off against future taxable income in these companies within the Group is R66,916,737 (2012: R28,712,864; 2011: R26,040,414).

23. Profit from discontinued operations

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Revenue	–	6,430,266	39,145,931
Cost of sales	–	(2,633,404)	(15,780,597)
Other income	–	58,377	199,799
Operating expenses	–	(2,668,381)	(25,320,540)
Interest, net	–	(262,666)	(1,543,657)
Taxation	–	(1,992,018)	910,809
Profit on sale of discontinued operation	–	12,634,582	–
	–	**11,566,756**	**(2,379,255)**

24. Cash generated from (used in) operations

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Profit (loss) before taxation	10,236,710	(9,333,796)	(16,309,414)
Adjustments for:			
Depreciation and amortisation	9,500,933	3,907,256	1,802,622
Profit on sale of assets	(223,359)	–	–
Loss (profit) on foreign exchange	671,551	(1,578,336)	(57,115)
Dividends received	–	–	–
Dividends accrued	–	–	–
Dividends in specie	–	–	–
Interest received	(6,865,640)	(909,981)	(165,191)
Finance costs	53,409,200	20,795,365	12,334,694
Impairment loss	208,907	–	–
Movements in operating lease assets and accruals	227,609	601,029	–
Bargain purchase on acquisition of subsidiaries	–	(4,989,533)	(595,811)
Discontinued operation	–	(1,067,826)	(2,379,254)
Changes in working capital:			
Inventories	(19,998,638)	(31,827,999)	(283,515)
Trade and other receivables	(50,672,214)	5,392,701	(4,252,722)
Trade and other payables	10,727,213	26,038,132	7,183,347
	7,222,272	**7,027,012**	**(2,722,359)**

25. Tax (paid) refunded

Balance at beginning of the period	(607,143)	1,697,367	732,681
Current tax for the period recognised in profit or loss	(10,494,451)	(1,437,128)	(681,393)
Adjustment in respect of businesses sold and acquired during the period including exchange rate movement	(3,007,072)	383,496	–
Balance at end of the period	3,429,671	607,143	(1,697,367)
	(10,678,995)	**1,250,878**	**(1,646,079)**

26. **Sale of business**

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Carrying value of assets sold			
Property, plant and equipment	–	(3,298,358)	–
Intangible assets	–	(2,000,000)	–
Loan to Group company	–	(345,000)	–
Deferred tax asset	–	(901,362)	–
Other financial assets	–	(507,396)	–
Goodwill	–	(2,459,045)	–
Inventories	–	(8,516,391)	–
Trade and other receivables	–	(6,905,207)	–
Other financial liabilities	–	6,289,566	–
Deferred vendor liabilities	–	9,360,692	–
Trade and other payables	–	8,426,125	–
Current tax receivable	–	383,496	–
Cash and cash equivalents	–	(892,539)	–
Profit on disposal	–	(12,634,581)	–
	–	**(14,000,000)**	**–**
Consideration received			
Cash	–	14,000,000	–
Net cash inflow			
Cash consideration received	–	14,000,000	–
Cash sold	–	(892,539)	–
	–	**13,107,461**	**–**

During March 2012 Ascendis disposed of its investment in Comed Health (10 000 ordinary shares) to the current shareholders of Comed Health for a consideration of R14,000,000, which included settlement of a loan claim by Ascendis of R690,000.

27. **Business combinations**

During the year the Group purchased interests in the following entities:

- Chempure Proprietary Limited;
- One Vision Investments 381 Proprietary Limited;
- K2012021382 South Africa Proprietary Limited;
- K2012021393 South Africa Proprietary Limited;
- K2012021486 South Africa Proprietary Limited;
- Coast2Coast Distribution Proprietary Limited;
- Ascendis Management Services Proprietary Limited ;
- Nimue Skin Proprietary Limited; and
- Nimue Bioscience Proprietary Limited.

One Vision Investments 381 Proprietary Limited

On 26 April 2013, the Group acquired 100% of the issued capital of One Vision Investments 381 Proprietary Limited ('One Vision 381'), a manufacturer and retailer of sport nutrition and other related products operating principally in South Africa for R19.2 million. The acquired business contributed revenues of R9 132 528 and net profit of R17,423 to the Group for the period from 1 May 2013 to 30 June 2013.

Goodwill of R8,181 arose from the acquisition. The goodwill is attributable to the significant synergies expected to arise after the Company's acquisition of the business of One Vision 381. Goodwill is not deductible for income tax purposes.

Chempure Proprietary Limited

On 30 July 2012, the Group acquired 76.4% of the issued capital of Lavient Trading Proprietary Limited (which subsequently changed its name to Chempure Proprietary Limited), a customer brands company operating only in South Africa for R122.5 million. The acquired business contributed revenues of R126.2 million and net profit of R7.9 million to the Company for the period from 30 July 2012 to 30 June 2013. The final purchase price allocation will be completed at the end of the allowed 12-month extension by IFRS 3 to allow for additional information to be gathered to perform the free cash flow calculations.

Goodwill of R47 128 342 arose from the acquisition. The goodwill is attributable to the significant synergies expected to arise after the Company's acquisition of the business of Chempure. Goodwill is not deductible for income tax purposes.

K2012021382 South Africa Proprietary Limited
K2012021393 South Africa Proprietary Limited
K2012021486 South Africa Proprietary Limited
Coast2Coast Distribution Proprietary Limited
Ascendis Management Services Proprietary Limited

During the year, the Group acquired 100% of the issued capital of K2012021382 South Africa Proprietary Limited, K2012021393 South Africa Proprietary Limited, K2012021486 South Africa Proprietary Limited, Coast2Coast Distribution Proprietary Limited and Ascendis Management Services Proprietary Limited, dormant entities registered in South Africa.

Goodwill of R69 633 arose from the acquisition. The goodwill is attributable to the excess of consideration paid over the fair value of net assets and liabilities assumed. Goodwill is not deductible for income tax purposes.

Nimue Skin Proprietary Limited and Nimue Bioscience Proprietary Limited

Nimue Skin Proprietary Limited

On 7 February 2013, the Group acquired 100% of the issued capital of Nimue Skin Proprietary Limited ('Nimue Skin'), a company trading in the skin care industry, and operating both in South Africa and internationally, for R48 million. The final purchase price allocation will be completed at the end of the allowed 12-month extension by IFRS 3 to allow for additional information to be gathered to perform the free cash flow calculations.

Goodwill of R28,588,171 arose from the acquisition. The goodwill is attributable to the excess of consideration paid over the fair value of net assets and liabilities assumed, as well as the significant synergies expected to arise after the Company's combination of its business into Nimue Bioscience Proprietary Limited. Goodwill is not deductible for income tax purposes.

Nimue Bioscience Proprietary Limited

On 7 February 2013, the Group acquired 100% of the issued capital of Nimue Bioscience Proprietary Limited, a company trading in the skin care industry, and operating both in South Africa and internationally, for R32 million. The final purchase price allocation will be completed at the end of the allowed 12-month extension by IFRS 3 to allow for additional information to be gathered to perform the free cash flow calculations. Together with Nimue Skin, the acquired businesses contributed revenues of R23,526,755 and net profit after tax of R1,692,614 to the Company for the period from 7 February 2013 to 30 June 2013.

Goodwill of R5,433,626 arose from the acquisition. The goodwill is attributable to the excess of consideration paid over the fair value of net assets and liabilities, as well as the significant synergies expected to arise after the Company's acquisition of the business of Nimue Skin. Goodwill is not deductible for income tax purposes.

2012 acquisitions:

Heritage Resources Limited

In January 2012 the Group acquired 100% of the voting equity interest of Heritage which resulted in the Group obtaining control over Heritage. Heritage is principally involved in holding registered trademarks and earning royalty income on these assets.

Avima Proprietary Limited

In April 2012 the Group acquired 100% of the voting equity interest of Avima which resulted in the Group obtaining control over Avima. Avima manufactures agricultural and industrial chemicals and markets these in South Africa and to move than 30 African countries.

2011 acquisitions:

Halstrin Trading Proprietary Limited

During 2011 the Group acquired 100% of the voting equity interest of Halstrin which resulted in the Group obtaining control over Halstrin. In January 2012 the shareholding reduced to effectively 69.32% while still maintaining control. Halstrin manufactures agricultural and industrial chemicals and markets these in South Africa and to more than 30 African countries.

Efekto Holdings Proprietary Limited

During 2011 the Group acquired 100% of the voting equity interest of Efekto Holdings which resulted in the Group obtaining control over Efekto Holdings. Efekto Holdings is principally involved in acting as a holding company of investments made. Subsequent to initial acquisition the shareholding reduced to 69.32% while still maintaining control.

Efekto Care Proprietary Limited

During 2011 the Group acquired 100% of the voting equity interest of Efekto Care which resulted in the Group obtaining control over Efekto Care. Efekto Care is principally involved in the retail and wholesale industry of home and garden care products.

Agro Serve Proprietary Limited

During 2011 the Group acquired 100% of the voting equity interest of Agro Serve which resulted in the Group obtaining control over Agro Serve. Agro Serve is principally involved in the retail and wholesale industry.

Tronitype Proprietary Limited

During 2011 the Group acquired 100% of the voting equity interest of Tronitype Proprietary Limited ('Tronitype') which resulted in the Group obtaining control over Tronitype. Tronitype is principally involved in the logistics, warehousing and distribution industry.

Regal Nutrients Proprietary Limited

During 2011 the Group acquired 100% of the voting equity interest of Regal which resulted in the Group obtaining control over Regal. Regal is principally involved in trading vitamins and health products. Subsequent to initial acquisition the shareholding reduced to 95% while still maintaining control.

Zasvin Trading Proprietary Limited

During 2011 the Group acquired 100% of the voting equity interest of Zasvin which resulted in the Group obtaining control over Zasvin. Zasvin is principally involved in the retail industry.

Sportron International Proprietary Limited

During 2011 the Group acquired 100% of the voting equity interest of Sportron which resulted in the Group obtaining control over Sportron. Sportron is principally involved in the retail of products in a marketing network. Subsequent to initial acquisition the shareholding reduced to 85% while still maintaining control.

Toolworth Distribution Proprietary Limited

During 2011 the Group acquired 100% of the voting equity interest of Toolworth which resulted in the Group obtaining control over Toolworth. Toolworth is principally involved in the retail industry.

Sportron Properties Proprietary Limited

During 2011 the Group acquired 100% of the voting equity interest of Sportron Properties which resulted in the Group obtaining control over Sportron Properties. Sportron Properties is principally involved in the investment property industry.

Elixr Brands Proprietary Limited

During 2011 the Group acquired 100% of the voting equity interest of Elixr which resulted in the Group obtaining control over Elixr. Elixr is principally involved in the retail industry.

Reviva Technology Proprietary Limited

During 2011 the Group acquired 100% of the voting equity interest of Reviva which resulted in the Group obtaining control over Reviva. Reviva is principally involved in retail and wholesale of footwear.

Lavient Trading Proprietary Limited

During 2011 the Group acquired 100% of the voting equity interest of Lavient which resulted in the Group obtaining control over Lavient. Lavient is principally involved in the retail industry.

	Group		
Figures in Rand	2013	2012	2011
Aggregate of fair value of assets acquired and liabilities assumed			
Property, plant and equipment	3,478,723	1,739,750	26,988,499
Intangible assets	1,207,699	1,202,826	39,964,066
Other financial assets	7,218,627	148,685	–
Non-current assets held-for-sale	–	–	22,500,000
Deferred tax	3,525	–	(13,696,639)
Inventories	45,202,394	20,519,208	50,596,639
Trade and other receivables	40,609,275	37,010,438	48,448,583
Trade and other receivables	(456,388)	(1,440,352)	–
Cash and cash equivalents	1,329,644	7,667,810	–
Other financial liabilities	(18,098,137)	(33,307,984)	(125,941,459)
Current tax payable	(2,361,586)	–	–
Trade and other payables	(15,108,711)	(25,192,659)	(44,227,741)
Contingent liability	(50,761,896)	–	–
Total identifiable net assets	12,263,169	8,347,722	4,604,810
Non-controlling interest	(2,076,797)	(7,672,000)	(3,321,416)
Goodwill	92,955,234	37,120,732	142,246,416
Gain on bargain purchase	–	(4,989,533)	(589,925)
	103,141,606	**32,806,921**	**142,939,885**
Acquisition date fair value of consideration paid			
Cash	(103,141,606)	(32,806,921)	(142,939,885)
Cash flow on business combinations			
Cash consideration paid	(103,141,606)	(32,806,921)	(142,939,885)
Cash acquired	1,329,644	7,667,810	–
	(101,811,962)	**(25,139,111)**	**(142,939,885)**

Non-controlling interest

Non-controlling interest, which is a present ownership interest, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, is measured at the present ownership interest's proportionate share of the acquiree's identifiable net assets. There are no other components of non-controlling interests.

Business combinations occurring after the reporting period

On 5 July 2013 the Group acquired 100% of SOLAL Technologies Proprietary Limited including its two subsidiaries Solal Technologies Proprietary Limited ('Solal Anti Aging') and Integrative Medical Centre CC. The company specialises in preventive and anti-aging medicine, offering solutions to most health problems and anti-aging needs. Solal will be added to the Ascendis Consumer Brands Division.

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

On 25 July 2013 the Group acquired 100% of Nimue Skin South Africa Proprietary Limited, the distribution company of Nimue Skin Care Products which has since evolved into a globally recognised brand, primarily amongst leading skin care salons. Nimue South Africa will be added to the Ascendis Consumer Brands division where Nimue Skin is already included.

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

The initial accounting for the business combinations of Solal Technologies, Solal Anti-Aging, Integrative Medical Clinic and Nimue South Africa is incomplete at year end therefore the assets and liabilities and any contingent assets and liabilities, goodwill, gains and losses originating from these acquisitions remains undisclosed at year end. These acquisitions were concluded after year end but before final sign-off of the financial statements and therefore the take over processes involved for the acquisitions have not yet been concluded.

Goodwill

The total Goodwill of R92 955 234 (2012: R37 120 732; 2011: R142 246 416) arising from acquisitions consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

28. Non-current assets held-for-sale

In the 2011 period, Sportron Properties Proprietary Limited ('Sportron Properties'), a subsidiary of the Group, decided to dispose of its properties. The requirements of IFRS 5 were met and the properties were disclosed as non-current assets held-for-sale.

The decision was made by the board to discontinue these operations due the lack of return on investment.

The details of the properties held for sale were as follows:

Bryanston:

Erf 32, Title Deed T7573/2005, Bryanston, Johannesburg

Cape Town:

Erf 6779, Sectional Title ST5697/2010 and SK1059/2010S, known as the Pavilion, Cape Town

Both properties were sold during the 2012 period at their respective carrying values and the reserves attributable to these properties were realised upon sale as disclosed in the statement of changes in equity.

29. Directors' emoluments

The Group considers Directors as key management personnel.

Executive directors do not receive directors' fees for services as directors. Non-executive directors do not receive service contracts with Group companies.

30. **Related parties**

Relationships

Ultimate holding company	Coast2Coast Investments Proprietary Limited
Holding company	Bounty Brands Proprietary Limited
Joint venture	Comed Health Proprietary Limited

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Related party balances			
Loan accounts – Owing (to) by related parties			
Coast2Coast Investments Proprietary Limited	94,369,103	–	(6,895,009)
Bounty Brands Proprietary Limited	(38,990,050)	(19,801,002)	(23,208,426)
Comed Health Proprietary Limited	–	–	345,000
Amounts included in trade and other receivables/(payables) regarding related parties			
Coast2Coast Investments Proprietary Limited	27,385,403	(3,958)	(321,040)

Related party transactions

During the year, Group companies, in the ordinary course of business, entered into various intra-group purchase and sale transactions. These transactions are no more or less favourable than those arranged with third parties. Transactions and balances between Group companies have been eliminated on consolidation and are not disclosed.

	2013	2012	2011
Interest (paid to)/received from related parties			
Coast2Coast Investments Proprietary Limited	5,760,168	(268,462)	(580,242)
Management and other administrative fees (paid to)/received from related parties			
Coast2Coast Investments Proprietary Limited	–	(3,296,300)	(1,838,900)
Bounty Brands Proprietary Limited	–	(58,000)	(61,200)
Rent paid to related parties			
Coast2Coast Investments Proprietary Limited	1,734,783	–	–
Expenses (paid to)/recovered from related parties			
Coast2Coast Investments Proprietary Limited	26,933,621	–	–

31. **Commitments**

Operating leases – as lessee (expense)

	2013	2012	2011
Minimum lease payments due			
– within one year	5,104,268	3,117,237	6,389,281
– in second to fifth year inclusive	8,990,060	14,560,919	11,544,767
– later than five years	1,553,135	23,971,591	9,868,587
	15,647,463	**41,649,747**	**27,802,635**

The Group has various non-cancellable operating lease agreements for property, vehicles and software maintenance and support that have varying market related terms and escalation clauses. Options to renew lease contracts various between three and 10 years.

Chempure Proprietary Limited

Authorised capital expenditure

Already contracted and provided for the acquisition of three businesses as going concerns for R240 000 000.

This committed expenditure relates to the acquisition of a going concern from Solal Technologies Proprietary Limited, as well as for purchase of the entities Anti-aging Technologies Proprietary Limited and Integrated Medical Centre CC. In terms of a sale agreement concluded during the course of the current year, the Company acquired the business assets of Solal Technologies Proprietary Limited subject to certain suspensive conditions. The suspensive conditions were only fulfilled after the year end and as a result the Company only gained control after the year end. The acquisition price is payable in tranches and will be financed by available bank facilities, retained profits, shareholder loans and interest bearing loan debt raised from third parties.

The consideration is payable as follows:

At the closing date	201,770,000
Deferred vendor liabilities	21,610,789
Share issue due on listing of Ascendis Health	18,230,000
	241,610,789

Revenue participation agreement

In terms of a revenue participation agreement concluded between the Company and the financial institution providing the loan (First National Bank), the Company is obligated to share a portion of its revenue with the financial institution for a period of 60 months. Refer note 14 for terms and conditions thereof. The payments are made payable monthly in advance and escalated at 5.66% on the annual anniversary of the loan for the period of the revenue participation agreement.

32. **Contingencies**

Group

Efekto Care Proprietary Limited

Litigation is in the process against the company relating to a dispute with a supplier, Greenfingers, who alleged that the company breached the distribution agreement between the parties. The potential net amount of the claim and counter claim of damages amounts to R2,242,150 on the basis of loss of income and early termination of agreement. As at the date of issue of these financial statements, both parties had agreed to proceed by way of arbitration. The company's lawyers and management consider the likelihood of the action against the company as being successful as unlikely, and the case should be resolved within the next year.

Should the action be successful the company does not have insurance to cover the litigation costs and claims.

In terms of a five-year blending and bagging agreement between the company and All Size Packaging Proprietary Limited, a vendor, commencing on 3 August 2009, the company is obliged to blend and bag a minimum of 2 000 tons of product per annum. In terms of this agreement the company is obliged to pay All Size Packaging Proprietary Limited R750 for each ton falling short of the 2,000 ton stipulation.

In terms of the various financing agreements between Efekto Care and The Land Bank, the audited financial statements are to be submitted within three months of the company's financial year end with the penalty interest rate set at the higher of 2% above the interest rate specified in the agreement or the prime lending rate. At the date of this report, this deadline has been missed. The agreement provides that The Land Bank may increase the interest rate at its discretion by up to five percentage points. No increase has been made to date. The security has been released on 5 July 2013.

Company

At date of listing on the JSE, the Company shall purchase the remaining shares of Chempure for an amount of R21,721,350, suspensively conditional on the JSE granting its final approval for the listing of the company on the JSE, on or before 30 September 2014.

In 2012, Ascendis had ceded all its current and future claims in certain of its investments in subsidiaries, as well as all shares owned therein, as specified in note 14, to various lenders as security for outstanding debt facilities within the Group. The Creditsmith facility (refer note 14) was settled in full after year end, after which security relating to the facility was released.

33. **Risk management**

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The capital structure of the Company consists of debt, which includes borrowings disclosed in notes 7, 13, 14, 15 and 16, cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position.

Certain companies are subject to externally imposed capital requirements as per note 17. These requirements were complied with throughout the year.

There have been no changes to what the Group manages as capital, the strategy for capital maintenance or externally imposed requirements (aside from those above) from the previous year.

The gearing ratio at 2013 and 2012 respectively were as follows:

		Group		
Figures in Rand	Note	**2013**	**2012**	**2011**
Total borrowings				
Loans to (from) Group companies	7	38,990,050	19,801,002	30,103,435
Deferred vendor liabilities	13	29,657,801	40,525,335	21,362,721
Other financial liabilities	14	326,210,532	263,958,273	251,046,585
Finance lease obligation	15	247,405	607,402	954,948
Preference shares	16	–	14,677,231	14,677,231
		395,105,788	**339,569,243**	**318,144,920**
Less: Cash and cash equivalents	13	124,246,629	26,912,500	19,337,606
Net debt		270,859,159	312,656,743	298,807,314
Total equity		390,686,508	23,694,056	2,314,220
Total capital		**661,545,667**	**336,350,799**	**301,121,534**
Gearing ratio		40.9%	93.0%	99.2%

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

This note presents information about the Group's exposure to the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The CFO of the Group has the overall responsibility for the establishment and oversight of the Company's risk management framework.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities. Risk exposure and management policies and procedures are consistent with those in the prior year.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal or stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors cash flow requirements on a monthly basis. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

At 30 June 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	251,826,974	27,714,774	57,574,214	26,602,887
Finance lease obligations	247,405	–	–	–
Loans from Group companies	38,990,050	–	–	–
Trade and other payables (incl deferred vendor liabilities)	151,816,638	–	–	–
Guarantee	302,611	–	–	–
Bank overdraft	10,737,299	–	–	–

At 30 June 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	120,787,168	51,309,000	59,560,343	252,775,002
Finance lease obligations	439,124	265,053	–	–
Loans from Group companies	19,801,002	–	–	–
Trade and other payables (incl deferred vendor liabilities)	118,074,409	20,974,562	1,339,562	–
Preference share liability	–	–	–	14,677,231
Bank overdraft	971,539	–	–	–

At 31 December 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	169,601,832	9,114,252	26,187,807	99,115,280
Finance lease obligations	596,032	443,339	95,653	–
Loans from Group companies	30,103,435	–	–	–
Trade and other payables (incl deferred vendor liabilities)	78,689,827	–	–	–
Preference share liability	–	–	–	14,677,231
Bank overdraft	114	–	–	–

Interest rate risk

The Group's interest rate risk arises from borrowings, Group company loans, other financial assets as well as on cash and cash equivalents. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Cash flow interest rate risk

At 30 June 2013, if interest rates on Rand-denominated, floating-rate borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the period would have been R2,902,798 (2012: R1,529,571; 2011: R2,073,878) lower/higher (2012: higher/lower; 2011: higher/lower) for the Group.

Credit risk

The credit risk consists mainly of debit Group company loans, other financial assets, cash deposits, cash equivalents and trade debtors. The Group only deposits cash with major banks with high credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Trade debtors are usually repayable within 30 to 60 days. The average debtor days outstanding are 58.1 days. Before accepting a new customer, the Company runs thorough credit and background checks to determine the potential customer's credit quality and credit limits. The credit quality of debtors neither past due nor impaired, are acceptable. This is demonstrated through Ascendis Health's low history of bad debts written-off. Credit limits are reviewed at least one a year. None of the trade receivables that are neither past due nor impaired have exceeded the credit limits at year end. None of the customers exceeded more than 5% of the total balance of trade receivables at year end and the concentration of credit risk is limited due to the customer base being large and unrelated. The Group has provided in full for all receivables that are generally considered irrecoverable. Where terms have been re-negotiated with customers, their current terms have been placed on 'cash on delivery' basis while historic debt is settled over a period not exceeding six months.

Debit loans and other financial assets are assessed by management regularly.

Foreign exchange risk

The Group operates predominantly in South Africa, but also operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro, UK Pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group does not hedge foreign exchange fluctuations.

At 30 June 2013, if the currency had weakened/strengthened by 10% against the US Dollar and Euro with all other variables held constant, post-tax profit for the year would have been R651,694 (2012: R73,747; 2011: R385,834) higher/lower, mainly as a result of foreign exchange gains or losses on translation of US dollar and Euro denominated liabilities.

Foreign currency exposure at the end of the reporting period

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Current assets			
Trade debtors USD3,661,832 (2012: USD3,689,961; 2011: USDnil)	36,156,975	30,515,867	–
Trade debtors EUR176,282 (2012: EURnil; 2011: EURnil)	2,263,461	–	–
Trade debtors GBP2,853 (2012: GBPnil; 2011: GBPnil)	42,544	–	–
Trade debtors, Namibian Dollars nil (2012: nil; 2011: 17,876)	–	–	(17,876)
Liabilities			
Trade creditors USD4,155,329 (2012: USD3,116,097; 2011: USD375,950)	(41,016,730)	(25,770,029)	(3,022,488)
Trade creditors EUR380,592 (2012: EUR164,298; 2011: EUR55,556)	(4,888,265)	(1,716,438)	(583,909)
Trade creditors GBP107,196 (2012: GBP313,911; 2011: GBP95,574)	(1,598,470)	(4,053,658)	(1,202,321)
Trade creditors, Swiss Franc nil (2012: nil; 2011: 11,946)	–	–	103,213
Trade creditors, Australian Dollars nil (2012: nil; 2011: 56,266)	–	–	464,753
Exchange rates used for conversion of foreign items were:			
USD (US Dollar)	9.87	8.27	8.04
EUR (Euro)	12.84	10.45	10.51
GBP (Pound Sterling)	14.91	12.91	12.58
Namibian Dollars			1
Swiss Franc			8.64
Australian Dollars			8.26

The company reviews its foreign currency exposure, including commitments on an ongoing basis.

34. **Financial assets by category**

The accounting policies for financial instruments have been applied to the line items below:

Group – 2013

	Loans,and receivables	Total
Loans to Group companies	94,369,103	94,369,103
Trade and other receivables	162,474,544	162,474,544
Other financial assets	3,810,179	3,810,179
Cash and cash equivalents	134,983,928	134,983,928
	395,637,754	**395,637,754**

Group – 2012

	Loans,and receivables	Total
Loans to Group companies	1,500	1,500
Trade and other receivables	74,161,465	74,161,465
Cash and cash equivalents	27,884,039	27,884,039
	102,047,004	**102,047,004**

Group – 2011

	Loans,and receivables	Total
Loans to Group companies	345,000	345,000
Other financial assets	489,189	489,189
Trade and other receivables	56,172,674	56,172,674
Cash and cash equivalents	19,337,720	19,337,720
	76,344,583	**76,344,583**

35. **Financial liabilities by category**

The accounting policies for financial instruments have been applied to the line items below:

Group – 2013

	Financial liabilities at amortised cost	Total
Loans from Group companies	38,990,050	38,990,050
Finance lease obligations	247,405	247,405
Other financial liabilities	326,210,532	326,210,532
Trade and other payables	122,158,837	122,158,837
Bank overdraft	10,737,299	10,737,299
Deferred vendor liabilities	29,657,801	29,657,801
	528,001,924	**528,001,924**

Group – 2012

	Financial liabilities at amortised cost	Total
Loans from Group companies	19,801,002	19,801,002
Deferred vendor liabilities	40,525,335	40,525,335
Preference shares	14,677,231	14,677,231
Other financial liabilities	263,958,273	263,958,273
Trade and other payables	99,863,197	99,863,197
Bank overdraft	971,539	971,539
Finance lease obligations	607,402	607,402
	440,403,979	**440,403,979**

Group – 2011

	Financial liabilities at amortised cost	Total
Loans from Group companies	30,103,435	30,103,435
Deferred vendor liabilities	21,362,721	21,362,721
Preference shares	14,677,231	14,677,231
Other financial liabilities	251,046,585	251,046,585
Trade and other payables	57,327,106	58,060,207
Bank overdraft	114	114
Finance lease obligations	954,948	954,948
	375,472,140	**376,205,241**

36. **Segmental Analysis**

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Operating segments			
Revenue			
The revenue of the Group is predominantly earned in Southern Africa	**R**	**R**	**R**
Revenue split by divisions			
Phyto Vet	352,839,000	118,523,812	48,056,411
Consumer brands	260,608,802	50,530,612	51,534,222
Pharma-med	–	–	–
Total revenue	**613,447,802**	**169,054,424**	**1,441,692**
Geographical revenue split			
South African	513,171,642	138,304,303	98,148,941
Foreign	100,276,160	30,750,121	1,441,692
Total revenue	**613,447,802**	**169,054,424**	**1,441,692**
EBITDA Summary			
Phyto Vet			
Operating profit	31,193,300	15,871,045	6,335,790
Amortisation and depreciation	4,561,700	3,024,897	883,138
Impairment of assets	–	–	–
Phyto Vet EBITDA	**35,755,000**	**18,895,942**	**7,218,928**
Consumer brands			
Operating profit	31,601,821	545,477	304,611
Amortisation and depreciation	2,303,940	882,359	919,484
Impairment of assets	208,907	–	–
Consumer brands EBITDA	**34,114,668**	**336,882**	**1,224,095**
Pharma-Med EBITDA			
Holding company EBITDA	(3,772,471)	(22,938,094)	(11,376,123)
Total EBITDA	**66,097,143**	**(3,165,270)**	**(2,993,100)**
Segmental assets and liabilities			
Phyto Vet			
Total assets	434,034,443	399,050,034	254,919,092
Total liabilities	(411,395,883)	(379,023,750)	(233,827,717)
Phyto Vet net asset value	**22,638,560**	**20,026,284**	**21,091,335**
Consumer Brands			
Total assets	283,263,700	74,071,858	118,274,652
Total liabilities	(112,686,588)	(39,266,735)	(41,074,814)
Consumer Brands net asset value	**170,577,112**	**34,85,123**	**77,199,838**
Pharma-Med net asset value			
Holding company			
Total assets	214,717,264	2,232,363	23,442,968
Total liabilities	917,246,428	33,369,714	9119,419,916
Holding company net asset value	197,470,836	(311,372,255)	(95,976,953)

37. **Earnings per share**

Basic earnings per share is calculated by dividing earnings attributable to the equity holders of the parent by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per share is calculated by dividing earnings attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period, adjusted for all effects of dilutive potential ordinary shares.

Appropriate adjustments are made to earnings per share in order to calculate headline earnings per share.

	Group		
Figures in Rand	**2013**	**2012**	**2011**
Shares in issue	20,827	11,498	11,000
Weighted average number of shares	12,869	11,330	10,636
Weighted average number of shares			
Shares in issue at the beginning of the period	11,498	11,000	10,000
Shares issued during the period	1,371	330	636
Weighted average number of shares	12,869	11,330	10,636
Reconciliation between earnings and headline earnings			
Earnings attributable to equity holders of the parent	12,038,719	7,191,081	(8,541,243)
Adjusted for:			
Gain on bargain purchase	–	(4,989,533)	(589,925)
Gain on sale of discontinued operation		(12,634,582)	
Tax effect thereof		1,733,244	
Gain on sale of property, plant and equipment	(223,359)	–	–
Tax effect thereof	62,541	–	–
Impairment of intangible asset	208,907	–	–
Tax effect thereof	(58,494)	–	–
Headline earnings	12,028,314	8,699,789	(9,131,168)
Reconciliation between weighted average number of shares and diluted weighted average number of shares			
Weighted average number of ordinary shares before dilution	12,869	11,330	10,636
Effect of vendor issuances*	105	–	–
Weighted average number of ordinary shares (diluted)	12,974	11,330	10,636

* The effect of the vendor issuances has been calculated using an expected listing price of R11.

Basic earnings per share (cents)	**93,548**	**(63,469)**	**(80,305)**
Diluted earnings per share (cents)	**94,791**	**(63,469)**	**(80,305)**
Basic headline earnings per share (cents)	**93,467**	**(76,785)**	**(85,852)**
Diluted headline earnings per share (cents)	**92,711**	**(76,785)**	**(85,852)**

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ASCENDIS

"10 November 2013

The Directors

Ascendis Health Limited

The Terraces Block E

Steenberg Office Park

Tokai 7945

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ASCENDIS HEALTH LIMITED ('Ascendis')

Introduction

At your request we present our independent reporting accountants' report on the historical financial information in respect of Ascendis as at and for the periods ended 30 June 2013, 30 June 2012 and 31 December 2011 ('historical financial information'), for the purposes of complying with the Listings Requirements of the JSE Limited (the 'JSE Listings Requirements') and for inclusion in the pre-listing statement dated on or about 11 November 2013 ('pre-listing statement'). We have been the auditor of Ascendis during the three previous reporting periods.

Responsibility of the Directors

The directors of Ascendis are responsible for the compilation, contents and preparation of the pre-listing statement in accordance with the JSE Listings Requirements. The directors are also responsible for the fair presentation in accordance with International Financial Reporting Standards of the historical financial information contained therein to which this independent reporting accountants' report relates.

Our responsibility is to express an audit opinion on the historical financial information of Ascendis based on our audit.

Scope of the audit

We conducted our audit of the historical financial information in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the statement of financial position is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

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

Audit opinion

In our opinion, the historical financial information of Ascendis as at and for the periods ended 30 June 2013, 30 June 2012 and 31 December 2011 included in the pre-listing statement presents fairly, in all material respects, the financial position at those dates, and the financial performance and cash flows for the periods then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, Act 71 of 2008, as amended and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report and the references thereto, in the form and context in which they appear in the Pre-listing Statement. Furthermore, we confirm that we will not withdraw our consent prior to the issue of the Pre-listing Statement.

Yours faithfully

MAZARS
Registered Auditors

Duncan S Dollman
Registered Auditor

Rialto Road,

Grand Moorings Precinct

Century City,

7441"

FORECAST FINANCIAL INFORMATION OF ASCENDIS

The table below sets out the forecast of Ascendis for the year ending 30 June 2014 and should be read in conjunction with the Independent Reporting Accountants' report thereon as set out in Annexure 4 to this Pre-Listing Statement. The forecast has been prepared in accordance with IFRS for the forecast period. The forecast statement of comprehensive income has been prepared using the accounting policies of Ascendis detailed in this Pre-Listing Statement. The Directors of Ascendis are responsible for the preparation of the forecast financial information as set out in the table below.

(Rands)	**Forecast for the year ending 30 June 2014**
Revenue	1,666,140,226
Cost of sales	(971,104,363)
Gross profit	695,035,863
Other income	11,171,916
Operating expenses	(519,964,221)
Operating profit	186,243,559
Depreciation and amortisation	20,252,862
EBITDA	206,496,420
Depreciation and amortisation	(20,252,862)
Finance costs	(27,116,256)
Profit before tax	159,127,303
Taxation	(47,480,569)
Profit after tax	111,646,734
Attributable to:	
Equity shareholders	109,885,630
Minority interest	1,761,104
Weighted average number of Ordinary Shares in issue	203,747,960
Earnings per share (cents)	55
Headline earnings per share (cents)	55

Divisional sales and EBITDA

(Rands)	**Forecast Year ending 30 June 2014**	
Division	**Sales**	**EBITDA**
Consumer Brands	783,384,106	129,202,634
Pharma-Med	306,739,310	34,370,829
Phyto-Vet	576,016,810	74,975,078
Head office costs	–	(32,052,121)
Total	**1,666,140,226**	**206,496,420**

Notes to the forecast

Assumptions considered to be significant are disclosed below, however, the assumptions disclosed are not intended to be an exhaustive list.

Assumptions that are under the control of the Directors

- The forecast statement of comprehensive income has been compiled utilising the accounting policies of Ascendis.
- Operating expenses mainly include the cost of supplies and services which have been forecast to increase in line with the most relevant economic parameter, namely, expected inflation of 4.5% per annum, a 7% per annum increase in salaries and wages and expected relevant currency exchange rates. Employee expenses are forecast based on expected staffing profiles and current salaries, conditions and on-costs.
- Finance costs are based on an average monthly loan outstanding of R750 million at an interest rate of 9.5% per annum, being the rate Ascendis currently pays on its long-term borrowings. The average monthly loan outstanding assumes the existing Standard Bank facility of R530 million plus additional borrowings raised to finance acquisitions concluded post 30 June 2013, which includes the acquisition of Pharmachem.
- Depreciation and amortisation is forecast on the basis of current carrying valuations, the expected economic life of assets and assumed new asset investment and asset sales programs. The expense includes the estimated impact of the future revaluation of assets over the forecast period, which is depreciated or amortised in accordance with the accounting policies of Ascendis. Actual depreciation/amortisation may be impacted by future changes in useful lives, carrying value, residual value or methodology.
- Revenue from the sale of goods is forecast taking into account factors including estimates of changes in demand for services and proposed or expected unit price variations. In respect of material acquisitions concluded post 30 June 2013, revenue for Solal has been included from the effective date of acquisition, being 1 July 2013, and revenue for Pharmachem has been included from the effective date of acquisition, being 1 November 2013.

Assumptions that are not under the control of the Directors

- Eligible Investors subscribe for the 36 363 636 Subscription Shares at the Private Placing Price in terms of the Private Placing.
- No extraordinary fair value adjustments are expected for the Group due to the fact that Ascendis does not own any investment property.
- The South African prime overdraft rate will be 8.5 % per annum for the entire period under review.
- Interest payable on the debt funding will be at an average rate of 9.5% per annum, being the rate Ascendis currently pays on its long-term borrowings.
- Tax has been calculated based on taxable income for the year, using tax rates (28% per annum) enacted or substantively enacted as at the Last Practicable Date in accordance with the South African Income Tax Act, and any adjustment to tax payable in respect of previous years.

Additional notes

- The forecast includes circa R17 million of Listing expenses (R12.2 million after tax), which are non-recurring costs.
- The forecast also assumes R15.5 million of amortisation costs which relate to intangibles (revaluation of acquired brands, intellectual property and customer lists).
- The forecast includes acquisitions made post 30 June 2013 from their respective effective dates of acquisition i.e. not for a full financial year. Had these acquisitions been effective from 1 July 2013 and accounted for as such, then the forecast profit after tax for the year ending 30 June 2014 would have increased by R18.8 million.
- If the listing expenses and amortisation costs had been excluded from the forecast to 30 June 2014 and the full year's earnings for the acquisitions post 30 June 2013 had been taken into account in the profit forecast, then the profit forecast would have been R158.3 million for the year ending 30 June 2014.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE FORECAST FINANCIAL INFORMATION OF ASCENDIS

"10 November 2013

The Directors

Ascendis Health Limited

The Terraces Block E

Steenberg Office Park

Tokai 7945

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE FORECAST STATEMENT OF COMPREHENSIVE INCOME OF ASCENDIS HEALTH LIMITED ('ASCENDIS')

We have examined the forecast statement of comprehensive income ('forecast information') for the 12-month period ending 30 June 2014, as set out in Annexure 3 of the pre-listing statement to the investors to be dated on or around 11 November 2013 ('the pre-listing statement').

Directors' Responsibility

The directors of Ascendis are responsible for the forecast information, including the assumptions and notes on which it is based, and for the financial information from which it has been prepared. This responsibility, arising from compliance with the Listings Requirements of the JSE Limited, includes:

- determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the forecast information;
- whether the forecast information has been properly compiled on the basis stated; and
- whether the forecast information is presented on a basis consistent with the accounting policies of the company.

Reporting accountants' responsibility

Our responsibility is to provide a limited assurance report on the forecast information prepared for the purpose of complying with the Listings Requirements of the JSE Limited and for inclusion in the pre-listing statement to the investors. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements relating to The Examination of Prospective Financial Information (ISAE 3400) and the SAICA Circular entitled The reporting accountants' reporting responsibilities in terms of Section 13 of the Listings Requirements of the JSE Limited.

This standard requires us to obtain sufficient appropriate evidence as to whether or not:

- management's best-estimate assumptions on which the forecast information is based are not unreasonable and are consistent with the purpose of the information;
- the forecast information is properly prepared on the basis of the assumptions;
- the forecast information is properly presented and all material assumptions are adequately disclosed; and
- the forecast information is prepared and presented on a basis consistent with the accounting policies of the Company for the period concerned.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and, therefore, less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

In arriving at our conclusion, we have relied upon forecast financial information prepared by management and directors of Ascendis and other information from various public, financial and industry sources.

The principal sources of information used in arriving at our conclusion are as follows:

- Management-prepared forecasts for the 12-month period ending 30 June 2014.
- Discussions with management of Ascendis regarding forecasts and prevailing market conditions.
- Acquisition agreements and supplier service agreements.
- Debt agreements from financiers.

Application of accounting policies

We ascertained that the existing accounting policies of Ascendis have been consistently applied in the preparation of the forecast information.

Accuracy of the information

We have relied upon and assumed the accuracy and completeness of the information provided to us in writing, or obtained through discussions from the management of Ascendis. While our work has involved an analysis of historical financial information and consideration of other information provided to us, our assurance engagement does not constitute an audit or review of historical financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements.

Accordingly, we do not express an audit or review opinion thereon and assume no responsibility and make no representations in respect of the accuracy or completeness of any information provided to us, in respect of the forecast information and relevant information included in the pre-listing statement of Ascendis.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

(i) the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast information;

(ii) the forecast information has not been properly compiled on the basis stated;

(iii) the forecast information has not been properly presented and all material assumptions are not adequately disclosed;

(iv) the forecast information is not presented on a basis consistent with the accounting policies of the Company.

Actual results are likely to be different from the forecast, since anticipated events frequently do not occur as expected and the variation may be material; accordingly no assurance is expressed regarding the achievability of the forecast.

Our report and the conclusion contained herein is provided solely for the benefit of the board of directors of Ascendis and investors of the issuer for the purpose of their consideration of the Private Placing and listing. This letter is not addressed to and may not be relied upon by any other third party for any purpose whatsoever.

Consent

We consent to the inclusion of this report, which will form part of the pre-listing statement, to be issued on or about 11 November 2013, in the form and context in which it will appear.

Yours faithfully

MAZARS
Registered Auditors

Duncan S Dollman
Reporting Accounting Specialist

Rialto Road,
Grand Moorings Precinct
Century City,
7441"

PRO FORMA FINANCIAL INFORMATION OF ASCENDIS

The *pro forma* financial information set out below is included for the purpose of illustrating the effect of the Debt Refinance, the Solal Acquisition, the Pre-Listing Capital Raise, the Pharmachem Acquisition, the Private Placing and the Vendor Issuances on Ascendis. The *pro forma* financial information does not include any adjustments for the acquisition of Marltons as this is not a material acquisition, and in the Directors' opinion it would not be misleading not to make any adjustments. The Directors of Ascendis are responsible for the *pro forma* financial information. It is presented for illustrative purposes only and, because of its nature, may not fairly present Ascendis' financial position, changes in equity and results of operations or cash flows after implementation. The Independent Reporting Accountants' report relating to the *pro forma* financial information is set out in Annexure 6 to this Pre-Listing Statement.

1.1 *Pro forma* financial information of Ascendis

Statement of comprehensive income (Rands)	Ascendis before[1]	Debt Refinance[2]	After the Debt Refinance	Solal Acquisition (refer 1.2 below)	After the Debt Refinance and Solal Acquisition	Pre-Listing Capital Raise[3]	After the Debt Refinance, Solal Acquisition and Pre-Listing Capital Raise	Pharmachem Acquisition (refer 1.3 below)	After the Debt Refinance, Solal Acquisition, Pre-Listing Capital Raise and Pharmachem Acquisition	Private Placing[4]	After the Debt Refinance, Solal Acquisition, Pre-Listing Capital Raise, Pharmachem Acquisition and Private Placing	Vendor Issuances[5]	*Pro forma* after
Continuing operations													
Revenue	613 447 802		613 447 802	184 796 101	798 243 903		798 243 903	385 373 010	1 183 616 913		1 183 616 913		1 183 616 913
Cost of sales	(350 249 250)		(350 249 250)	(88 140 855)	(438 390 105)		(438 390 105)	(284 308 868)	(722 698 973)		(722 698 973)		(722 698 973)
Gross profit	**263 198 552**	–	**263 198 552**	**96 655 246**	**359 853 798**	–	**359 853 798**	**101 064 142**	**460 917 941**	–	**460 917 941**	–	**460 917 941**
Other income	15 932 534		15 932 534	100 940	16 033 474		16 033 474	398 543	16 432 017		16 432 017		16 432 017
Operating expenses	(215 485 176)		(215 485 176)	(65 672 081)	(281 157 257)		(281 157 257)	(72 012 496)	(353 169 753)	(17 000 000)	(370 169 753)		(370 169 753)
Operating profit	**63 645 910**	–	**63 645 910**	**31 084 105**	**94 730 015**	–	**94 730 015**	**29 450 190**	**124 180 205**	**(17 000 000)**	**107 180 205**	–	**107 180 205**
Finance costs	(53 409 200)	35 853 184	(17 556 016)	(20 397 066)	(37 953 081)	4 807 560	(33 145 521)	(11 722 019)	(44 867 540)	38 000 000	(6 867 540)		(6 867 540)
Profit before taxation	**10 236 710**	**35 853 184**	**46 089 894**	**10 687 040**	**56 776 934**	**4 807 560**	**61 584 494**	**17 728 170**	**79 312 665**	**21 000 000**	**100 312 665**	–	**100 312 665**
Taxation	(6 063 130)	(10 038 891)	(16 102 021)	(1 508 529)	(17 610 550)	(1 346 117)	(18 956 667)	(5 040 843)	(23 981 393)	(5 880 000)	(29 861 393)		(29 861 393)
Profit from continuing operations	4 173 580	25 814 292	29 987 872	9 178 511	39 166 384	3 461 443	42 627 827	12 687 327	55 315 154	15 120 000	70 435 154	–	70 435 154
Profit from discontinued operations					–		–	–	–		–		–
Profit for the period	**4 173 580**	**25 814 292**	**29 987 872**	**9 178 511**	**39 166 384**	**3 461 443**	**42 627 827**	**12 687 327**	**55 315 154**	**15 120 000**	**70 435 154**	–	**70 435 154**
Other comprehensive income:													
Gains and losses on property revaluation	1 955 489		1 955 489		1 955 489		1 955 489		1 955 489		1 955 489		1 955 489
Taxation related to components of other comprehensive income	(547 537)		(547 537)		(547 537)		(547 537)		(547 537)		(547 537)		(547 537)
Exchange differences on translating foreign operations	671 551		671 551		671 551		671 551		671 551		671 551		671 551
Other comprehensive income for the period net of taxation	**2 079 503**	–	**2 079 503**	–	**2 079 503**	–	**2 079 503**	–	**2 079 503**		**2 079 503**		**2 079 503**
Total comprehensive income for the period	**6 253 083**	**25 814 292**	**32 067 375**	**9 178 511**	**41 245 887**	**3 461 443**	**44 707 330**	**12 687 327**	**57 394 457**	**15 120 000**	**72 514 657**	–	**72 514 657**
Profit for the period attributable to owners of the parent	12 038 719	–	37 853 011	–	47 031 523	–	50 492 966	–	63 180 293	–	78 300 293	–	78 300 293
Compensation from third parties for PPE lost/impaired/given up	(160 718)		(160 718)		(160 718)		(160 718)		(160 718)		(160 718)		(160 718)
Impairment/subsequent reversal of impairment of intangibles	150 413		150 413		150 413		150 413		150 413		150 413		150 413
Headline earnings after taxation	**12 028 414**	–	**37 842 706**	–	**47 021 218**	–	**50 482 661**	–	**63 169 988**	–	**78 289 988**	–	**78 289 988**
Weighted average number of Shares in issue	102,952,504	–	102,952,504	–	102,952,504	5,326,937	108,279,411	–	108,279,411	36,363,636	144,643,047	14,964,468	159,607,515
EPS (cents)	**12**		**37**		**46**		**47**		**58**		**54**		**49**
HEPS (cents)	**12**		**37**		**46**		**47**		**58**		**54**		**49**

Notes:

1. Extracted from the audited annual financial statements of Ascendis for the year ended 30 June 2013. The headline earnings adjustments represent R160,718 for the after tax proceeds on assets sold during the year, and an after tax impairment of an intangible asset of R150,413.
2. Assumes the Debt Refinance in an amount of R326.2 million took place on 1 July 2012, with a resultant after tax interest saving R25.8 million. The interest saving has been calculated using a 9.5% per annum interest rate, assuming a repayment of R110.3 million of existing debt following the Debt Refinance and an even monthly increase in long-term liabilities from 1 July 2012 to 30 June 2013.
3. Assumes the Pre-Listing Capital Raise took place on 1 July 2012 and 5,326,937 Ordinary Shares were issued at a price of R9.50 per Ordinary Share. The reduced "Finance costs" represents the after tax interest saving on the R50.6 million capital raised, utilised to reduce the Standard Bank Facility, at 9.5% per annum. The interest saving is calculated at R4.8 million and the tax impact is an additional tax expense of R1.3 million.
4. The Private Placing is assumed to have taken place on 1 July 2012, with the issue of 36,363,636 new Ordinary Shares at R11 per Ordinary Share. The reduced "Finance costs" represents the after tax interest saving on the R400 million capital raised (the interest calculated is R38 million) utilised to reduce the Standard Bank Facility, at 9.5% per annum. In addition, estimated Listing expenses of R17 million have been expensed.
5. The Vendor Issuances have no impact on the statement of comprehensive income.
6. Set out in the table below are the divisional sales and EBITDA:

	Pro forma **Year ended 30 June 2013**	
Division	**Sales**	**EBITDA**
Consumer Brands	445 404 903	68 416 927
Pharma-Med	385 373 010	30 815 194
Phyto-Vet	352 839 000	35 755 000
Head office costs	–	(20 772 525)
TOTAL	**1 183 616 913**	114 214 596

Statement of financial position (Rands)	Ascendis before[1]	Debt Refinance[2]	After the Debt Refinance	Solal Acquisition (refer 1.2 below)	After the Debt Refinance and Solal Acquisition	Pre-Listing Capital Raise[3]	After the Debt Refinance, Solal Acquisition and Pre-Listing Capital Raise	Pharmachem Acquisition (refer 1.3 below)	After the Debt Refinance, Solal Acquisition, Pre-Listing Capital Raise and Pharmachem Acquisition	Private Placing[4]	After the Debt Refinance, Solal Acquisition, Pre-Listing Capital Raise, Pharmachem Acquisition and Private Placing	Vendor Issuances[5]	*Pro forma* after
Assets													
Non-Current Assets													
Property, plant and equipment	42 721 005		42 721 005	2 560 477	45 281 482		45 281 482	5 230 933	50 512 415		50 512 415		50 512 415
Goodwill	272 322 382		272 322 382	70 649 560	342 971 942		342 971 942	111 777 164	454 749 106		454 749 106		454 749 106
Intangible assets	35 997 081		35 997 081	49 136 362	85 133 443		85 133 443	69 049 634	154 183 077		154 183 077		154 183 077
Deferred tax	3 174 413		3 174 413	–	3 174 413		3 174 413	282 689	3 457 101		3 457 101		3 457 101
Loans to group companies	42 258 317		42 258 317	16 610 000	58 868 317		58 868 317	7 387 888	66 256 205		66 256 205		66 256 205
Other financial assets	197 620		197 620		197 620		197 620		197 620		197 620		197 620
	396 670 818	**–**	**396 670 818**	**138 956 399**	**535 627 217**		**535 627 217**	**193 728 308**	**729 355 525**		**729 355 525**		**729 355 525**
Current Assets													
Inventories	169 492 264		169 492 264	66 786 675	236 278 939		236 278 939	88 662 202	324 941 140		323 941 140		323 941 140
Loans to group companies	52 110 789		52 110 789		52 110 789		52 110 789		52 110 789		52 110 789		52 110 789
Current tax receivable	2 359 521		2 359 521	1 019 826	3 379 347		3 379 347		3 379 347		3 379 347		3 379 347
Other financial assets	3 612 559		3 612 559		3 612 559		3 612 559	131 596	3 744 155		3 744 155		3 744 155
Trade and other receivables	172 785 528		172 785 528	19 456 408	192 241 936		192 241 936	89 180 325	281 422 261		281 422 261		281 422 261
Cash and cash equivalents	134 983 928	(110 284 231)	24 699 697	42 030 556	66 730 253		66 730 253	(37 714 258)	29 015 995	400 000 000	429 015 995		429 015 995
	535 344 589	**(110 284 231)**	**425 060 358**	**129 293 465**	**534 353 823**		**534 353 823**	**140 259 864**	**694 613 687**	**400 000 000**	**1 094 613 687**		**1 094 613 687**
Total Assets	**932 015 407**	**(110 284 231)**	**821 731 176**	**268 249 864**	**1 089 981 040**		**1 089 981 040**	**333 988 172**	**1 423 969 212**	**400 000 000**	**1 823 969 212**		**1 823 969 212**
Equity and Liabilities													
Equity													
Capital and reserves	390 338 875		390 338 875		390 338 875	50 605 897	440 944 772		440 944 772	400 000 000	840 944 772	143 235 434	984 180 206
Non-controlling interest	347 633		347 633		347 633		347 633		347 633		347 633	(347 633)	
	390 686 508	**–**	**390 686 508**	**–**	**390 686 508**	**50 605 897**	**441 292 405**	**–**	**441 292 405**	**400 000 000**	**841 292 405**	**142 887 801**	**984 180 206**
Liabilities													
Non-Current Liabilities													
Deferred tax	82 366		82 366		82 366		82 366		82 366		82 366		82 366
Other financial liabilities	84 200 113	131 726 188	215 926 301	222 520 000	438 446 301	(50 605 897)	387 840 404	110 000 000	497 840 404		497 840 404		497 840 404
Finance lease obligation				563 032	563 032		563 032	705 583	1 268 615		1 268 615		1 268 615
Operating lease liability	828 638		828 638		828 638		828 638		828 638		828 638		828 638
	85 111 117	**131 726 188**	**216 837 305**	**223 083 032**	**439 920 337**	**(50 605 897)**	**389 314 440**	**110 705 583**	**500 020 023**		**500 020 023**		**500 020 023**
Current Liabilities													
Loans from group companies	38 990 050		38 990 050	16 610 000	55 600 050		55 600 050		55 600 050		55 600 050		55 600 050
Deferred vendor liabilities	29 657 801		29 657 801	28 230 000	57 887 801		57 887 801	95 000 000	152 887 801		152 887 801	(142 887 801)	10 000 000
Other financial liabilities	242 010 419	(242 010 419)						18 256 494	18 256 494		18 256 494		18 256 494
Finance lease obligation	247 405		247 405	326 832	574 237		574 237		574 237		574 237		574 237
Current tax payable	5 789 192		5 789 192		5 789 192		5 789 192	2 671 403	8 460 595		8 460 595		8 460 595
Trade and other payables	128 785 616		128 785 616		128 785 616		128 785 616	88 118 403	216 903 935		216 903 935		216 903 935
Bank overdraft	10 737 299		10 737 299		10 737 299		10 737 299	19 236 373	29 973 672		29 973 672		29 973 672
	456 217 782	**(242 010 419)**	**214 207 363**	**45 166 832**	**259 374 195**		**259 374 195**	**223 282 589**	**482 656 784**		**482 656 784**	**(142 887 801)**	**339 768 983**
Total Liabilities	**541 328 899**	**(110 284 231)**	**431 044 668**	**268 249 864**	**699 294 532**	**(50 605 897)**	**648 688 635**	**333 988 172**	**982 676 807**		**982 676 807**	**(142 887 801)**	**839 789 006**
Total Equity and Liabilities	**932 015 407**	**(110 284 231)**	**821 731 176**	**268 249 864**	**1 089 981 040**		**1 089 981 040**	**333 988 172**	**1 423 969 212**	**400 000 000**	**1 823 969 212**	**–**	**1 823 969 212**
Number of Shares in issue	102,952,504		102,952,504		102,952,504	5,326,937	108,279,411		108,279,411	36,363,636	144,643,047	14,964,468	159,607,515
NAV per share (cents)	**379**		**379**		**379**		**408**		**408**		**582**		**617**
NTAV per share (cents)	**80**		**(36)**		**(36)**		**12**		**(155)**		**161**		**235**

Notes:

1. Extracted from the audited annual financial statements of Ascendis for the year ended 30 June 2013.
2. Assumes the Debt Refinance in an amount of R326.2 million took place on 30 June 2013, comprising R84.2 million non-current liabilities and R242 million current liabilities. Short term financial liabilities of R242 million are reclassified to long term liabilities as a result of the Debt Refinance (these liabilities will not be repayable within the next 12 months). R110.3 million of the facilities are repaid. The repayment of R110.3 million reduces cash and cash equivalents. Therefore long term other financial liabilities increase by an amount of R131.7 million, being the difference between the R242 million reclassification and the R110.3 million repayment.
3. Assumes the Pre-Listing Capital Raise took place on 30 June 2013 and 5,326,937 Ordinary Shares were issued at a price of R9.50 per Ordinary Share.
4. The Private Placing is assumed to have taken place on 30 June 2013 with the issue of 36,363,636 new Ordinary Shares at the Private Placing Price.
5. The Vendor Issuances are assumed to have taken place on 30 June 2013, with the issue of 12 989 800 new Ordinary Shares at the Private Placing Price. A balance of R10 million deferred vendor liabilities will be settled post Listing. The non-controlling interest adjustment of R347,633 relates to the minority interest in Chempure (being an adjustment to the R21.7 million purchase of non-controlling interest, with the issue of 1,974,668 Ordinary Shares in relation to Chempure). The Chempure purchase agreement was signed and concluded within twelve months prior to year end and it can therefore be assumed that the fair value, as determined in the original purchase agreement, remains valid. The capital and reserves adjustment of R143.2 million is due to the elimination of deferred vendor liabilities and non-controlling interest due to the purchase of the Chempure. The total Ordinary Shares to be issued on Listing for all acquisitions, including acquisitions excluded from the *pro forma* financial information based on materiality, is 17,592,954 Ordinary Shares for a value of R193,522,491.

1.2 *Pro forma* financial information for Solal

Statement of comprehensive income (Rands)	Solal group consolidation[1]	Adjustments for the Solal acquisition agreement[2]	After the adjustments for the Solal acquisition agreement[3]	Consolidation of the Solal Acquisition into the financial statements of Ascendis in accordance with IFRS 3[4]	Solal consolidated results for Ascendis *pro formas*[5]
Continuing operations					
Revenue	184 796 101		184 796 101		184 796 101
Cost of sales	(88 140 855)		(88 140 855)		(88 140 855)
Gross profit	**96 655 246**		**96 655 246**		**96 655 246**
Other income	100 940		100 940		100 940
Operating expenses	(65 672 081)		(65 672 081)		(65 672 081)
Operating profit	**31 084 105**		**31 084 105**		**31 084 105**
Finance costs	742 335		742 335	(21 139 400)	(20 397 066)
Profit before taxation	**31 826 440**		**31 826 440**	**(21 139 400)**	**10 687 040**
Taxation	(7 427 561)		(7 427 561)	5 919 032	(1 508 529)
Profit from continuing operations	**24 398 879**		**24 398 879**	**(15 220 368)**	**9 178 511**
Profit for the period	**24 398 879**		**24 398 879**	**(15 220 368)**	**9 178 511**
Total comprehensive income for the period	**24 398 879**		**24 398 879**	**(15 220 368)**	**9 178 511**

Notes:

1. The "Solal group consolidation" column is an IFRS consolidation of the audited annual financial statements of the holding company, Solal Technologies, and its three subsidiaries Solal Technologies Fine Pharmaceuticals, IMC and Anti-aging Technologies, for the year ended 28 February 2013, which annual financial statements are available for inspection together with the relevant independent audit reports.
2. The "Adjustments for the Solal acquisition agreement" column has no impact on the statement of comprehensive income.
3. The "After the adjustments for the Solal acquisition agreement" column is the result of notes 1 and 2 above.
4. The "Consolidation of the Solal Acquisition into the financial statements of Ascendis in accordance with IFRS 3" column shows the adjustments relating to the acquisition of Solal by Ascendis and assumes the Solal Acquisition took place on 1 July 2012. The Solal Acquisition has been accounted for using the accounting policies of Ascendis and in terms of IFRS 3 "business combinations" where a business is defined "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members, or participants". The increased "Finance costs" represents the after tax interest cost on the debt portion of the purchase consideration (R222.5 million) at 9.5% per annum. The interest on this facility was calculated to be R21.1 million with a tax deduction of R5.9 million.
5. The "Solal consolidated result in Ascendis Health *pro forma*" column shows the figures that have been used in the *pro forma* statement of comprehensive income in 1.1 above.

Statement of financial position (Rands)	Solal group consolidation[1]	Adjustments for the Solal acquisition agreement[2]	After the adjustments for the Solal acquisition agreement[3]	Consolidation of the Solal Acquisition into the financial statements of Ascendis in accordance with IFRS 3[4]	Solal consolidated results for Ascendis *pro formas*[5]
Assets					
Non-Current Assets					
Property, plant and equipment	2 560 477		2 560 477		2 560 477
Goodwill	70 922 225	(70 922 225)		70 649 560	70 649 560
Intangible assets	12 500 000		12 500 000	36 636 362	49 136 562
Investments in subsidiaries					
Deferred tax					
Loans to group companies				16 610 000	16 610 000
	85 982 702	**(70 922 225)**	**15 060 477**	**123 895 922**	**138 956 399**
Current Assets					
Inventories	43 938 602		43 938 602	22 848 073	66 786 675
Loans to group companies					
Current tax receivable	1 019 826		1 019 826		1 019 826
Trade and other receivables	19 456 408		19 456 408		19 456 408
Cash and cash equivalents	42 030 556		42 030 556		42 030 556
	106 445 392		**106 445 392**	**22 848 073**	**129 293 465**
Total Assets	**192 428 094**	**(70 922 225)**	**121 505 869**	**146 743 995**	**268 249 864**
Equity and Liabilities					
Equity					
Capital and reserves	71 066 440	49 549 565	120 616 005	(120 616 005)	
Non-controlling interest					
	71 066 440	**49 549 565**	**120 616 005**	**(120 616 005)**	
Liabilities					
Non-Current Liabilities					
Deferred tax	359 900	(359 900)			
Deferred vendor liabilities					
Other financial liabilities				222 520 000	222 520 000
Finance lease obligation	563 032		563 032		563 032
	922 932	**(359 900)**	563 032	**222 520 000**	**223 083 032**
Current Liabilities					
Loans from group companies				16 610 000	16 610 000
Deferred vendor liabilities	106 400 590	(106 400 590)		28 230 000	28 230 000
Finance lease obligation	326 832		326 832		326 832
Current tax payable	9 914	(9 914)			
Trade and other payables	13 701 386	(13 701 386)			
	120 438 722	**(120 111 890)**	**326 832**	**44 840 000**	**45 166 832**
Total Liabilities	**121 361 654**	**(120 471 790)**	**889 864**	**267 360 000**	**268 249 864**
Total Equity and Liabilities	**192 428 094**	**(70 922 225)**	**121 505 869**	**146 743 995**	**268 249 864**

Notes:

1. The "Solal group consolidation" column is an IFRS consolidation of the audited annual financial statements of the holding company, Solal Technologies, and its three subsidiaries Solal Technologies Fine Pharmaceuticals, IMC and Anti-aging Technologies, for the year ended 28 February 2013, which annual financial statements are available for inspection together with the relevant independent audit reports.
2. The "Adjustments for the Solal acquisition agreement" column takes into account all relevant items that were specifically excluded from the Solal acquisition agreement, namely R0.4 million deferred tax liabilities, R106.4 million deferred vendor liabilities, R9,914 current tax payable and R13.7 million trade and other payables. Included in the consolidated results of Solal Technologies is R71 million of goodwill. Goodwill is an accounting term and is defined as "an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised." Therefore the goodwill that was recognised during the consolidation of the Solal group of companies would have arisen during the formation of the original Solal group in 2009. This goodwill amount of R71 million therefore gets reversed due to this not forming part of the asset group purchased by Ascendis. The effect of all these eliminations is R49.5 million on capital and reserves. Solal Technologies Fine Pharmaceuticals did not form part of the Solal Acquisition and is therefore also excluded.
3. The "Consolidation of the Solal Acquisition into the financial statements of Ascendis in accordance with IFRS 3" column shows:

   3.1 The adjustments relating to the acquisition of Solal by Ascendis assume the Solal Acquisition took place on 30 June 2013. The Solal Acquisition has been accounted for using the accounting policies of Ascendis and in terms of IFRS 3 "business combinations" where a business is defined "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members, or participants". The purchase consideration of R267.4 million was determined between a willing buyer and a willing seller based on negotiations around a future price earnings ratio, which is comparable to other acquisitions within the same market sector. This consideration comprises of a deferred vendor liability of R28.2 million, to be settled through the issue of Ordinary Shares on Listing at the Private Placing Price, and by utilising the Standard Bank Facility (as to R222.5 million) and R16.6 million of the purchase consideration was assumed by a Group company, Bounty Brands Proprietary Limited. Pre-acquisition profits of R120.6 million have been eliminated on consolidation into the financial statements of Ascendis.

   3.2 The assets of Solal were acquired by Ascendis and assessed by management of Ascendis to determine a preliminary allocation. Management estimated the values of these assets and liabilities to approximate the actual values in the financial statements, save for inventory. During this assessment, management used information gathered, regarding asset categories, during the due diligence process which precedes every acquisition in the Group. This assessment showed no additional impairment indicators or fair value adjustments to any other asset categories. The adjustment to bring inventory to a fair market value is the gross profit percentage of the Solal group for the last 12 months. This was calculated as 52% and therefore an adjustment of R23 million was made to the fair value of inventory. In management's opinion this assessment is sufficient to comply with par 0.70 of the SAICA Guide on *pro forma* financial information which indicates that "A provisional assessment of the fair value of the assets and liabilities being acquired must be made for the purposes of the pro forma financial information regardless of the fact that the IFRS on Business Combinations allows for a period of up to one year from the acquisition date for the final assessment to be made."

   3.3 Goodwill has been measured in accordance with IFRS 3 after taking into account the preliminary allocation of intangibles and will be finalised on completion of a purchase price allocation. Goodwill and intangibles are measured as the difference between the purchase consideration and the fair value of the assets and liabilities. The split between goodwill and intangibles was based on previous purchase price allocations done by the Group in respect of similar acquisitions.

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

      3.4.1 The inputs acquired include:

      Tangible items: Equipment, infrastructure and working capital necessary for trade within the business acquired;

      Intangible items: Computer software, software licenses, and trade-marks;

      Other items not necessarily in the financial statements: A management team, the process and know-how of the business, studies and test results, market knowledge, relationships with the licensing body and management knowledge of the industry.

      3.4.2 The processes acquired include: management processes, corporate governance, organisational structures, strategic goal-setting, operational processes and human and financial resource management.

      3.4.3 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.

4. The "Solal consolidated results for Ascendis *pro formas*" column shows the figures that have been used in the *pro forma* statement of financial position in 1.1 above.

1.3 *Pro forma* financial information of Pharmachem

Statement of comprehensive income (Rands)	Aggregation[1]	Elimination entries[2]	Total Pharmachem consolidated[3]	Consolidation of the Pharmachem Acquisition into the financial statements of Ascendis in accordance with IFRS 3[4]	Pharmachem consolidated results for Ascendis *pro formas*[5]
Revenue	412 563 014	(27 190 008)	385 373 010		385 373 010
Cost of sales	(311 498 876)	27 190 008	(284 308 868)		(284 308 868)
Gross profit	**101 064 142**		**101 064 142**		**101 064 142**
Other income	398 543		398 543		398 543
Operating expenses	(72 012 496)		(72 012 496)		(72 012 496)
Operating profit	**29 450 190**		**29 450 190**		**29 450 190**
Finance costs	(1 272 019)		(1 272 019)	(10 450 000)	(11 722 019)
Profit before taxation	**28 178 170**		**28 178 170**	**(10 450 000)**	**17 728 170**
Taxation	(7 966 843)		(7 966 843)	2 926 000	(5 040 843)
Profit from continuing operations	**20 211 237**		**20 211 327**	**(7 524 000)**	**12 687 327**
Profit for the period	**20 211 237**		**20 211 327**	**(7 524 000)**	**12 687 327**
Total comprehensive income for the period	**20 211 237**		**20 211 327**	**(7 524 000)**	**12 687 327**

Notes:

1. The "Aggregation" column is an aggregation of the audited annual financial statements, and includes the acquisition of the two operating companies, Pharmachem Pharmaceuticals and Dezzo, for a consideration of R263.3 million. It excludes Pharmadyne which primarily houses the intellectual property in the Pharmachem group. Pharmadyne has been excluded from the *pro forma* financial information due to the fact that management has determined that both the statement of financial position and statement of comprehensive income is immaterial to both the results of the Pharmachem group and the Ascendis Group as a whole. The audited annual financial statements of Pharmachem Pharmaceuticals and Dezzo for the years ended 31 August 2013 and 28 February 2013, respectively, are available for inspection together with the relevant audit reports.
2. The "Elimination entries" column eliminates inter-company sales of R27.2 million.
3. The "Total Pharmachem consolidated" column shows the consolidated result of Dezzo and Pharmachem Pharmaceuticals before consolidation into the financial statements of Ascendis.
4. The "Consolidation of the Pharmachem Acquisition into the financial statements of Ascendis in accordance with IFRS 3" column relates to the acquisition of Pharmachem by Ascendis and assumes the Pharmachem Acquisition took place on 1 July 2012. The Pharmachem Acquisition has been accounted for using the accounting policies of Ascendis and in terms of IFRS 3 "business combinations" where a business is defined "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members, or participants". The increased "Finance costs" represents the after tax interest cost on the debt portion of the purchase consideration (R110 million) at 9.5% per annum. The interest on this facility was calculated to be R10.5 million with a tax deduction of R2.9 million.
5. The "Pharmachem consolidated results for Ascendis *pro forma*" column shows the figures that have been used in the *pro forma* statement of comprehensive income in 1.1 above.

Statement of financial position (Rands)	Aggregation[1]	Elimination entries[2]	Total Pharmachem consolidated[3]	Consolidation of the Pharmachem Acquisition into the financial statements of Ascendis in accordance with IFRS 3[4]	Pharmachem consolidated results for Ascendis *pro formas*[5]
Assets					
Non-Current Assets					
Property, plant and equipment	5 230 933		5 230 933		5 230 933
Goodwill				111 777 164	111 777 164
Intangible assets	38 883 524		38 883 524	30 166 110	69 049 634
Deferred tax	282 689		282 689		282 689
Loans to group companies	36 084 048	(28 696 160)	7 387 888		7 387 888
	80 481 194	**(28 696 160)**	**51 785 034**	**141 943 274**	**193 728 308**
Current Assets					
Inventories	71 501 775		71 501 775	17 160 427	88 662 202
Other financial assets	131 596		131 596		131 596
Trade and other receivables	90 252 265	(1 071 940)	89 180 325		89 180 325
Cash and cash equivalents	20 585 742		20 585 742	(58 300 000)	(37 714 258)
	182 471 377	**(1 071 940)**	**181 399 437**	**(41 139 537)**	**140 259 864**
Total Assets	**262 952 571**	**(29 768 100)**	**233 184 471**	**100 803 701**	**333 988 172**
Equity and Liabilities					
Equity					
Capital and reserves	104 196 299		104 196 299	(104 196 299)	
Non-controlling interest					
	104 196 299		104 196 299	**(104 196 299)**	
Liabilities					
Non-Current Liabilities					
Other financial liabilities				110 000 000	110 000 000
Finance lease obligation	705 583		705 583		705 583
	705 583		705 583	110 000 000	**110 705 583**
Current Liabilities					
Deferred vendor liabilities				95 000 000	95 000 000
Other financial liabilities	18 256 494		18 256 494		18 256 494
Current tax payable	2 671 430		2 671 430		2 671 430
Trade and other payables	89 190 259	(1 071 940)	88 118 319		88 118 319
Loans from Group Companies	28 696 160	(28 696 160)			
Bank overdraft	19 236 373		19 236 373		19 236 373
	158 050 689	**(29 768 100)**	**128 282 589**	**95 000 000**	**223 282 589**
Total Liabilities	**158 756 272**	**(29 768 100)**	**128 988 172**	**205 000 000**	**333 988 172**
Total Equity and Liabilities	**262 952 571**	**(29 768 100)**	**233 184 471**	**100 803 701**	**333 988 172**

Notes:

1. The "Aggregation" column is an aggregation of the audited annual financial statements, and includes the acquisition of the two operating companies, Pharmachem Pharmaceuticals and Dezzo, for a consideration of R263.3 million. It excludes Pharmadyne which primarily houses the intellectual property in the Pharmachem group. Pharmadyne has been excluded from the *pro forma* financial information due to the fact that management has determined that both the statement of financial position and statement of comprehensive income is immaterial to both the results of the Pharmachem group and the Ascendis Group as a whole. The audited annual financial statements of Pharmachem Pharmaceuticals and Dezzo for the years ended 31 August 2013 and 28 February 2013, respectively, are available for inspection together with the relevant audit reports.
2. The "Elimination entries" column eliminates inter-company balances - R28.6 million inter-company loan balances and R1.1 million inter-company trade payable and trade receivable balances.

3. The "Total Pharmachem consolidated" column shows the consolidated result of Dezzo and Pharmachem Pharmaceuticals before consolidation into the annual financial statements of Ascendis.

4. The "Consolidation of the Pharmachem Acquisition into the financial statements of Ascendis in accordance with IFRS 3" column shows:

   4.1 The adjustments relating to the acquisition of Pharmachem by Ascendis assume the Pharmachem Acquisition took place on 30 June 2013. The Pharmachem Acquisition has been accounted for using the accounting policies of Ascendis and in terms of IFRS 3 "business combinations" where a business is defined "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members, or participants". The purchase consideration of R263.3 million was determined between a willing buyer and a willing seller based on negotiations around a future price earnings ratio, which is comparable to other acquisitions within the same market sector. This consideration comprises the issue of Ordinary Shares on Listing at the Private Placing Price (as to R85 million), cash of R58.3 million, deferred vendor liability of R10 million (to be settled in cash) and debt of R110 million. Pre-acquisition reserves of R104.2 million are eliminated on consolidation.

   4.2 The assets and liabilities of Dezzo and Pharmachem Pharmaceuticals acquired by the Group were assessed by management of Ascendis to determine a preliminary allocation. Management estimated the values of these assets and liabilities to approximate the actual values in the financial statements, save for inventory. During this assessment management used information gathered, regarding asset categories, during the due diligence process, which precedes every acquisition in the Group. This assessment showed no additional impairment indicators or fair value adjustments to any other asset categories. The adjustment to bring inventory to a fair market value is the gross profit percentage of Pharmachem for the last 12 months. This was calculated as 24% and therefore an adjustment of R17.2 million was made to the fair value of inventory. In management's opinion this assessment is sufficient to comply with paragraph 0.70 of the SAICA Guide on *pro forma* financial information which indicates that "A provisional assessment of the fair value of the assets and liabilities being acquired must be made for the purposes of the *pro forma* financial information regardless of the fact that IFRS for Business Combinations allows for a period of up to one year from the acquisition date for the final assessment to be made."

   4.3 Goodwill has been measured in accordance with IFRS 3 after taking into account the preliminary allocation of intangibles and will be finalised on completion of a purchase price allocation. Goodwill and intangibles are measured as the difference between the purchase consideration and the fair value of the assets and liabilities. The split between goodwill and intangibles was based on previous purchase price allocations done by the Group in respect of similar acquisitions.

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

      4.4.1 The inputs acquired include:

      Tangible items: Equipment, infrastructure and working capital necessary for trade within the business acquired;

      Intangible items: Computer software, software licenses, and trade-marks;

      Other items not necessarily in the financial statements: A management team, the process and know-how of the business, studies and test results, market knowledge, relationships with the licensing body and management knowledge of the industry.

      4.4.2 The processes acquired include: management processes, corporate governance, organisational structures, strategic goal-setting, operational processes and human and financial resource management.

      4.4.3 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.

5. The "Pharmachem consolidated results for Ascendis *pro formas*" column shows the figures that have been used in the *pro forma* statement of financial position in 1.1 above.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF ASCENDIS

"10 November 2013

The Directors

Ascendis Health Limited

The Terraces Block E

Steenberg Office Park

Tokai 7945

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE CONSOLIDATED *PRO FORMA* STATEMENTS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION OF ASCENDIS HEALTH LIMITED ('ASCENDIS')

We have performed our limited assurance engagement in respect of the consolidated *pro forma* statements of comprehensive income and financial position set-out in Annexure 5 to the pre-listing statement of Ascendis to be dated on or about 11 November 2013 (the 'pre-listing statement').

The consolidated *pro forma* statements of comprehensive income and financial position have been prepared in accordance with the requirements of the JSE Listings Requirements, for illustrative purposes only, to provide information about how the post balance sheet corporate actions, as set out in Annexure 5, might have affected the reported historical financial information presented, had the transactions been undertaken at the date of the *pro forma* statement of financial position being reported on, or on the first day of the historical reporting period for statement of comprehensive income purposes.

Due to its nature, the *pro forma* financial information may not present a fair reflection of the statements of comprehensive income and financial position after the corporate actions.

Directors' Responsibility

The directors are responsible for the compilation, contents and presentation of the consolidated *pro forma* statement of financial position contained in the pre-listing statement and for the financial information from which it has been prepared.

Their responsibility includes determining that:

- the consolidated *pro forma* statements of comprehensive income and financial position has been properly compiled on the basis stated;
- the basis is consistent with the accounting policies of Ascendis; and
- the *pro forma* adjustments are appropriate for the purposes of the consolidated *pro forma* statements of comprehensive income and financial position disclosed in terms of the JSE Listings Requirements.

Reporting Accountants' Responsibility

Our responsibility is to express our limited assurance conclusion on the consolidated *pro forma* statements of comprehensive income and financial position included in the pre-listing statement of Ascendis. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements Assurance Engagements to Report on the Compilation o*f Pro Forma* Financial Information Included in a Prospectus (ISAE 3420) and the Guide on *Pro Forma* Financial Information issued by SAICA issued September 2012.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of Information and Work Performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Ascendis, considering the evidence supporting the *pro forma* adjustments and confirming the adjusted *pro forma* financial information with the directors of the company in respect of the transactions that are subject of the pre-listing statement.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Ascendis and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of paragraph 8.48 (b) and paragraphs 8.15 to 8.34 of the JSE Listings Requirements:

- the consolidated *pro forma* statements of comprehensive income and financial position have not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Ascendis;
- the adjustments are not appropriate for the purposes of the consolidated *pro forma* statements of comprehensive income and financial position as disclosed.

Consent

We consent to the inclusion of this report, which will form part of the pre-listing statement, to be issued on or about 11 November 2013 in the form and context in which it will appear.

Yours faithfully

MAZARS
Registered Auditors

Duncan S Dollman
Reporting Accounting Specialist

Rialto Road,

Grand Moorings Precinct

Century City,

7441"

DETAILS OF MATERIAL CONTRACTS, MATERIAL ACQUISITIONS AND VENDORS

Material contracts

Information regarding material contracts entered into within the two years prior to the date of the Pre-Listing Statement is as follows:

Material contract	Corporate advisory agreement between Coast2Coast Investments and Ascendis
Signed	22 October 2013
Parties	Coast2Coast Investments and Ascendis
Nature	Ongoing corporate advisory contract in the terms of which Coast2Coast Investments provides corporate advisory services, the introduction of potential deals and facilitates the entering into and closing of the acquisitions of businesses and companies. The contract can be cancelled either way on one-month's notice. A deal fee of not more than 0.5% of the enterprise value of businesses and companies successfully acquired plus Value Added Tax. In addition, all disbursements incurred by Coast2Coast Investments will be reimbursed.

Other than the material contract above, no other material contracts have been entered into at any time containing an obligation or settlement that is material to Ascendis or its subsidiaries as at the date of this Pre-Listing Statement.

Material acquisitions and vendors

Set out in the table below is information regarding material acquisitions by Ascendis and its subsidiaries, and related vendor information, made within the three years prior to the date of the Pre-Listing Statement or proposed to be made:

Acquisition name	Chempure
Nature of title or interest acquired	Shares in Chempure (80%)
Effective date of acquisition	30 July 2012
Name of the vendor	RSC Family Trust MS Share Trust PK Share Trust
Address of the vendor	RSC Family Trust: 50 Kambathi Street, N4 Gateway Industrial Park, Willow Park Manor, Ext 65, Pretoria East MS Share Trust: 50 Kambathi Street, N4 Gateway Industrial Park, Willow Park Manor, Ext 65, Pretoria East PK Share Trust: 50 Kambathi Street, N4 Gateway Industrial Park, Willow Park Manor, Ext 65, Pretoria East
Details of valuation of acquisition	R122 500 000
Aggregate purchase consideration	R122 500 000
Amount paid to vendor in cash	R100 778 650
Amount paid to vendor in securities	R21 721 350
Amount paid to vendor by assumption of debt	Nil

Amount paid to vendor in respect of goodwill (accounted for in terms of note 1.1 to the historical financial information set out in Annexure 1 to this Pre-Listing Statement)	R47 128 342
Loan incurred to fund acquisition	R33 000 000
Cost of asset to the vendor	Not applicable
Acquisition date by vendor	Not applicable
Name and address of the vendor shareholder(s)	Not applicable
Book debts guaranteed by the vendor	Not applicable
Details of any restraint of trade	Not applicable
Details of settlement of accrued taxation, if any	Not applicable
Reconciliation of amounts paid for securities and the proportionate value of the net assets of that company attributable to such securities acquired	Purchase price: R122 500 000 Net asset value: R75 371 658 Goodwill: R47 128 342
Directors or promoters interest in the transaction	Not applicable
Promoters fee paid	Not applicable
Status of transfer	Transferred

Acquisition name	**Efekto**
Nature of title or interest acquired	Shares in Agro-Serve (100%)
Effective date of acquisition	1 October 2011
Name of the vendor	Ifula Holdings Proprietary Limited Pierre Andre Bimray Kajima Family Trust Johannes Swanepoel
Address of the vendor	Ifula Holdings Proprietary Limited – 51 Wessels Road, Rivonia, 2191 Pierre Andre Bimray – 169 Colworth Avenue, Mondeor, Johannesburg, 2091 Kajima Family Trust – 682 Steekbaard Street, Garsfontein X10, Pretoria 0041 Johannes Swanepoel – 3043 Cormallen Hill, Achilles Way, Bronberg, Pretoria
Details of valuation of acquisition	R172 767 791
Aggregate purchase consideration	R172 767 791
Amount paid to vendor in cash	R100 713 668
Amount paid to vendor in securities	Nil
Amount paid to vendor by assumption of debt	R72 054 123
Amount paid to vendor in respect of goodwill (accounted for in terms of note 1.1 to the historical financial information set out in Annexure 1 to this Pre-Listing Statement)	R122 918 518
Loan incurred to fund acquisition	R140 872 150
Cost of asset to the vendor	Not applicable

Acquisition date by vendor	July 2004
Name and address of the vendor shareholder(s)	Winstone Rose Corporation Proprietary Limited: 51 Wessels Road, Rivonia, 2191 Andewi Trust: 51 Wessels Road, Rivonia, 2191
Book debts guaranteed by the vendor	Not applicable
Details of any restraint of trade	Not applicable
Details of settlement of accrued taxation, if any	Not applicable
Reconciliation of amounts paid for securities and the proportionate value of the net assets of that company attributable to such securities acquired	Purchase price: R172 767 791 Net asset value: R49 849 274 Goodwill: R122 918 518
Directors or promoters interest in the transaction	Not applicable
Promoters fee paid	Not applicable
Status of transfer	Transferred

Acquisition name	**Pharmachem**
Nature of title or interest acquired	Shares in Dezzo, Pharmachem Pharmaceuticals and Pharmadyne and claims (100%)
Effective date of acquisition	1 November 2013
Name of the vendors	Sigma Pharmaceuticals Proprietary Limited PI Pharmaceuticals Proprietary Limited
Addresses of the vendors	Sigma Pharmaceuticals Proprietary Limited: 335 Frederick Street, Pretoria West, 0117 PI Pharmaceuticals Proprietary Limited: 335 Frederick Street, Pretoria West, 0117
Details of valuation of acquisition	R263 300 000
Aggregate purchase consideration	R263 300 000
Amount paid to vendors in cash	R178 300 000
Amount paid to vendors in securities	R85 000 000
Amount paid to vendor by assumption of debt	Nil
Amount paid to vendors in respect of goodwill (accounted for in terms of note 1.1 to the historical financial information set out in Annexure 1 to this Pre-Listing Statement)	R40 996 000
Loans incurred to fund acquisition	R110 000 000
Cost of asset to the vendor	Not applicable
Acquisition date by vendors	Not applicable
Name and address of the vendor shareholder(s)	Imtiaz Mohamed: 335 Frederick Street, Pretoria West, 0117 Bashir Carrim: 335 Frederick Street, Pretoria West, 0117
Book debts guaranteed by the vendors	Not applicable

Details of any restraint of trade	Both Imtiaz Mohamed and Bashir Carrim are restrained from competing with Pharmachem until the later of 1 March 2018 or the third annual anniversary of their employment departure. Currently both Imtiaz Mohamed and Bashir Carrim have signed employed agreements with Pharmachem until 28 Feb 2015
Details of settlement of accrued taxation, if any	Not applicable
Reconciliation of amounts paid for securities and the proportionate value of the net assets of that company attributable to such securities acquired.	Purchase price: R263 300 00 Value of net assets: R222 304 000 Goodwill: R40 996 000
Directors or promoters interest in the transaction	Not applicable
Promoters fee paid	Not applicable
Status of transfer	Transferred

Acquisition name	**Solal**
Nature of title or interest acquired	Acquired the business assets and contracts, excluding all liabilities other than financial lease liabilities, of Solal Technologies, IMC and Anti-aging Technologies (together with the shares in IMC and Anti-aging Technologies)
Effective date of acquisition	1 July 2013
Name of the vendors	Solal Technologies
Addresses of the vendors	18 Ballyclare Drive, Bryanston, Johannesburg, 2191
Details of valuation of acquisition	R241 610 789
Aggregate purchase consideration	R241 610 789
Amount paid to vendors in cash	R206 770 000
Amount paid to vendors in securities	R34 840 789
Amount paid to vendor by assumption of debt	Nil
Amount paid to vendors in respect of goodwill (accounted for in terms of note 1.1 to the historical financial information set out in Annexure 1 to this Pre-Listing Statement)	R164 610 789
Loans incurred to fund acquisition	R201 770 000 of bank funding, R18 230 000 in vendor loans to be converted into Ordinary Shares on the Listing Date. R18 230 000 cash amount payable if Listing Date after 12 months of closing date of acquisition
Cost of asset to the vendor	Not applicable
Acquisition date by vendors	Not applicable

Name and address of the vendors shareholder(s)	The Brent Murphy Trust: Pink Lady Farm, 60B Highlands Road, Grabouw, 7160 The David Arthur Family Trust: 23 Bedford Avenue, Craighall Park, 2196 The Weimaraner Trust: 28 5th Street, Houghton Estate, Johannesburg, 2198 The Solal Trust: 14 Bagatelle, 14 Coleraine Drive, River Club, Sandton, 2191 The Cleva Trust: 14 Bagatelle, 14 Coleraine Drive, River Club, Sandton, 2191 CAVI Brands Limited: 1st Floor, 3 Glenhove, Cnr Glenhove Road and Tottenham Avenue, 2196
Book debts guaranteed by the vendors	Not applicable
Details of any restraint of trade or other payments	Restraints: Colin Levin and Jacqueline Moskovitz are restrained for 36 months from 5 July 2013 from competing with Solal, and were paid R2.5 million each, in cash, for entering into such restraints Retrenchments and reinvestments: Colin Levin and Jacqueline Moskovitz were paid R10.4 million each with an obligation to reinvest R5 million each in Shares at the Private Placing Price on the Listing Date
Details of settlement of accrued taxation, if any	Not applicable
Reconciliation of amounts paid for securities and the proportionate value of the net assets of that company attributable to such securities acquired	Purchase price: R241 610 789 Net asset value: R77 000 000 Goodwill: R164 610 789
Directors or promoters interest in the transaction	Coast2Coast Holdings binds itself as surety for all indebtedness to the vendors in terms of the acquisition
Promoters fee paid	Not applicable
Status of transfer	Transferred

DETAILS OF MATERIAL BORROWINGS AND LOANS RECEIVABLE

Material borrowings:

Nedbank Capital facility

<table>
<tr><td>Lender</td><td>Nedbank Capital</td></tr>
<tr><td>Borrower</td><td>Dezzo Trading 392 Proprietary Limited</td></tr>
<tr><td>Purpose of loan</td><td>Acquisition funding for the Pharmachem Acquisition</td></tr>
<tr><td>Loan amount</td><td>R110 000 000 loan facility</td></tr>
<tr><td>Term of the loan</td><td>Acquiror – K2012021486 (South Africa) Proprietary Limited, a company wholly-owned by Ascendis Health Proprietary Limited (‘HoldCo’) will acquire directly or indirectly 100% of the shares of the target

Target – Pharmachem

Borrower – Dezzo

Facilities

Senior A
R70 000 000

Senior B
R40 000 000

Interest on drawn amounts will accrue quarterly and will be payable semi-annually in arrears.The term facilities must be fully repaid five years from the date the funds are advanced.

Pharmachem must comply with the following covenants:

<table>
<tr><th></th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th></tr>
<tr><td>Senior Debt Service Cover Ratio</td><td>1.30x</td><td>1.30x</td><td>1.30x</td><td>1.30x</td><td>1.30x</td></tr>
<tr><td>Interest Cover Ratio</td><td>3.5x</td><td>3.75x</td><td>4.0x</td><td>4.0x</td><td>4.0x</td></tr>
<tr><td>Net debt/EBITDA</td><td>3.25x</td><td>2.50x</td><td>1.75x</td><td>1.25x</td><td>1.0x</td></tr>
</table>
</td></tr>
<tr><td>Interest</td><td>Senior A
Base rate: three-month JIBAR
Margin: 3.65% (nominal annual compounded quarterly "nacq")

Senior B
Base rate: three-month JIBAR
Margin: 4.5% (nacq)</td></tr>
<tr><td>Repayment terms</td><td>Senior A

Payable over five years as follows:

A capital repayment is due at the end of each completed six month period after the original advance date starting with the first payment being due at the end of the first six months and thereafter repayments continuing at six monthly intervals up until the last payment being due at the end of the 60th month. The installments are as follows: 4%, 8%, 8%, 9%, 9%, 11%, 11%, 12.5%, 12.5% and 15%. These percentages are percentages of the total Senior A capital.

Senior B

Payable over five years as follows:

Repayments made at that same time and at the same six month intervals as the Senior A payments except the percentages of capital which are repayable are as follows: 0%, 0%, 0%, 0%, 0%, 5%, 5%, 12.5%, 12.5% and 65%.</td></tr>
</table>

Detail of any security	Pharmachem will cede its respective rights and claims to its debtors, insurances and bank accounts. There is a security deed (deed of pledge and hypothecation) by Pharmachem in respect of dossiers and intellectual property rights (including but not limited to trademarks). A cession and pledge of all shares in the Pharmachem companies. First ranking general notarial bond/s over the material moveable assets of Pharmachem and the subordination of all shareholder loans or other shareholder instruments.
Guarantees	Guarantees provided by Pharmachem (excluding Dezzo)
Detail of any conversion or redemption rights	Not applicable
Detail of how payments are to be financed if debt is repayable within 12 months	R8.4 million of the Senior A loan is repayable in the next 12 months to be financed from cash flow generated by operations

Standard Bank facility

Lenders	The Standard Bank of South Africa Limited, Sanlam Credit Conduit Proprietary Limited and Sanlam Capital Markets Proprietary Limited ('the Lenders')
Borrower	Ascendis
Purpose of loan	General acquisition funding and refinancing of existing debt. Acquisition of Bolus was partly funded using this facility
Loan amount	R450 000 000 loan facility
Term of the loan	The final repayment date for the loan capital is one year and six months from the date on which the advance conditions were fulfilled (which took place on 4 July 2013 and which is referred to herein as the 'Effective Date'). The borrower shall have the option to extend the final repayment date for a portion of the loan capital for a further six months on the following terms: at any time on or before a date which is one year and three months from the Effective Date ('the Relevant Date'), the borrower may request the Lenders to extend the date for the repayment of a portion of the outstanding balances which is equal to the 'Rolled Amount' up until the second anniversary of the Effective Date (namely 4 July 2015). The term 'Rolled Amount' means an amount equal to 1.5 times the EBITDA of Ascendis in respect of the last financial covenant measurement period immediately preceding the Relevant Date, save that the 'Rolled Amount' shall be a maximum amount of R300 000 000 (three hundred million Rand). The Lenders shall be entitled, in their sole discretion, to impose additional terms and conditions on the Company, in relation to the 'Rolled Amount'. If the EBITDA of Ascendis is less than R165 000 000 or Ascendis does not agree to the additional terms and conditions imposed by the Lenders in relation to the Rolled Amount, then the borrower shall be required, in each instance, to pay the loan amounts outstanding in full, on or before the original final repayment date.

Interest	The applicable rate of interest is the Johannesburg Interbank Agreed Rate ('JIBAR') plus the 'Margin'. The term 'Margin' means: – the 1st (first) month to the 8th (eighth) month after 4 July 2013, 350 (three hundred and fifty) basis points per annum (nominal annual compounded quarterly in arrears); – the 9th (ninth) month and the 10th (tenth) month after 4 July 2013, 400 (four hundred) basis points per annum (nominal annual compounded quarterly in arrears); – the 11th (eleventh) month and the 12th (twelfth) month after 4 July 2013, 500 (five hundred) basis points per annum (nominal annual compounded quarterly in arrears); – the 13th (thirteenth) month to the 18th (eighteenth) month (both included) after 4 July 2013, 650 (six hundred and fifty) basis points per annum (nominal annual compounded quarterly in arrears); and – the 19th (nineteenth) month after 4 July 2013 and thereafter, 900 (nine hundred) basis points per annum (nominal annual compounded quarterly in arrears).
Repayment terms	Interest is payable quarterly in arrears. The final repayment date for the loan capital is one year and six months from the date on which the advance conditions were fulfilled (which took place on 4 July 2013). Unless the borrower exercises its option to extend the final repayment date for a portion of the loan capital for a further six months as indicated in the term of the loan above.
Detail of any security	As security for their indemnity to the security SPV the said parties shall pledge all of their current and future trademarks to the security SPV: Ascendis Financial Services Proprietary Limited (formerly known as K2012021393 (South Africa) Proprietary Limited), Ascendis Health Limited, Reviva Technologies Proprietary Limited, Sportron International Proprietary Limited, Efekto Care Proprietary Limited, Avima Proprietary Limited, Regal Nutrients Proprietary Limited, Chempure Proprietary Limited, Nimue Bioscience Proprietary Limited, Coast2Coast Distribution Proprietary Limited, One Vision Investments 381 Proprietary Limited, Heritage Resources Limited, Agro-Serve Proprietary Limited, Zasvin Trading Proprietary Limited and Nimue Skin Proprietary Limited.
Guarantees	Guarantee provided by the following companies: Ascendis Health Limited, Reviva Technologies Proprietary Limited, Sportron International Proprietary Limited, Efekto Care Proprietary Limited, Avima Proprietary Limited, Regal Nutrients Proprietary Limited, Chempure Proprietary Limited, Nimue Bioscience Proprietary Limited, Coast2Coast Distribution Proprietary Limited and One Vision Investments 381 Proprietary Limited Guarantee provided by a security SPV known as Sabizone Proprietary Limited. The following parties shall indemnify the security SPV with respect to its said guarantee: Ascendis Financial Services Proprietary Limited (formerly known as K2012021393 (South Africa) Proprietary Limited), Ascendis Health Limited, Reviva Technologies Proprietary Limited, Sportron International Proprietary Limited, Efekto Care Proprietary Limited, Avima Proprietary Limited, Regal Nutrients Proprietary Limited, Chempure Proprietary Limited, Nimue Bioscience Proprietary Limited, Coast2Coast Distribution Proprietary Limited, One Vision Investments 381 Proprietary Limited, Heritage Resources Limited, Agro-Serve Proprietary Limited, Zasvin Trading Proprietary Limited and Nimue Skin Proprietary Limited.
Detail of any conversion or redemption rights	Not applicable
Detail of how payments are to be financed if debt is repayable within 12 months	Not applicable

Standard Bank general short term banking facility

Lenders	The Standard Bank of South Africa Limited
Borrower	Ascendis
Purpose of loan	Funding of general cash flow and working capital requirements
Loan amount	A general short term banking facility of R50 000 000 and a derivative products trading facility of R31 000 000
Term of the loan	This loan has no fixed term but is subject to yearly review
Interest	Prime
Repayment terms	As and when due
Detail of any security	As security for their indemnity to the security SPV the said parties shall pledge all of their current and future trademarks to the security SPV: Ascendis Financial Services Proprietary Limited (formerly known as K2012021393 (South Africa) Proprietary Limited), Ascendis Health Limited, Reviva Technologies Proprietary Limited, Sportron International Proprietary Limited, Efekto Care Proprietary Limited, Avima Proprietary Limited, Regal Nutrients Proprietary Limited, Chempure Proprietary Limited, Nimue Bioscience Proprietary Limited, Coast2Coast Distribution Proprietary Limited, One Vision Investments 381 Proprietary Limited, Heritage Resources Limited, Agro-Serve Proprietary Limited, Zasvin Trading Proprietary Limited and Nimue Skin Proprietary Limited.
Guarantees	Guarantee provided by the following companies: Ascendis Health Limited, Ascendis Financial Services Proprietary Limited (formerly known as K2012021393 (South Africa) Proprietary Limited), Reviva Technologies Proprietary Limited, Sportron International Proprietary Limited, Efekto Care Proprietary Limited, Avima Proprietary Limited, Regal Nutrients Proprietary Limited, Chempure Proprietary Limited, Nimue Bioscience Proprietary Limited, Coast2Coast Distribution Proprietary Limited and One Vision Investments 381 Proprietary Limited Guarantee provided by a security SPV known as Sabizone Proprietary Limited. The following parties shall indemnify the security SPV with respect to its said guarantee: Ascendis Financial Services Proprietary Limited (formerly known as K2012021393 (South Africa) Proprietary Limited), Ascendis Health Limited, Reviva Technologies Proprietary Limited, Sportron International Proprietary Limited, Efekto Care Proprietary Limited, Avima Proprietary Limited, Regal Nutrients Proprietary Limited, Chempure Proprietary Limited, Nimue Bioscience Proprietary Limited, Coast2Coast Distribution Proprietary Limited, One Vision Investments 381 Proprietary Limited, Heritage Resources Limited, Agro-Serve Proprietary Limited, Zasvin Trading Proprietary Limited and Nimue Skin Proprietary Limited.
Detail of any conversion or redemption rights	Not applicable
Detail of how payments are to be financed if debt is repayable within 12 months	Not applicable

Loan from controlling Shareholder

This loan arose to fund Ascendis' acquisitions.

Lender	Bounty Brands Proprietary Limited
Borrower	Ascendis
Purpose of loan	Funding of day-to-day operations
Loan amount	R38 990 050 as at 30 June 2013
Term of the loan	No fixed terms of repayment
Interest	Interest-free
Repayment terms	No fixed terms of repayment
Detail of any security	Unsecured
Guarantees	Not applicable
Detail of any conversion or redemption rights	Not applicable
Detail of how payments are to be financed if debt is repayable within 12 months	Not applicable

Material loans receivable:

Loan to subsidiary

Loan amount	R40 459 286 as at the end of 30 June 2013
Date loan was made	December 2011
Borrower	Efekto
Interest and repayment terms of loan	Bears interest at 18% per annum, compounded quarterly, and has no fixed terms of repayment
If in arrears, the last date on which payment was made and the extent of the arrears	Not applicable
Period of the loan	No fixed terms of repayment
Nature of any security held for loan	Unsecured
Current fair value of security and the method of valuation	Not applicable
If a loan is unsecured, the reasons therefore	The borrower is a subsidiary
If loan made to another company, the names and addresses of the directors of such company	Karsten Uwe Harald Horst Wellner: The Terraces, Block E, Steenberg Office Park, Tokai, 7945 Robert James Taylor: The Terraces, Block E, Steenberg Office Park, Tokai, 7945 Jayendren Pather: The Terraces, Block E, Steenberg Office Park, Tokai, 7945

There were no changes to the above details during the period ended 30 June 2013. This loan arose to fund the working capital of the subsidiary.

Loan to controlling shareholder

Loan amount	R94 369 103 as at 30 June 2013 (R43 762 281 as at the Last Practicable Date).
Date loan was made	July 2012
Borrower	Coast2Coast Investments
Interest and repayment terms of loan	Bears interest at 30% per annum and has no fixed terms of repayment
If in arrears, the last date on which payment was made and the extent of the arrears	Not applicable
Period of the loan	No fixed terms of repayment
Nature of any security held for loan	Unsecured
Current fair value of security and the method of valuation	Not applicable
If a loan is unsecured, the reasons therefore	The borrower is the controlling Shareholder
If loan made to another company, the names and addresses of the directors of such company	Gary John Shayne: The Terraces, Block E, Steenberg Office Park, Tokai, 7945 Crispian Douglas Dillon: The Terraces, Block E, Steenberg Office Park, Tokai, 7945

There were no changes to the above details during the period ended 30 June 2013. This loan arose to fund operational expenses of the controlling Shareholder.

OTHER DIRECTORSHIPS HELD BY THE DIRECTORS, DIRECTORS OF MAJOR SUBSIDIARIES AND SENIOR MANAGEMENT

The names of all companies of which the Directors, directors of Major Subsidiaries and Senior Management are or have been directors during the past five years are set out below:

Name of Director, director of Major Subsidiary and Senior Management	Directorships		Status
Dr Karsten Wellner (CEO – Ascendis)	Nimue Skin Proprietary Limited	2011/004858/07	Active
	Alpha Pharm Western Cape Limited	2005/030816/06	Active
	Ascendis Management Services Proprietary Limited	2009/016323/07	Active
	Chempure Proprietary Limited	2011/011010/07	Active
	Efekto Holdings Proprietary Limited	2011/011041/07	Active
	Gec German Consulting Close Corporation	2008/174605/23	Active
	Nimue Bioscience Proprietary Limited	1997/008605/07	Active
	Regal Nutrients Proprietary Limited	2011/011343/07	Active
	Sportron International Proprietary Limited	2005/042930/07	Active
	Sportron Properties Proprietary Limited	2004/017950/07	Active
	Toolworth Distribution Proprietary Limited	1977/002110/07	Active
	Zasvin Trading Proprietary Limited	1999/007627/07	Active
	Lavient Trading Proprietary Limited	1999/017352/07	Active
	Reviva Technology Proprietary Limited	2004/004006/07	Active
	Elixr Brands Proprietary Limited	2008/005843/07	Active
	Innovative Pest Management Proprietary Limited	2001/005087/07	Active
	Small Pack Solutions-Specialists Proprietary Limited	1997/017900/07	Active
	Halstrin Trading Proprietary Limited	2011/011015/07	Active
	Avima Proprietary Limited	1961/001744/07	Active
	Trontitype Proprietary Limited	2009/003254/07	Active
	Agro-Serve Proprietary Limited	1973/000868/07	Active
	Efecto Care Proprietary Limited	2009/006357/07	Active
	Agro -Serve Proprietary Limited (Namibia)	F/1973/00868/07	Active
	Alpha Pharm East Cape Holdings Proprietary Limited	1970/008584/07	Active

Name of Director, director of Major Subsidiary and Senior Management	Directorships		Status
Robert James Taylor (CFO – Ascendis)	Avima Proprietary Limited	1961/001744/07	Active
	Innovative Pest Management Proprietary Limited	2001/005087/07	Active
	Ascendis Management Proprietary Limited	2009/016323/07	Active
	Chempure Proprietary Limited	2011/011010/07	Active
	Lavient Trading Proprietary Limited	1999/017352/07	Active
	Tronitype Proprietary Limited	2009/003254/07	Active
	Efekto Care Proprietary Limited	2009/006357/07	Active
	Sportron International Proprietary Limited	2005/042930/07	Active
	Agro-Serve Proprietary Limited	1973/000868/07	Active
	Small Pack Solutions-Specials Proprietary Limited	1997/017900/07	Active
	Regal Nutrients Proprietary Limited	2011/011343/07	Active
	Nimue Bioscience Proprietary Limited	1997/008605/07	Active
	Nimue Skin Proprietary Limited	2011/004858/07	Active
	Halstrin Trading Proprietary Limited	2011/011015/07	Active
	Efekto Holdings Proprietary Limited	2011/011041/07	Active
	Jacinda Trading Proprietary Limited	2006/038887/07	Resigned
	H L Hall And Sons (Farms) Proprietary Limited	1988/000343/07	Resigned
	Sage Wise 85 Proprietary Limited	2003/027946/07	Resigned
	Sage Wise 85 Proprietary Limited	2003/027947/07	Resigned
	Silver Blade Abattoir Proprietary Limited	2006/029353/07	Resigned
	Long Iron Meats Proprietary Limited	2007/002805/07	Resigned
	Nutri Feeds Proprietary Limited	1994/003202/07	Resigned
	Hl Hall And Sons Properties Proprietary Limited	1970/008171/07	Resigned
	Hl Hall And Sons Holdings Proprietary Limited	1965/001287/07	Resigned
	Firlig2 Proprietary Limited	1998/007364/07	Resigned
	Chilltrac Proprietary Limited	1986/005077/07	Resigned
	Hl Hall And Sons Proprietary Limited	1921/006878/07	Resigned
	Riverside Park Uitbreiding 8 Proprietary Limited	2004/024349/07	Resigned
	Riverside Gardens Proprietary Limited	2004/021384/07	Resigned
	Hl Hall And Sons Proprietary Limited	1921/006878/07	Resigned
	Purple Moss 1199 Close Corporation	2005/005673/23	Resigned
	Universal Corrosion Stop Close Corporation	2006/084115/23	Resigned
	Supreme Poultry Proprietary Limited	2006/017360/07	Resigned
	Silver Blade Imports Proprietary Limited	2007/005554/07	Resigned
	Country Bird Holdings Proprietary Limited	2005/008505/07	Resigned
	Silver Blade Imports Proprietary Limited	2007/005554/07	Resigned
	Hollyberyy Props 40 Proprietary Limited	2005/011924/07	Resigned
	Country Bird Holdings Proprietary Limited	2005/008505/07	Resigned
	Cbh Restaurants Proprietary Limited	2012/069105/07	Resigned

Name of Director, director of Major Subsidiary and Senior Management	Directorships		Status
John Bester (Non-Executive Chairman – Ascendis)	Amjab Properties Close Corporation	1995/012266/23	Active
	Amjab Financial Services Close Corporation	1995/006595/23	Active
	Investment Data Nominees Proprietary Limited	2009/021575/07	Active
	Homechoice Holdings Proprietary Limited	1991/005430/07	Active
	Western Province Rugby Proprietary Limited	1996/003264/07	Active
	Personal Trust Properties Proprietary Limited	1980/011589/07	Active
	Personal Trust Nominees Proprietary Limited	1980/010280/07	Active
	Personal Trust International Proprietary Limited	1951/002859/07	Active
	Personal Trust Nominees Proprietary Limited	1980/010280/07	Active
	Personal Trust International Proprietary Limited	1951/002859/07	Active
	Personal Trust International Proprietary Limited	2005/026983/07	Active
	Personal Trust International Asset Proprietary Limited	2005/023713/07	Active
	Personal Trust Accounting Close Corporation	2006/133660/23	Active
	Personal Trust International Asset Proprietary Limited	2005/023713/07	Active
	Personal Trust International Proprietary Limited	2005/026983/07	Active
	Jga Apartment Close Corporation	2008/083336/23	Active
	Clicks Group Proprietary Limited	1996/000645/07	Active
	Sovereign Food Investments Proprietary Limited	1995/003990/07	Active
	Cricket South Africa Proprietary Limited	2002/002641/07	Active
	Western Province Rugby Institute Proprietary Limited	2006/034822/07	Active
	Tower Property Fund Proprietary Limited	2012/066457/07	Active
	Racec Group Proprietary Limited	1998/006153/07	Active
	Western Cape Cricket Proprietary Limited	2004/002745/07	Resigned
	Paramount Property Fund Proprietary Limited	1945/019928/07	Resigned
	The House Of Aloes Proprietary Limited	1965/006428/07	Resigned
	Western Province Cricket Proprietary Limited	1997/020384/07	Resigned
	Western Province Professional Proprietary Limited	2000/021857/07	Resigned
Bharti Harie (Non-Executive Director – Ascendis)	Athollhurst 66 Dennis Road Close Corporation	1999/065868/23	Active
	K2012045675 (South Africa) Proprietary Limited	2012/045676/07	Active
	Dkh Women Equity Boutique Proprietary Limited	2010/008095/07	Active
	Record-Trade 23 Proprietary Limited	1995/008154/07	Active
	Atlantis 106 Proprietary Limited	1967/011639/07	Active
	Sapna Designs Close Corporation	2005/056686/23	Active
	The Export-Import Finance Proprietary Limited	1999/024009/07	Active
	Bell Equipment Limited	1968/013656/06	Active
	Lenmed Investments Limited	1980/003108/06	Active
	Dolphin Women Investments Proprietary Limited	2011/147646/07	Active
	Ethekwini Hospital And Heart Centre Proprietary Limited	2002/002222/07	Resigned
	Atlantis Business Park Proprietary Limited	1978/005149/07	Resigned
	Charities And Foundation Npo	2000/016493/08	Resigned

Name of Director, director of Major Subsidiary and Senior Management	Directorships		Status
Crispian Dillon (Non-Executive Director – Ascendis)	Reviva Technology Proprietary Limited	2004/004006/07	Active
	Lavient Trading Proprietary Limited	1999/017352/07	Active
	Acumin Mining Solutions Proprietary Limited	2001/016785/07	Active
	Tenura Properties Proprietary Limited	2009/006362/07	Active
	Bounty Brands Proprietary Limited	2005/025373/07	Active
	Tooltac Properties	2006/021242/07	Active
	Coast2coast Investments Proprietary Limited	2006/000073/07	Active
	Sportron International Proprietary Limited	2005/042930/07	Active
	Elixr Brands Proprietary Limited	2008/005843/07	Active
	Coast2coast Technologies Proprietary Limited	2008/005901/07	Active
	Coast2coast Distribution Proprietary Limited	2008/007627/07	Active
	St Pie Properties Proprietary Limited	2008/010050/07	Active
	Kiva Capital Proprietary Limited	2009/022067/07	Active
	Regal Nutrients Proprietary Limited	2011/011343/07	Active
	Chempure Proprietary Limited	2011/011010/07	Active
	One Vision Investments Proprietary Limited	2009/016275/07	Active
	Ascendis Management Proprietary Limited	2009/016323/07	Active
	Sportron Properties Proprietary Limited	2004/017950/07	Active
	Zasvin Trading Proprietary Limited	1999/007627/07	Active
	Toolworth Distribution Proprietary Limited	1977/002110/07	Active
	K2012021486 (South Africa) Proprietary Limited	2012/021486/07	Active
	K2012021393 (South Africa) Proprietary Limited	2012/021393/07	Active
	K2012021382 (South Africa) Proprietary Limited	2012/021382/07	Active
	K2012179240 (South Africa) Proprietary Limited	2012/179240/07	Active
	K2012179211 (South Africa) Proprietary Limited	2012/179211/07	Active
	K2012179383 (South Africa) Proprietary Limited	2012/179383/07	Active
	Nimue Bioscience Proprietary Limited	1997/008605/07	Active
	Nimue Skin Proprietary Limited	2011/004858/07	Active
	Brainspan Ventures Proprietary Limited	2009/024652/07	Active
	Visec Africa Proprietary Limited	2004/016342/07	Resigned
	St Pie Properties Proprietary Limited	1970/008879/07	Resigned
	Efekto Care Proprietary Limited	2009/006357/07	Resigned
	Quantime Foods Proprietary Limited	2009/010098/07	Resigned
	Foodvest Proprietary Limited	2009/008516/07	Resigned
	Allganix Foods Proprietary Limited	2010/000707/07	Resigned
	Comedhealth Proprietary Limited	2008/005773/07	Resigned
	Triberry Foods Proprietary Limited	2006/004414/07	Resigned
	Saint Pie Proprietary Limited	1997/021264/07	Resigned
	Visec Surveillance Systems Proprietary Limited	2008/014310/07	Resigned
	Quantime Finance Proprietary Limited	2008/005212/07	Resigned
	Efekto Care Proprietary Limited	2009/006357/07	Resigned
	Efekto Holdings Proprietary Limited	2011/011041/07	Resigned
	Halstrin Trading Proprietary Limited	2011/011015/07	Resigned
	Tronitype Proprietary Limited	2009/003254/07	Resigned
	Agro-Serve Proprietary Limited	1973/000868/07	Resigned
	Innovative Pest Management Proprietary Limited	2001/005087/07	Resigned
	Avima Proprietary Limited	1961/001744/07	Resigned
	Lavient Trading Proprietary Limited	1999/017352/07	Resigned
	Efekto Care Proprietary Limited	2009/006357/07	Resigned
	Small Pack Solutions-Specials Proprietary Limited	1997/017900/07	Resigned

Name of Director, director of Major Subsidiary and Senior Management	Directorships		Status
Gary John Shayne (Non-Executive Director – Ascendis)	Tenura Properties Proprietary Limited	2009/006363/07	Active
	Bounty Brands Proprietary Limited	2005/025373/07	Active
	Coast2coast Investments Proprietary Limited	2006/000073/07	Active
	Tooltac Properties Proprietary Limited	2006/021242/07	Active
	Elixr Brands Proprietary Limited	2008/005843/07	Active
	Coast2coast Distribution Proprietary Limited	2008/007627/07	Active
	St Pie Properties Proprietary Limited	2008/010050/07	Active
	Regal Nutrients Proprietary Limited	2011/011343/07	Active
	Chempure Proprietary Limited	2011/011010/07	Active
	One Vision Investments Proprietary Limited	2009/016275/07	Active
	Ascendis Management Proprietary Limited	2009/016323/07	Active
	Toolworth Distribution Proprietary Limited	1977/002110/07	Active
	Zasvin Trading Proprietary Limited	1999/007627/07	Active
	Sportron Properties Proprietary Limited	2004/017950/07	Active
	K2012021486 (South Africa) Proprietary Limited	2012/021486/07	Active
	K2012021393 (South Africa) Proprietary Limited	2012/021393/07	Active
	K2012021382 (South Africa) Proprietary Limited	2012/021382/07	Active
	Lavient Trading Proprietary Limited	1999/017352/07	Active
	K2012179240 (South Africa) Proprietary Limited	2012/179240/07	Active
	K2012179211 (South Africa) Proprietary Limited	2012/179211/07	Active
	K2012179383 (South Africa) Proprietary Limited	2012/179383/07	Active
	Efekto Holdings Proprietary Limited	2011/011041/07	Resigned
	Halstrin Trading Proprietary Limited	2011/011015/07	Resigned
	Tronitype Proprietary Limited	2009/003254/07	Resigned
	Agro-Serve Proprietary Limited	1973/000868/07	Resigned
	Innovative Pest Management Proprietary Limited	2001/005087/07	Resigned
	Avima Proprietary Limited	1961/001744/07	Resigned
	Small Pack Solutions-Specials Proprietary Limited	1997/017900/07	Resigned
Osment Philip Cunningham (Non-Executive Director – Ascendis)	Silvermine Academy NPO	2004/016083/08	Active
	Miombo Enterprises Proprietary Limited	1998/013630/07	Active
Richard Crouse (Senior Management – Ascendis)	Chempure Proprietary Limited	2011/011010/07	Active
	Lavient Trading Proprietary Limited	1999/017352/07	Active
	Keyter Properties Proprietary Limited	2000/031183/07	Active
	Nimue Bioscience Proprietary Limited	1997/008605/07	Active
	Nimue Skin Proprietary Limited	2011/004858/07	Active
Marion Burgess (Senior Management – Ascendis)	Bitflow Investments 151 Proprietary Limited	2000/025362/07	Resigned
	Johnson And Johnson Medical Proprietary Limited	1983/013283/07	Resigned

Name of Director, director of Major Subsidiary and Senior Management	Directorships		Status
Jayen Pather (Senior Management – Ascendis)	Avima Proprietary Limited	1961/001744/07	Active
	Innovative Pest Management Proprietary Limited	2001/005087/07	Active
	Tronitype Proprietary Limited	2009/003254/07	Active
	Efekto Care Proprietary Limited	2009/006357/07	Active
	Agro-Serve Proprietary Limited	1973/000868/07	Active
	Small Pack Solutions-Specials Proprietary Limited	1997/017900/07	Active
	Halstrin Trading Proprietary Limited	2011/011015/07	Active
	Efekto Holdings Proprietary Limited	2011/011041/07	Active
	San Raphael Homeowners Association Npo	2001/007535/08	Active
	Exotic Gates Proprietary Limited	2003/030840/07	Active
	Stolen Muse Proprietary Limited	2010/022529/07	Active
	Incobrands Proprietary Limited	1948/029757/07	Active
	Incolabs Proprietary Limited	2004/019947/07	Active
	Incorporated Labratories Proprietary Limited	1945/018471/07	Active
	Jayen Financial Consultants Proprietary Limited	2003/030281/07	Resigned
	Kalafo Logistics Proprietary Limited	2004/006488/07	Resigned
	Omegalabs Proprietary Limited	2012/031761/07	Resigned
	Permark Pharmaceuticals Proprietary Limited	1986/003387/07	Resigned
	Permark Professional Proprietary Limited	1999/015395/07	Resigned
	Setjhaba Carriers Proprietary Limited	1998/024588/07	Resigned
	Steinhoff Services Limited	1983/006201/06	Resigned
	Tollmane Investments Proprietary Limited	1993/003308/07	Resigned
	Innoxa (Sa) Proprietary Limited	1965/006411/07	Resigned
	Vieka Industrial Logistics Proprietary Limited	2005/002569/07	Resigned
	Dhl Supply Chain (South Africa) Proprietary Limited	1992/001746/07	Resigned

Name of Director, director of Major Subsidiary and Senior Management	Directorships		Status
Imtiaz Mohamed (Senior Management – Ascendis)	Egoli Pharmaceuticals Proprietary Limited	2013/070009/07	Active
	Dezzo Trading 392 Proprietary Limited	2002/001923/07	Active
	East Rand Pharmaceuticals Proprietary Limited	2013/069987/07	Active
	Edzzo Properties Proprietary Limited	2011/120420/07	Active
	Imbc Investment Proprietary Limited	2013/096337/07	Active
	Lyd Properties Close Corporation	2007/205757/23	Active
	Medicine Developers International Proprietary Limited	2013/071505/07	Active
	Mgv Communications Close Corporation	2007/148998/23	Active
	Mista-Surge Pharmaceutival Wholesalers Proprietary Limited	1989/000442/07	Active
	Neverland Properties 64 Close Corporation	2006/220612/23	Active
	Pharmachem Laboratories Proprietary Limited	2012/206966/07	Active
	Pharmadyne Healthcare Proprietary Limited	1962/002457/07	Active
	Sfl Software Proprietary Limited	2008/011136/07	Active
	Sigma Pharmaceuticals Proprietary Limited	2013/096286/07	Active
	Siyeza Fine Chem Proprietary Limited	2008/024524/07	Active
	Siyeza Foods Proprietary Limited	2012/058841/07	Active
	Vita Medi Proprietary Limited	2013/103879/07	Active
	Afrikem Holdings Proprietary Limited	2011/010700/07	Active
	City Medical Wholesalers Close Corporation	1993/018125/23	Active
	Dermachem Pharmaceuticals Close Corporation	1999/013940/23	Active
	Durban Pharmaceuticals Close Corporation	2002/046083/23	Active
	East Rand Pharmaceuticals Close Corporation	2002/045659/23	Active
	Edge Pharmaceuticals Marketing Close Corporation	2004/068420/23	Active
	Ferum Investments Close Corporation	1986/004312/23	Resigned
	Islam For Africa Npo	2007/021211/08	Active
	Maraba Pharmaceuticals Close Corporation	2003/072568/23	Active
	Northern Pharmaceuticals Close Corporation	2001/074056/23	Active
	Rambrandt Park Close Corporation	1999/028349/23	Active
	Silvermoon Investments 171 Close Corporation	2005/066725/23	Active
	Travours South Africa Close Corporation	2003/030003/23	Active
	Triplan Developers (Cape) Close Corporation	2005/068834/23	Active
	Tufs Property Investments Close Corporation	2003/104529/23	Resigned
	White Wattle Investments 15 Close Corporation	2004/052298/23	Active
	Mpumalanga Pharmaceuticals Close Corporation	2002/045656/23	Active

DETAILS OF SUBSIDIARY AND ASSOCIATED COMPANIES AND INTER-COMPANY LOANS

Details of Ascendis' subsidiary and associated companies as at the Last Practicable Date are set-out below:

Name and registration number	Date and place of incorporation and length of time during which business has been carried out	Date of becoming subsidiary or associated company	Main business	Issued ordinary share capital and Ascendis' effective shareholding	Inter-company loans as at 30 June 2013	Other inter-company balances as at 30 June 2013
K2012179240 (South Africa) Proprietary Limited 2012/179240/07	03/10/2012 South Africa 1 Year	01/07/2013	General trading and manufacturing in all aspects	120 ordinary shares 100%	–	–
K2012179383 (South Africa) Proprietary Limited 2012/179383/07	03/10/2012 South Africa 1 Year	01/07/2013	General trading and manufacturing in all aspects	120 ordinary shares 100%	–	–
K2012179211 (South Africa) Proprietary Limited 2012/179211/07	03/10/2012 South Africa 1 Year	01/07/2013	General trading and manufacturing in all aspects	120 ordinary shares 100%	–	–
Efekto Holdings Proprietary Limited 2011/011041/07	13/05/2011 South Africa 2 Years	31/08/2011	Holding of investments	100 000 ordinary shares 100%	R40 459 286 owing to Ascendis	R36 803 574 owing to Ascendis[1]
Agro-Serve Proprietary Limited 1973/000868/07	23/01/1973 South Africa 41 Years	01/10/2011	Retail and wholesale agent distributor of home and garden care products and related services	4 000 ordinary shares 100%	–	–
Efekto Care Proprietary Limited 2009/006357/07	17/03/2009 South Africa 5 Years	01/10/2011	Retail, wholesale and distribution of home and garden care products and related services	21 000 ordinary shares 100%	R1 914 owing to Ascendis	–
Tronitype Proprietary Limited 2009/003254/07	18/02/2009 South Africa 5 Years	01/10/2011	Logistics, warehousing and distribution	100 ordinary shares 100%	–	–
Avima Proprietary Limited 1961/001744/07	27/10/1961 South Africa 52 Years	24/04/2012	Manufacturing and distribution of crop protection and public health pesticides and equipment	100 000 ordinary shares 100%	R12 190 owing to Ascendis	R228 000 owing to Ascendis
Halstrin Trading Proprietary Limited 2011/011015/07	16/05/2011 South Africa 2 Years	31/08/2011	Various trading in all aspects	441 ordinary shares 100%	–	–

Name and registration number	Date and place of incorporation and length of time during which business has been carried out	Date of becoming subsidiary or associated company	Main business	Issued ordinary share capital and Ascendis' effective shareholding	Inter-company loans as at 30 June 2013	Other inter-company balances as at 30 June 2013
Small Pack Solutions-Specialists Proprietary Limited 1997/017900/07	23/10/1997 South Africa 16 Years	24/04/2012	Manufacturing and packing of small pack products (pesticides and chemicals)	100 ordinary shares 100%	–	–
Innovative Pest Management Proprietary Limited 2001/005087/07	07/03/2001 South Africa 13 Years	24/04/2012	Registration holder for rodenticides	100 ordinary shares 100%	–	–
Sportron International Proprietary Limited 2005/042930/07	07/12/2005 South Africa 8 Years	31/08/2011	General trading in all aspects	20 000 ordinary shares 100%	R9 822 062 owing to Ascendis	–
Regal Nutrients Proprietary Limited 2011/011343/07	17/05/2011 South Africa 2 Years	31/08/2011	Trading in vitamins and health products	1 000 ordinary shares 100%	–	–
Elixr Brands Proprietary Limited 2008/005843/07	05/03/2008 South Africa 6 Years	01/01/2011	Investments and related activities	10 000 ordinary shares 100%	R3 368 017 owing to Ascendis	–
Reviva Technology Proprietary Limited 2004/004006/07	19/02/2004 South Africa 10 Years	01/01/2011	Importer of footwear for resale	12 000 ordinary shares 100%	R375 000 owing to Ascendis	–
Toolworth Distribution Proprietary Limited 1977/002110/07	08/07/1977 South Africa 36 Years	01/10/2011	Trading in vitamins and health products	10 820 ordinary shares 100%	(R327 702) owing from Ascendis	–
Zasvin Trading Proprietary Limited 1999/007627/07	15/04/1999 South Africa 15 Years	01/10/2011	Trading in vitamins and health products	1 000 ordinary shares 100%	(R542 104) owing from Ascendis	–
Sportron Properties Proprietary Limited 2004/017950/07	29/06/2004 South Africa 9 Years	01/10/2011	Property Investment	120 ordinary shares 100%	(R29 000 832) owing from Ascendis	-
Heritage Resources Limited (Isle of Man) 76002C	19/10/1995 Isle of Man 18 Years	30/01/2012	Holder of intellectual property	1 000 ordinary shares 100%	–	–

Name and registration number	Date and place of incorporation and length of time during which business has been carried out	Date of becoming subsidiary or associated company	Main business	Issued ordinary share capital and Ascendis' effective shareholding	Inter-company loans as at 30 June 2013	Other inter-company balances as at 30 June 2013
Chempure Proprietary Limited 2011/011010/07	16/05/2011 South Africa 2 Years	31/08/2011	The company is engaged in import and marketing of specialty chemicals to the food, health- food, pharmaceutical and cosmetic industries and offering of related technical expertise and operates principally in South Africa	1 000 ordinary shares 80%[2]	R15 590 owing to Ascendis	–
Lavient Trading Proprietary Limited 1999/017352/07	18/08/1999 South Africa 14 Years	27/07/2012	The company is engaged in the import and marketing of speciality chemicals to the food, health- food, pharmaceutical and cosmetic industries and offering of related technical expertise and operates principally in South Africa	63 266 ordinary shares 100%	–	–
One Vision Investments 381 Proprietary Limited 2009/016275/07	21/08/2009 South Africa 4 Years	01/07/2012	Manufacturing and distribution of nutraceutical and ancillary products for the sports nutrition industry	241 ordinary shares 100%	R23 040 670 owing to Ascendis	–
Ascendis Management Services Proprietary Limited 2009/016323/07	21/08/2009 South Africa 4 Years	01/07/2012	Management services	120 ordinary shares 100%	R4 914 050 owing to Ascendis	–
Coast2Coast Distribution Proprietary Limited 2008/007627/07	20/03/2008 South Africa 6 Years	01/07/2012	General trading in all aspects	10 000 ordinary shares 100%	R49 699 owing to Ascendis	–
Nimue Bioscience Proprietary Limited 2011/004858/07	28/02/2011 South Africa 3 Years	07/02/2013	Retail and wholesale agents and distributors of cosmetic products and all related activities	301 ordinary shares 100%	R8 057 394 owing to Ascendis	–
Nimue Skin Proprietary Limited 1997/008605/07	04/06/1997 South Africa 16 Years	07/02/2013	Manufacture and marketing of skin care and cosmetic products	100 ordinary shares 100%	–	–
K2012021382 (South Africa) Proprietary Limited 2012/021382/07	06/02/2012 South Africa 2 Years	01/01/2013	General trading and manufacturing in all aspects	120 ordinary shares 100%	R1 735 owing to Ascendis	–

Name and registration number	Date and place of incorporation and length of time during which business has been carried out	Date of becoming subsidiary or associated company	Main business	Issued ordinary share capital and Ascendis' effective shareholding	Inter-company loans as at 30 June 2013	Other inter-company balances as at 30 June 2013
Ascendis Financial Services Proprietary Limited 2012/021393/07	06/02/2012 South Africa 2 Years	01/01/2013	General trading and manufacture in all aspects	120 ordinary shares 100%	R2 035 owing to Ascendis	–
K2012021486 (South Africa) Proprietary Limited 2012/021486/07	06/02/2012 South Africa 2 Years	01/01/2013	General trading in all aspects	120 ordinary shares 100%	R1 535 owing to Ascendis	–
Nimue Skin Southern Africa Proprietary Limited 2000/007844/07	26/04/2000 South Africa 14 Years	25/07/2013	Manufacturing in various commodities	1 000 ordinary shares 100%	–	–
Marltons Pets and Products Proprietary Limited 2013/114411/07	26/05/1989 South Africa 24 Years	18/09/2013	Manufacturers, wholesalers and distributors of pet food and products	1 000 ordinary shares 100%	–	–
The Integrative Medical Centre Proprietary Limited 2012/166806	09/05/2003 South Africa 10 Years	05/07/2013	Wholesale distribution and marketing of vitamin and health supplements	100 ordinary shares 100%	–	–
Anti-aging Technologies Proprietary Limited 2010/015265/07	21/07/2000 South Africa 13 Years	05/07/2013	Import and export of health products	100 ordinary shares 100%	–	–
Swissgarde South Africa Proprietary Limited 1994/05453	22/07/1994 South Africa 19 Years	01/09/2013	International network marketing company specialising in health and beauty products	401 ordinary shares 74%	–	–
Sceniwell Proprietary Limited 2011/110610/07	01/09/2011 South Africa 2 Years	01/09/2013	Holding company of Swissgarde South Africa Proprietary Limited	120 ordinary shares 74%		
Dealcor Forty Proprietary Limited 2013/164981/07	13/06/2002 (as a Close Corporation) South Africa 11 Years	Expected to be on or about 01/11/2013	Sports nutrition	100 ordinary shares 100%	–	–
Bolus Distribution Proprietary Limited 2013/186925/07	28/02/2000 (as a Close Corporation) South Africa 13 Years	16/10/ 2013	Importing and distributing of nutritional supplements	1,000 ordinary shares 100%	–	–
Dezzo Trading 392 Proprietary Limited 2002/001923/07	30/01/2002 South Africa 11 Years	28/10/2013	Generic pharmaceutical products	201 ordinary shares 100%	–	–

Name and registration number	Date and place of incorporation and length of time during which business has been carried out	Date of becoming subsidiary or associated company	Main business	Issued ordinary share capital and Ascendis' effective shareholding	Inter-company loans as at 30 June 2013	Other inter-company balances as at 30 June 2013
Pharmachem Pharmaceuticals Proprietary Limited 2006/033994/07	31/10/2006 South Africa 7 Years	28/10/2013	Generic pharmaceutical products	1,000 ordinary shares 100%	–	–
Pharmadyne Healthcare Proprietary Limited 1962/002457/07	28/07/1997 South Africa 16 Years	28/10/2013	Generic pharmaceutical products	2,000 ordinary shares 100%	–	–
Medicine Developers International Proprietary Limited 2013/071505/07	25/04/2013 South Africa 0.5 Years	28/10/2013	Seller of generic pharmaceutical products	100 ordinary shares 100%	–	–
Jacolco Proprietary Limited 2009/011695/07	18/06/2009 South Africa 5 Years	05/07/2013	Wholesale and retail sales and distribution of health and vitamin supplements	3,000 ordinary shares 100%	–	–

Notes:

1. This balance comprises of R10 326 343 trade and other receivables and R26 477 231 preference shares held.
2. Chempure will become wholly-owned upon Listing.

Details of the business activities of the above subsidiaries can be found in paragraph 6 of this Pre-Listing Statement. None of the subsidiaries are listed on the JSE.

DETAILS OF PRINCIPAL IMMOVABLE PROPERTIES

Details of the principal leasehold properties as at the Last Practicable Date are set out below.

Lessor	Lessee	Property type and size	Rent payable per year	Location	Expiry date
Coast2Coast Investments	Chempure	2 326m^2	R1 778 328	50 Kambathi Street, N4 Industrial Gateway Park, Pretoria East	28 February 2014
Coast2Coast Investments	Ascendis	3 488m^2	R4 800 000	22 Sloane Street, Bryanston, Gauteng	31 January 2014
Coast2Coast Investments	Sportron	4 102m^2	R2 905 824	2 Eaton Road, Bryanston, Gauteng	28 February 2014

Details of the principal owned properties as at the Last Practicable Date are set out below.

Property	Location	Area
15 Diesel Road, Isando	Erf 649, Isando	10 561m^2
121 Charles Street, Brooklyn, Pretoria	Erf 514, Brooklyn, Pretoria	1 313m^2

EXTRACTS FROM THE MEMORANDUM OF INCORPORATION OF ASCENDIS

Extracts from the Memorandum of Incorporation providing for the issue of Shares, voting rights, appointment, qualification, remuneration and borrowing powers, interests of Directors and dividend are set out below.

"6. **ISSUE OF SHARES AND VARIATION OF RIGHTS**

6.1 It is recorded that, immediately prior to the adoption of this Memorandum of Incorporation, the Company converted all of its authorised and issued ordinary Shares with a par value of R1.00 (Rand cent) each into ordinary Shares of no par value.

6.2 The Company is authorised to issue –

6.2.1 2 000 000 000 (two billion) ordinary Shares (which includes Shares already issued at any time), of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to:

6.2.1.1 vote on any matter to be decided by the Shareholders of the Company and to 1 (one) vote in the case of a vote by means of a poll;

6.2.1.2 participate proportionally in any distribution made by the Company; and

6.2.1.3 receive proportionally the net assets of the Company upon its liquidation;

6.2.2 such number of each of such further classes of Shares, if any, as are set-out in Schedule 1 hereto subject to the preferences, rights, limitations and other terms associated with each such class set-out therein.

6.3 The Board shall not have the power to –

6.3.1 increase or decrease the number of authorised Shares of any class of the Company's Shares; or

6.3.2 consolidate and reduce the number of the Company's issued and authorised Shares of any class;

6.3.3 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital;

6.3.4 reclassify any classified Shares that have been authorised but not issued; or

6.3.5 classify any unclassified Shares that have been authorised but not issued; or

6.3.6 determine the preferences, rights, limitations or other terms of any Shares; or

6.3.7 create any class of Shares; or

6.3.8 convert any class of shares into one or more other classes of shares; or

6.3.9 change the name of the Company,

and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders.

6.4 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share as contemplated in clause 22.2.

6.5 In addition, and without prejudice to, the provisions of clause 6.3, the numbers of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares as set-out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements, and such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting.

6.6 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).

6.7 The Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.

6.8 The Board may, subject to clause 6.12 and the further provisions of this clause 6.8, resolve to issue Shares of the Company at any time, but only:

6.8.1 within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation; and

6.8.2 to the extent that such issue has been approved by the Shareholders in general meeting, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting.

6.9 All issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition, be in accordance with the JSE Listings Requirements.

6.10 All Securities of the Company for which a listing is sought on the JSE and all Securities of the same class as Securities of the Company which are listed on the JSE must, notwithstanding the provisions of Section 40(5), but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Board for the issuance of such Securities.

6.11 Subject to what may be authorised by the Act, the JSE Listings Requirements and at meetings of Shareholders in accordance with clause 6.13, and subject to clause6.12, the Board may only issue unissued Shares if such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine, unless such Shares are issued for the acquisition of assets by the Company.

6.12 Notwithstanding the provisions of clauses, 6.11 and 6.13, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of Section 41(3), require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

6.13 Notwithstanding the provisions of clause 6.11, the Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that such transaction(s) comply with the JSE Listings Requirements."

"22. **VOTES OF SHAREHOLDERS**

22.1 Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with this Memorandum of Incorporation, at a meeting of the Company:

22.1.1 every person present and entitled to exercise voting rights shall be entitled to 1 (one) vote on a show of hands, irrespective of the number of voting rights that person would otherwise be entitled to exercise;

22.1.2 on a poll any person who is present at the meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Securities held by that Shareholder; and

22.1.3 the holders of Securities other than ordinary Shares shall not be entitled to vote on any resolution at a meeting of Shareholders, except as provided in clause 22.2.

22.2 If any resolution is proposed as contemplated in clause 6.4, the holders of such Shares ('Affected Shareholders') shall be entitled to vote at the meeting of ordinary Shareholders as contemplated in clause 22.1, provided that:

22.2.1 the votes of the Shares of that class held by the Affected Shareholders ('Affected Shares') shall not carry any special rights or privileges and each Affected Shareholder shall be entitled to 1 (one) vote for every Affected Share held; and

22.2.2 the total voting rights of all Securities, other than ordinary Shares and any Securities which are special shares created for the purposes of black economic empowerment in terms of the Broad-Based Black Economic Empowerment Act No.53 of 2004 and the codes promulgated under the aforementioned act, shall not be more than 24.99% (twenty four point nine nine percent) of the total votes (including the votes of the ordinary Shareholders) exercisable at that meeting (with any cumulative fraction of a vote in respect of any such Securities rounded up or down to the nearest whole number).

22.3 Voting shall be conducted by means of a polled vote in respect of any matter to be voted on at a meeting of Shareholders if a demand is made for such a vote by:

22.3.1 at least 5 (five) persons having the right to vote on that matter, either as Shareholders or as proxies representing Shareholders; or

22.3.2 a Shareholder who is, or Shareholders who together are, entitled, as Shareholders or proxies representing Shareholders, to exercise at least 10% (ten percent) of the voting rights entitled to be voted on that matter; or

22.3.3 the Chairperson of the meeting.

22.4 At any meeting of the Company a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provisions of clause 22.3, and unless a poll is so demanded, a declaration by the Chairperson that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or defeated, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.

22.5 If a poll is duly demanded, it shall be taken in such manner as the Chairperson directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. In computing the majority on the poll, regard shall be had to the number of votes to which each Shareholder is entitled.

22.6 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairperson of the meeting at which the show of hands takes place, or at which the poll is demanded, shall not be entitled to a second or casting vote.

22.7 A poll demanded on the election of a Chairperson (as contemplated in clause 20.5.2) or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairperson of the meeting directs. The demand for a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question upon which the poll has been demanded.

22.8 Where there are joint registered holders of any Share, any 1 (one) of such persons may exercise all of the voting rights attached to that Share at any meeting, either personally or by proxy, as if he or she were solely entitled thereto. If more than 1 (one) of such joint holders is present at any meeting, personally or by proxy, the person so present whose name stands first in the Securities Register in respect of such Share shall alone be entitled to vote in respect thereof.

22.9 The board of any Company or the controlling body of any other entity or person that holds any Securities of the Company may authorise any person to act as its representative at any meeting of Shareholders of the Company, in which event the following provisions will apply:

22.9.1 the person so authorised may exercise the same powers of the authorising Company, entity or person as it could have exercised if it were an individual holder of Shares; and

22.9.2 the authorising Company, entity or person shall lodge a resolution of the Directors of such Company or controlling body of such other entity or person confirming the granting of such authority, and certified under the hand of the Chairperson or secretary thereof, with the Company before the commencement of any Shareholders' meeting at which such person intends to exercise any rights of such Shareholder, unless excused from doing so by the Chairperson of such meeting in his sole discretion."

"26. **COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS**

26.1 **Number of Directors**

26.1.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders shall be entitled, by ordinary resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate.

26.1.2 All Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of Section 60 shall be competent.

26.1.3 Every person holding office as a Director, prescribed officer, Company secretary or auditor of the Company immediately before the effective date of the Act will, as contemplated in item 7(1) of Schedule 5 to the Act, continue to hold that office.

26.2 **Election of Directors**

26.2.1 In any election of Directors:

26.2.1.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and

26.2.1.2 in each vote to fill a vacancy:

26.2.1.2.1 each vote entitled to be exercised may be exercised once; and

26.2.1.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate.

26.2.2 The Company shall only have elected Directors and there shall be no appointed or *ex officio* Directors as contemplated in Section 66(4).

26.3 **Eligibility, Resignation and Rotation of Directors**

26.3.1 Apart from satisfying the qualification and eligibility requirements set-out in Section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

26.3.2 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions of this clause 26.3.2:

26.3.2.1 at each annual general meeting referred to in clause 20.2.1 (or other general meeting held on an annual basis), provided the meeting is not conducted in terms of Section 60, 1/3 (one third) of the Non-Executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office. Such retiring Non-Executive Directors may be re-elected in accordance with clause 26.3.3;

26.3.2.2 the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

26.3.2.3 a retiring Director shall be eligible for re-election;

26.3.2.4 the Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 25;

26.3.2.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 20.4.2 to 20.4.5 (inclusive) will apply *mutatis mutandis* to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.

The Board shall, through its nomination committee if such committee has been constituted in terms of clause 32, provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution. Sufficient time shall be allowed between the date of such notice and the date of the general meeting or annual general meeting at which the re-election of the Director is to be proposed to allow nominations to reach the Company's office from any part in the Republic.

26.4 **Powers of the Directors**

26.4.1 The Board has the power to:

26.4.1.1 fill any vacancy on the Board on a temporary basis, as set-out in Section 68(3), provided that such appointment must be confirmed by the Shareholders, in accordance with clause 26.1.2, at the next annual general meeting of the Company, as required in terms of Section 70(3)(b)(i); and

26.4.1.2 exercise all of the powers and perform any of the functions of the Company, as set-out in Section 66(1),

and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 26.

26.4.2 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any Company, the shareholders, directors, nominees or managers of any Company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

26.4.3 Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.

26.4.4 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

26.4.5 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 26.4.1.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three)-month period does not limit or negate the authority of the Board of Directors or invalidate anything done by the Board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.

26.4.6 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three)-month period contemplated in clause 26.4.5, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of Section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

26.5 **Directors' Interests**

26.5.1 A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.

26.5.2 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any Company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.

26.5.3 Each Director and each alternate Director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in Section 75(2) and the qualifications contained in Section 75(3), comply with all of the provisions of Section 75 in the event that they (or any person who is a related person to them) has a personal financial interest in any matter to be considered by the Board.

26.5.4 Save where the Directors have obtained the prior approval of the JSE to so propose such a resolution, the proposal of any resolution to Shareholders in terms of Sections 20(2) and 20(6) of the Act to permit or ratify an act of the Directors that is inconsistent with any limitation or restriction imposed by this Memorandum of Incorporation, or the authority of the Directors to perform such an act on behalf of the Company, is prohibited."

"28. **DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE**

28.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set-out in Section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.

28.2 Any Director who:

28.2.1 serves on any executive or other committee; or

28.2.2 devotes special attention to the business of the Company; or

28.2.3 goes or resides outside South Africa for the purpose of the Company; or

28.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,

may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.

28.3 The Directors may also be paid all their travelling and other expenses properly and necessarily incurred by them in connection with:

28.3.1 the business of the Company; and

28.3.2 attending meetings of the Directors or of committees of the Directors of the Company.

28.4 The Board may, as contemplated in and subject to the requirements of Section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in Section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation."

"31. **BORROWING POWERS**

31.1 Subject to the provisions of clause 31.2 the other provisions of this Memorandum of Incorporation, the Directors may from time to time -

31.1.1 borrow for the purposes of the Company such sums as they think fit; and

31.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.

31.2 The Directors shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can so procure) that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by:

31.2.1 the Company; and

31.2.2 all the subsidiaries for the time being of the Company (excluding moneys borrowed or raised by any of such companies from any other of such companies but including the principal amount secured by any outstanding guarantees or suretyships given by the Company or any of its subsidiaries for the time being for the indebtedness of any other Company or companies whatsoever and not already included in the aggregate amount of the moneys so borrowed or raised), shall not exceed the aggregate amount at that time authorised to be borrowed or secured by the Company or the subsidiaries for the time being of the Company (as the case may be)."

"35. **DISTRIBUTIONS**

35.1 Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution:

35.1.1 is pursuant to an existing legal obligation of the Company, or a court order; or

35.1.2 is authorised by resolution of the Board, in compliance with the JSE Listings Requirements, and does not provide that capital shall be re-paid upon the basis that it may be called up again.

35.2 No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.

35.3 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.

35.4 The Directors may from time to time declare and pay to the Shareholders such interim distributions as the Directors consider to be appropriate.

35.5 Dividends are declared by the Directors in accordance with the Act.

35.6 The Company must hold all monies due to Shareholders in trust but subject to the laws of prescription.

35.7 Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by electronic transfer of funds into a South African bank account designated by such holder of a Share or cheque or warrant sent by post and addressed to:

35.7.1 the holder at his registered address; or

35.7.2 in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or

35.7.3 such person and at such address as the holder or joint holders may in writing direct.

35.8 Every such cheque or warrant (if applicable) shall:

35.8.1 be made payable to the order of the person to whom it is addressed; and

35.8.2 be sent at the risk of the holder or joint holders.

35.9 The Company shall not be responsible for the loss in transmission of any cheque or warrant or of any document (whether similar to a cheque or warrant or not) sent by post as aforesaid.

35.10 A holder or any one of two or more joint holders, or his or their agent duly appointed in writing, may give valid receipts for any distributions or other moneys paid in respect of a Share held by such holder or joint holders.

35.11 When such cheque or warrant is paid, it shall discharge the Company of any further liability in respect of the amount concerned.

35.12 A distribution may also be paid in any other way determined by the Directors, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.

35.13 Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part:

35.13.1 by the distribution of specific assets; or

35.13.2 by the issue of Shares, debentures or securities of the Company or of any other Company; or

35.13.3 in cash; or

35.13.4 in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.

35.14 Where any difficulty arises in regard to such distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.

35.15 The Directors may:

35.15.1 determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of distribution; and

35.15.2 vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Directors deem expedient.

35.16 Any distribution must be made payable to Shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date."

"ADDITIONAL CLASSES OF SHARES

In addition to the Shares contemplated in clause 6.2.1 of the Memorandum of Incorporation to which this schedule is Schedule 1, the Company is authorised to issue no more than the following further Shares:

(1) one preference share of no par value with the rights, preferences and limitations to be determined by the Board upon issue thereof."

CORPORATE GOVERNANCE STATEMENT

Ascendis is fully committed to the principles of the Code of Corporate Practices and Conduct set out in King III.

In so doing, the Directors recognise the need to conduct the enterprise with integrity and in accordance with generally acceptable corporate practices. This includes timely, relevant and meaningful reporting to Shareholders and other stakeholders providing a proper and objective perspective of the Company and its activities.

The Directors have, accordingly, established mechanisms and policies appropriate to the Company's business in keeping with its commitment to best practices in corporate governance in order to ensure compliance with King III. The Board will review these from time to time.

The formal steps taken by the Directors are summarised below.

BOARD OF DIRECTORS

The Board is ultimately responsible for the day-to-day management of the Company's business, the Company's strategy and key policies. The Board is also responsible for approving Ascendis' financial objectives and targets.

The Board consists of two executive Directors and five non-executive Directors, three of whom are considered independent. The Board will ensure that there is an appropriate balance of power and authority on the Board, such that no one individual or block of individuals can dominate the Board's decision-taking. The non-executive Directors are individuals of calibre and credibility and have the necessary skills and experience to bring judgment to bear independent of management, on issues of strategy, performance, resources, transformation, diversity and employment equity, standards of conduct and evaluation of performance.

The information needs of the Board will be reviewed annually and Directors will have unrestricted access to all Company information, records, documents and property to enable them to discharge their responsibilities sufficiently. Efficient and timely methods of informing and briefing Board members prior to Board meetings will be developed and in this regard steps have been taken to identify and monitor key risk areas, key performance areas and non-financial aspects relevant to the Company. In this context, the Directors will be afforded information in respect of key performance indicators, variance reports and industry trends.

The Board will establish a formal orientation programme to familiarise incoming Directors with the Company's operations, senior management and its business environment, and to induct them in their fiduciary duties and responsibilities. New Directors with no or limited board experience will receive development and education to inform them of their duties, responsibilities, powers and potential liabilities.

The Chairperson, John Bester, is a non-executive Director whose role is separate from that of the Chief Executive Officer, Dr Karsten Wellner. The Chairperson is considered to be independent in terms of King III given that he has no shareholding in Ascendis.

The Board will appraise the Chairperson's performance on an annual or such other basis as the Board may determine. The Chairperson, or a sub-committee appointed by the Board, will appraise the performance of the CEO at least annually.

No executive Directors hold service agreements. All Directors will be subject to retirement by rotation and re-election by Shareholders at least once every three years in accordance with the Memorandum of Incorporation.

The Board will develop a charter setting out its responsibilities for the adoption of strategic plans, monitoring of operational performance and management, determination of policy and processes to ensure the integrity of the Company's risk management and internal controls, communication policy and Director selection, orientation and evaluation.

Board meetings will be held at least quarterly, with additional meetings convened when circumstances necessitate. The Board will set the strategic objectives of the Company and determine investment and performance criteria as well as being responsible for the proper management, control, compliance and ethical behaviour of the businesses under its direction. The Board will establish a number of committees to give detailed attention to certain of its responsibilities and which will operate within defined, written terms of reference.

Board appointments shall be conducted in a formal and transparent manner by the Board as a whole, free from any dominance of any one particular Shareholder. The meetings at which appointment of Directors is discussed and/or confirmed will be properly minuted.

The Board is composed of, and will continue to be composed of, independently minded individuals who will assess each transaction on its merits. The Board will determine a policy for detailing the manner in which a Director's interest in transactions is to be determined and the interested Director's involvement in the decision-making process.

The Board will periodically review its overall performance to identify areas for improvement in the discharge of its functions.

The Board has delegated certain functions to the Risk Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee. The Board is conscious of the fact that such delegation of duties is not an abdication of the Board members' responsibilities. The various committees' terms of reference shall be reviewed annually and such terms of reference will be disclosed in the Group's Integrated Annual Report.

External advisors and executive Directors who are not members of specific committees shall attend committee meetings by invitation, if deemed appropriate by the relevant committees.

AUDIT COMMITTEE

The Board has established an Audit Committee comprising Bharti Harie, who will act as Chairperson of the committee, Osment Philip Cunningham and John Bester. All members of the committee are financially literate. The committee's primary objective will be to provide the Board with additional assurance regarding the efficacy and reliability of the financial information used by the Directors, to assist them in the discharge of their duties. The committee will be required to provide satisfaction to the Board that adequate and appropriate financial and operating controls are in place, that significant business, financial and other risks have been identified and are being suitably managed, and that satisfactory standards of governance, reporting and compliance are in operation.

Within this context, the Board is responsible for the Group's systems of internal, financial and operational control. The executive Directors will be charged with the responsibility of determining the adequacy, extent and operation of these systems. Comprehensive reviews and testing of the effectiveness of the internal control systems in operation will be performed by external practitioners, who report to the Audit Committee.

The Audit Committee must consider and satisfy itself of the appropriateness of the expertise and experience of the CFO and the Company must confirm this by reporting to shareholders in its integrated annual report that the Audit Committee has executed this responsibility. The Audit Committee has satisfied itself of the appropriateness of the expertise and experience of the CFO, Robert Taylor.

The Audit Committee must, when recommending an auditor for appointment at the annual general meeting, consider that the Group may only appoint as its auditor and reporting accountant an audit firm, individual auditor and reporting accountant who is accredited as such on the JSE list of auditors and their advisors.

The Audit Committee will meet at least four times a year. Executive management responsible for finance and the external auditors will be invited to attend these meetings.

The audit committee may authorise engagement of non-audit services with the appointed external auditors or any other practising firm of auditors, after consideration of the following:

- the essence of the work to be performed may not be of a nature that any reasonable and informed observer would construe as being detrimental to good corporate governance or in conflict with that normally undertaken by the accountancy profession;
- the nature of the work being performed will not affect the independence of the appointed external auditors in undertaking their normal audit assignments;
- the work being done may not conflict with any requirement of generally accepted accounting practice or principles of good corporate governance;
- consideration of the operational structure, internal standards and processes that were adopted by the audit firm in order to ensure that audit independence is maintained in the event that such audit firm is engaged to perform accounting or other non-audit services to its client base. Specifically:
  - the Company may not appoint a firm of auditors to improve systems or processes where such firm of auditors will later be required to express a view as to the functionality or effectiveness of such systems or processes; and
  - the Company may not appoint a firm of auditors to provide services where such firm of auditors will later be required to express a view on the fair representation of information the result of these services to the Company;
- the total fee earned by an audit firm for non-audit services in any financial year of the Company, expressed as a percentage of the total fee for audit services, may not exceed 35% without the approval of the Board;

- a firm of auditors will not be engaged to perform any management functions (e.g. acting as curator) without the express prior approval of the Board. A firm of auditors may be engaged to perform operational functions, including that of bookkeeping, when such firm of auditors are not the appointed external auditors of the Company and work is being performed under management supervision.

The Audit Committee may delegate the approval of the appointment of a firm of auditors for non-audit services to management when the cumulative total budgeted cost for an assignment does not exceed R50,000 from the date of the last reported use of the appointed firm of auditors to the Audit Committee. Management shall report on the use of the appointed firm of auditors at meetings of the Audit Committee.

Information relating to non-audit services provided by the appointed external auditors of the Company shall be disclosed in the notes to the annual financial statements. Separate disclosure of the amounts paid to the appointed external auditors for non-audit services as opposed to audit services, shall be made in the annual financial statements.

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk and internal controls management will be the responsibility of the Risk Committee. The Risk Committee will initially comprise Gary John Shayne, who will chair the committee, Bharti Harie, Robert Taylor and John Bester. The Risk Committee will participate in the management process of formulating and implementing the risk management plan, and will report the plan adopted by management to the Board.

The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed, including, but not limited to, information technology risk. The Risk Committee will be responsible for ensuring the adoption of appropriate risk management policies by management. The Risk Committee will also ensure that there are processes in place between itself and management enabling complete, timely, relevant, accurate and accessible risk disclosure to shareholders.

The most significant risks faced by Ascendis are (from highest to lowest current assessed risks) margin pressure from customers and retailers; exchange rate exposure; customer concentration; product liability (product failure); down-turn in the economy; the extent of or rapidity of growth; fraud; exposure to a highly regulated environment; infrastructure support and Shareholder expectations in the context of rapid or excessive growth; human capital; damage to brand reputation and product concentration.

The level of borrowings and the exposure to interest rate movements will also be carefully monitored and covered, and appropriate interest rate hedging policies will be monitored and approved.

With assistance from management, or if considered appropriate, expert risk consultants, risks will be assessed and appropriate insurance cover purchased for all material risks above pre-determined self-insured limits. Levels of cover will be re-assessed annually in light of claims experiences and events affecting the Group, internally and externally.

To enable the Risk Committee to meet its responsibilities, the Risk Committee will set standards and management will implement systems of internal control and an effective risk-based internal audit, comprising policies, procedures, systems and information to assist in:

- safeguarding assets and reducing the risk of loss, error, fraud and other irregularities;
- ensuring the accuracy and completeness of accounting records and reporting;
- the timely preparation of reliable financial statements and information in compliance with relevant legislation and generally accepted accounting policies and practices; and
- increasing the probability of anticipating unpredictable risk.

The Board will provide comment in the integrated report on the effectiveness of the system and process of risk management.

The Board will ensure that management considers and implements the appropriate risk responses and information technology strategy.

NOMINATION AND REMUNERATION COMMITTEES

The Board has established a Remuneration Committee comprising Osment Philip Cunningham (who will act as Chairperson of the committee), John Bester and Crispian Dillon.

The Board has further established a Nomination Committee comprising John Bester (who will act as Chairperson of the committee), Osment Philip Cunningham and Crispian Dillon.

The Remuneration and Nomination Committees are responsible for reviewing the Board composition and structures, including the size and composition of the various Board committees and considering whether there is an appropriate split between executive, non-executive and independent Directors. The Nomination Committee also assists in the identification and nomination of new Directors and is responsible for the appropriate induction and training of Directors and conducting annual performance reviews of the Board and various Board committees. The Remuneration and Nomination Committees are also responsible for ensuring the proper and effective functioning of the Board and shall assist the chairman in this regard.

The Remuneration and Nomination Committees further have the responsibility and authority to consider and make recommendations to the Board on, *inter alia*, remuneration policy of the Company, the payment of performance bonuses, executive remuneration, short-, medium- and long-term incentive schemes and employee retention schemes.

The Remuneration Committee shall use external market surveys and benchmarks to determine executive Directors' remuneration and benefits as well as non-executive Directors' base fees and attendance fees. Ascendis' remuneration philosophy is to structure remuneration packages in such a way that long and short-term incentives are aimed at achieving business objectives and the delivery of shareholder value.

The Nomination and Remuneration Committees will meet at least four times a year.

TRANSFORMATION, SOCIAL AND ETHICS AND SUSTAINABILITY COMMITTEE

This committee is comprised of Bharti Harie who will be the Chairperson of the committee, Osment Philip Cunningham, Dr Karsten Wellner and Crispian Dillon. The Social and Ethics Committee will monitor the Company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best-practice, in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of the Company's activities and of its products or services), consumer relationships and labour and employment issues.

The responsibility of this committee is further to advise the Board on all relevant aspects that may have a significant impact on the long-term sustainability of the Group and which influence the Group's triple bottom line reporting. The committee will also draw to the attention of the Board matters within its mandate and report to the Shareholders at the Company's annual general meeting on such matters.

In order to carry out its functions, the committee will be entitled to request information from any Directors or employees of the Company, attend and be heard at shareholder's meetings, and receive notices in respect of such meetings.

Ascendis is committed to promoting the highest standards of ethical behaviour amongst all persons involved in the Group's operation and has adopted a Code of Ethics for the Company.

The Board will consider the impact of its business on the environment, society and the economy.

DIRECTORS' DEALINGS AND PROFESSIONAL ADVICE

The Company will operate a policy of prohibiting dealings by Directors and certain other managers in periods immediately preceding the announcement of its interim and year end financial results, any period while the Company is trading under cautionary announcement and at any other time deemed necessary by the Board.

The Board will establish a procedure for Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense. All Directors will have access to the advice and services of the Company Secretary.

THE COMPANY SECRETARY

A suitably qualified, competent and experienced Company secretary has been appointed and appropriately empowered to fulfil duties with regards to assistance to the Board. The Company Secretary is not a Director of the Company and has an arms-length relationship with the Board, who can also remove him from office.

The Company Secretary will provide the Board as a whole and Directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company. The Company Secretary will provide a central source of guidance and advice to the Board, and within the Company, on matters of ethics and good corporate governance. The Company Secretary will be subjected to an annual evaluation by the Board.

COMMUNICATION

It will be the policy of Ascendis to meet regularly with institutional Shareholders and investment analysts, as well as to provide presentations on the Company and its performance.

Ascendis accepts the obligation to apply the practices prescribed by King III and has resolved as a business philosophy to adopt and pursue the same. It therefore strives to meet those objectives in accordance with the content of the table below.

The JSE expects issuers, in accordance with the King Code, to:

- address all the principles as set out in the King Code, which currently covers 75 principles;
- disclose how each and every principle has been applied or explain why or to what extent they were not applied;
- document the assessment of the 75 principles in the form of a register which must made available on the website of Ascendis ('the Register'). The Register will be available on the Company's website; and
- review the Register on a regular basis to ensure that the disclosures are current and remain relevant.

In reading the table below, the numbers 1 to 3 have the following meaning ascribed to them:

1 – Not applied/will not be applied.

2 – In process/partially applied.

3 – Full application.

Principle per King III	Level of compliance	Comments
1. Ethical leadership and corporate citizenship		
1.1 The Board should provide effective leadership based on an ethical foundation	3	During the 2012/2013 financial year, the Board reviewed its charter as well as the Group's Code of Ethics which sets the basis for the Group's ethics framework.
1.2 The Board should ensure that the Company is, and is seen to be, a responsible corporate citizen	3	Non-financial performance, risks and the impact of operations are considered by the Board at its meetings. The Transformation, Social and Ethics and Sustainability Committee is furthermore mandated to consider sustainability matters at its meetings.
1.3 The Board should ensure that the Company's ethics are managed effectively	3	The ethical standards that guide the Group's relationships with stakeholders are governed by the Code of Ethics. A Code of Ethics has been adopted by the Group and compliance therewith forms part of the risk management assessment. To ensure that the Board has full oversight of ethics related matters, regular reports on the Group's ethical performance are furnished to the Audit, Risk as well as Transformation, Social and Ethics and Sustainability Committees.
2. Board and Directors		
2.1 The Board should act as the focal point for and custodian of corporate governance	3	The Board charter specifically emphasises this responsibility. Through its meetings and interaction with management the Board ensures that applicable principles are implemented and a high level of compliance maintained.
2.2 The Board should appreciate that strategy, risk, performance and sustainability are inseparable	3	In assessing performance and strategy, the Board takes cognisance of sustainable development and risk management. This performance is assessed by the Board committees and reported on at Board meetings.

Principle per King III	Level of compliance	Comments
2.3 The Board should provide effective leadership based on an ethical foundation	3	The Board is responsible to determine the Group's strategic direction and to provide oversight of corporate governance. In this regard it ensures that the Group's portfolio is managed in a responsible fashion.
2.4 The Board should ensure that the Company is and is seen to be a responsible corporate citizen	3	The Board is responsible for ensuring that the Group protects, enhances and invests in the well-being of the economy, society and natural environment.
2.5 The Board should ensure that the Company's ethics are managed effectively	3	The management of ethics forms an important aspect of the Board's responsibility and focus. Regular reports on ethical matters are received from the Transformation, Social and Ethics and Sustainability Committee.
2.6 The Board should ensure that the Company has an effective and independent Audit Committee	3	The Group's Audit Committee consists entirely of independent non-executive Directors, each with significant, relevant experience. The performance of the Audit Committee is monitored by the Board on an ongoing basis to ensure that it is effective and independent. Its effectiveness is assessed on an annual basis. The Audit Committee is appointed by the Board on an annual basis and approved by Shareholders at the annual general meeting.
2.7 The Board should be responsible for the governance of risk	3	The Risk Committee assists the Board to execute its responsibility in this regard and oversees and monitors risks within the Group.
2.8 The Board should be responsible for information technology (IT) governance	2	An IT Steering Committee which includes the CFO and head of IT is in the process of being implemented. This committee will report to the Risk Committee in this regard. An IT governance charter which defines the structures, processes and responsibilities for IT governance is being developed and the expected date of completion will be December 2013.
2.9 The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	3	The Board is responsible for ensuring that the Group complies with applicable laws, considers adhering to non-bindings rules, codes and standards and recognises the fact that the Group's operations are located in various jurisdictions which are at different levels of maturity and in which the rule of law exists in varying degrees. The Risk and the Transformation, Social and Ethics and Sustainability Committees assist the Board to monitor such compliance. The Company Secretary monitors compliance with applicable laws and also considers non-binding codes, rules and standards, assesses the impact and recommends a suitable course of action to the Board. The Board takes responsibility for deciding whether to follow the recommendations of the Company Secretary.
2.10 The Board should ensure that there is an effective risk-based internal audit	3	The Board through the Audit and Risk Committees has established a Group-wide risk-based internal audit function whose purpose, authority and responsibilities are defined in a Board-approved charter that is consistent with the principles of King III.

Principle per King III	Level of compliance	Comments
2.11 The Board should appreciate that stakeholders' perceptions affect the Company's reputation	3	The Board in its reviews and deliberations considers all significant stakeholder matters and perceptions and guides management in dealing with these in order to manage such perceptions and reputational risk. In this regard, the Board ensures that the Group operates on the basis of transparency and that consistent and timeous information communication is disseminated to all stakeholders.
2.12 The Board should ensure the integrity of the Company's integrated report	3	On the recommendation of the Audit Committee, the Board approves the Group's Integrated Annual Report.
2.13 The Board should report on the effectiveness of the Company's system of internal controls	3	The Board has implemented policies/procedures to ensure that Directors act within the best interests of the Group at all times. This includes: The declaration of all relevant interests at Board meetings; Disclosure of any potential or perceived conflict of interest by individuals; A policy that deals with the dealing in the Group's securities; The taking of legal advice by the Board when deemed necessary to ensure compliance with relevant legislation and the Listings Requirements.
2.14 The Board and its Directors should act in the best interests of the Company	3	The Board has implemented policies/procedures to ensure that Directors act within the best interests of the Group at all times. This includes: The declaration of all relevant interests at Board meetings; Disclosure of any potential or perceived conflict of interest by individuals; A policy that deals with the dealing in the Group's securities; The taking of legal advice by the Board when deemed necessary to ensure compliance with relevant legislation and the Listings Requirements.
2.15 The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Companies Act	3	The Audit Committee reviews financial information in detail and recommends any special action to the Board if required. In this regard the Group's cash position and going concern status are reviewed on a regular basis. Appropriate measures will be taken if the Group suffers financial distress at any stage.
2.16 The Board should elect a Chairman of the Board who is an independent non-executive Director. The CEO of the Company should not also fulfil the role of Chairman of the Board	3	John Bester is the Chairman of the Board and Dr Karsten Wellner the CEO. The roles of the Chairman and CEO are thus separate and clearly defined. John Bester is an independent non-executive Director as defined by King III.
2.17 The Board should appoint the CEO and establish a framework for the delegation of authority	3	Dr K Wellner has been appointed as CEO. The Board has delegated to the CEO and other executive Directors the authority to run the day-to-day business of the Group subject to an approval framework established by the Board.

Principle per King III	Level of compliance	Comments
2.18 The Board should comprise a balance of power, with a majority of non-executive Directors. The majority of non-executive Directors should be independent	3	The Board consists predominantly of non-executive Directors. In assessing the status of Directors, the principles of King III and the Listings Requirements are used.
2.19 Directors should be appointed through a formal process	3	New appointments to the Board are considered collectively as and when the need arises on the recommendation of the Group's Nomination Committee. The selection process considers the existing balance of skills and experience required as well as a continual process of assessing the needs of the Group.
2.20 The induction of and ongoing training and development of Directors should be conducted through formal processes	3	Both formal and informal induction are conducted in accordance with an established programme and based on the needs of each new Director. Regular updates are provided on governance and regulations by the Company Secretary and external advisors. All Directors have access to key management members for information on the Group's operations.
2.21 The Board should be assisted by a competent, suitably qualified and experienced Company secretary	3	The Board selects and appoints the Company Secretary and recognises the important role to be played by this person in entrenching good corporate governance. Pieter van Niekerk is the Group Company Secretary. In compliance with the Listings Requirements, a detailed assessment was conducted by the Board to satisfy itself of the competence, qualifications and experience of the Company Secretary. This was performed through: A review of qualifications and experience: Pieter van Niekerk CA(SA), BAccounting (*Cum Laude*), BAccounting (Honours) University of the Free State. Completion of an assessment detailing all the legislative and King III requirements by Directors. The questionnaire included questions on his effectiveness as gatekeeper of good corporate governance, the effectiveness of the arm's length relationship (including his advisory role) as well as how he performed his role and duties as Company Secretary. The outcome of the assessment confirmed that all requirements were met, including competence, qualifications and experience.
2.22 The evaluation of the Board, its committees and the individual Directors should be performed every year	3	A self-evaluation of the performance of the Board and its committees as a whole is performed annually. The results of such evaluations are considered and action plans implemented where required. Evaluations are not necessarily performed solely on an annual basis. The Chairman is responsible to assess each Director and committee on an ongoing basis.

Principle per King III	Level of compliance	Comments
2.23 The Board should delegate certain functions to well-structured committees without abdicating its own responsibilities	3	The Board Committees assist the Board in executing its duties, powers and authorities. The required authority is delegated by the Board to each committee to enable it to fulfill its respective functions through formally approved terms of reference. Delegating authority to Board Committees or management, other than the specific matters for which the Audit Committee carries ultimate accountability in terms of the Companies Act, does not mitigate or discharge the Board and its Directors of their duties and responsibilities and the Board fully acknowledges this fact. Formal terms of reference have been adopted by each committee and are reviewed on an annual basis. Committee Chairpersons report back to the Board at each Board meeting and the minutes of all committee meetings are included in Board meeting documentation.
2.24 A governance framework should be agreed between the Group and its subsidiaries' boards	3	Each subsidiary operates with a separate board of directors but the main Board and its Committees oversee all significant aspects and transactions of subsidiaries which are also governed in terms of limits of authority.
2.25 Companies should remunerate Directors and executives fairly and responsibly	2	The Remuneration Committee considers the remuneration of executive and non-executive Directors on an annual basis which is benchmarked against peer Groups to ensure fair remuneration. Non-executive Directors' fees are approved by shareholders with executive Directors' remuneration being reported to Shareholders annually in the Integrated Annual Report. The Remuneration Committee currently consists of a majority of executive Directors. Ascendis feels the composition of this sub-committee is appropriate due to the fact that this committee reports directly to a fully King III compliant Board.
2.26 Companies should disclose the remuneration of each individual Director and certain senior executives	2	The remuneration of each individual Director is disclosed for competitive purposes, remuneration for senior executives is not currently disclosed.
2.27 Shareholders should approve the Company's remuneration policy	2	The Company intends to put a remuneration policy in place at its next annual general meeting in 2014.
3. Audit Committee		
3.1 The Board should ensure that the Company has an effective and independent Audit Committee	3	The majority of members of the Audit Committee are independent Directors and are appointed by the Shareholders at the annual general meeting of Shareholders.
3.2 Audit Committee members should be suitably skilled and experienced independent, non-executive Directors (subsidiary exemption)	3	The Audit Committee is represented by independent Directors with the necessary skills and expertise. The Chairman is a lawyer.
3.3 The Audit Committee should be chaired by an independent non-executive Director	3	The Chairperson's independence is evaluated annually as part of the evaluation process.

Principle per King III	Level of compliance	Comments
3.4 The Audit Committee should oversee the integrated reporting (integrated reporting, financial, sustainability and summarised information)	3	The Board has specifically assigned this responsibility to the Audit Committee which considers the disclosures in the Integrated Annual Report, including sustainability information, the annual financial statements and recommends the approval thereof to the Board.
The committee reviews the Integrated Annual Report prepared by management. The Audit Committee should be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report	3	
All significant judgements and reporting decision are reported to the committee. The Audit Committee's review of the financial reports should encompass the annual financial statements, interim reports, preliminary or provisional results announcements, summarised integrated information, any other intended release of price-sensitive financial information, trading statements, circulars and similar documents	3	
3.5 The Audit Committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities	3	An assurance framework has been adopted as part of the enterprise risk management framework, which incorporates a combined assurance model.
3.6 The Audit Committee should satisfy itself of the expertise, resources and experience of the Company's finance function	3	The expertise and experience of the Financial Director, Robert Taylor, as well as the level of financial experience and qualifications of the Group financial department is evaluated on an annual basis by the Audit Committee.
3.7 The Audit Committee should be responsible for overseeing of internal audit	3	The expertise, resources and experience of the Group's internal audit function and the internal audit plan are assessed on a regular basis. The Audit Committee approves the annual internal audit plan and monitors performance against the plan. Reports are submitted by the internal audit manager at every committee meeting.
3.8 The Audit Committee should be an integral component of the risk management process	3	The Audit Committee oversees the enterprise risk management process and is therefore an integral part of the strategy and framework developments in relation to risk management.
3.9 The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	3	Annually, the Audit Committee reviews the independence of the external auditors, including the professional suitability of the lead auditor, and recommends the appointment to the Board and Shareholders for the forthcoming financial year.
3.10 The Audit Committee should report to the Board and Shareholders on how it has discharged its duties	3	The Chairman of the Audit Committee reports to the Board in writing subsequent to each meeting. A report to Shareholders is prepared by the Chairman and tabled at the annual general meeting. The committee Chairman is present at the annual general meeting to respond to questions.

Principle per King III	Level of compliance	Comments
4. The governance of risk		
4.1 The Board should be responsible for the governance of risk	3	The governance of risk within the Group is the Board's responsibility. The Risk Committee reviews the Group's risk assessment and satisfies itself of the adequacy of responses and mitigations.
4.2 The Board should determine the levels of risk tolerance	3	The risk tolerance of the Group is reviewed annually by management and approved by the Board. Significant risks are identified and mitigation steps taken.
4.3 The Risk Committee or Audit Committee should assist the Board in carrying out its risk responsibilities	3	The Risk Committee reviews all aspects of the risk function for which the Board is responsible. A risk forum consisting of key management was established to assist in this regard. The forum meets regularly as prescribed by King III, and the Chairperson of the forum reports to the Risk Committee subsequent to each meeting.
4.4 The Board should delegate to management the responsibility to design, implement and monitor the risk management plan	3	Management is accountable to the Board through the Risk Committee for embedding the risk management process in the Group. The Group's risks are reviewed and assessed annually by management. Risks are updated and progress on mitigation plans are reported to the Risk Committee.
4.5 The Board should ensure that risk assessments are performed on a continual basis	3	The risk assessment process identifies risks and the process is formalised and regular.
4.6 The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	2	An enterprise risk management framework which establishes formal governance, procedures and processes for all risks is being developed and expected to be completed by 30 June 2014. Workshop methodology has also been used as a basis upon which risk assessments are conducted and ensures that unpredictable risks are identified.
4.7 The Board should ensure that management considers and implements appropriate risk responses	3	Risks are monitored by management and the Group risk forum on a continuous basis. Progress of the Group in managing its risks is reported to the Risk Committee.
4.8 The Board should ensure continual risk monitoring by management	3	Risks are monitored by management and the Group risk forum on a continuous basis. Progress of the Group in managing its risks is reported to the Risk Committee.
4.9 The Board should receive assurance regarding the effectiveness of the risk management process	3	The Risk Committee is provided with the assurance of the effectiveness of the Group's risk management process through the Group risk forum, both internal and external auditors as well as the Group's in-house compliance function which resides under the Company Secretary.
4.10 The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	2	The Group's Integrated Annual Report will provide a comprehensive outline to stakeholders of the risk management process. This will be incorporated into the June 2014 Integrated Annual Report.
5. The governance of information technology		

Principle per King III	Level of compliance	Comments
5.1 The Board should be responsible for information technology (IT) governance	3	The Board has assumed the responsibility for IT governance but has delegated the establishment of an appropriate IT policy, framework and strategy to management.
5.2 IT should be aligned with the performance and sustainability objectives of the Company	2	The IT infrastructure and governance are currently being assessed and evaluated. It is planned to be fully functional by June 2014.
5.3 The Board should delegate to management the responsibility for the implementation of an IT governance framework	2	The IT infrastructure and governance are currently being assessed and evaluated. It is planned to be fully functional by June 2014
5.4 The Board should monitor and evaluate significant IT investments and expenditure	2	The IT infrastructure and governance are currently being assessed and evaluated. It is planned to be fully functional by June 2014.
5.5 IT should form an integral part of the Company's risk management	2	The IT infrastructure and governance are currently being assessed and evaluated. It is planned to be fully functional by June 2014.
5.6 The Board should ensure that information assets are managed effectively	2	The IT infrastructure and governance are currently being assessed and evaluate. It is planned to be fully functional by June 2014.
5.7 A Risk Committee and Audit Committee should assist the Board in carrying out its IT responsibilities	2	The IT infrastructure and governance are currently being assessed and evaluate. It is planned to be fully functional by June 2014.
6. Compliance with laws, codes, rules and standards		
6.1 The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	3	Legislative and regulatory compliance is monitored by the Company Secretary. The Group regulatory universe was updated in 2013 and presented to the Audit, Risk and Transformation, Social and Ethics and Sustainability Committees as well as the Board. The potential effect of pending legislation on the Group's business activities are also assessed prior to promulgation.
6.2 The Board and each individual Director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business	3	The Board is continually informed of material legislation, rules, codes, standards and changes thereto. Information on laws, rules and codes are shared with Directors regularly through documentation and briefing sessions.
6.3 Compliance risk should form an integral part of the Company's risk management process	3	Group head legal counsel continually evaluates the Group's legal exposure and gives feedback to the Company Secretary and the Board.
6.4 The Board should delegate to management the implementation of an effective compliance framework and processes	3	The Group's compliance function resorts under the Company Secretary and the Group's head legal counsel.
7. Internal audit		

Principle per King III	Level of compliance	Comments
7.1 The Board should ensure that there is an effective risk-based internal audit	3	An effective risk-based internal audit function exists, this has been outsourced to KPMG Inc. The purpose, authority and responsibilities of the internal audit function are defined in the Board-approved internal audit charter.
7.2 Internal audit should follow a risk-based approach to its plan	3	A risk-based approach to internal audit planning is adopted in assessing the Group's control environment and is aligned to the risk assessment process.
7.3 Internal audit should provide a written assessment of the effectiveness of the Company's system of internal control and risk management	3	A written assessment regarding the effectiveness of the Group's internal controls and risk management is tabled at each meeting of the Audit and Risk Committees.
7.4 The Audit Committee should be responsible for overseeing internal audit	3	Internal audit reports functionally to the Audit Committee, administratively to the General Manager Group finance and is present at all meetings of the committee. The Audit Committee approves the annual internal audit work plan and monitors the performance of internal audit.
7.5 Internal audit should be strategically positioned to achieve its objectives	3	Internal audit has unrestricted access to members of the Audit Committee and executives of the Group. This function is adequately skilled and resourced to discharge its responsibilities.
8. Governing stakeholder relationships		
8.1 The Board should appreciate that stakeholders' perceptions affect a Company's reputation	3	Engagement with stakeholders is aimed at the establishment of open, interactive relationships.
8.2 The Board should delegate to management to proactively deal with stakeholder relationships	3	The Board has delegated the management of the Group's various stakeholders to management. Stakeholder engagement is managed at various levels within the Group by utilising different platforms.
8.3 The Board should strive to achieve the appropriate balance between its various stakeholder Groupings, in the best interests of the Company	3	The Group has identified its stakeholder groups and management from various functions are assigned to manage relationships with stakeholders. The Board realises that there is a broad range of stakeholders who have a genuine stake in or are affected by the Group and its various activities.
8.4 Companies should ensure the equitable treatment of shareholders	3	Consistent and timeous information is disseminated to all shareholders. The legitimate interests of minority shareholders are protected by the Companies Act and the Listings Requirements.
8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	3	The Group maintains a dialogue with all stakeholders. Regular market notifications of key financial information and material changes in the Group's operations are published.
8.6 The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	3	Alternative dispute resolution provisions are incorporated in most of the Group's commercial agreements. Each dispute is handled in accordance with the provisions of the governing agreement, the primary objective being to ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.
9. Integrated reporting and disclosure		

Principle per King III	Level of compliance	Comments
9.1 The Board should ensure the integrity of the Company's Integrated Annual Report	2	Ascendis will issue its first fully Integrated Annual Report for the year ending June 2014.
9.2 Sustainability reporting and disclosure should be integrated with the Company's financial reporting	2	Ascendis will issue its first fully Integrated Annual Report for the year ending June 2014.
9.3 Sustainability reporting and disclosure should be independently assured	2	Ascendis will issue its first fully Integrated Annual Report for the year ending June 2014.

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