aspen

HOLDINGS

Aspen Pharmacare Holdings Limited (“Aspen”)
(Registration number 1985/002935/06)
Share code: APN   ISIN: ZAE000066692

Interim financial results

for the six months ended 31 December 2008

internationalisation of the group

Revenue	Headline earnings per share	Operating profit
+91%	**+77%**	**+84%**
2008: R4 264 million	**2008: 193,8 cents**	**2008: R1 163 million**
2007: R2 230 million	2007: 109,6 cents	2007: R634 million

Commentary

GROUP

Aspen increased headline earnings per share for the six months ended 31 December 2008 by 77% to 193,8 cents. The growth in earnings per share was lower at 54%, due to the inclusion of non-recurring capital profits in the determination of earnings per share in the prior year. Revenue increased by 91% to R4 264 million whilst operating profit was up 84% at R1 163 million.

As expected, the leading growth driver was the strong contribution from Aspen’s recently expanded international operations. For the first time, operating profits generated by the Group’s international businesses exceeded those from the South African business.

SOUTH AFRICAN OPERATIONS

Revenue from Aspen’s South African operations increased by R560 million to R2 331 million, a rise of 32%, thanks primarily to a strong showing from pharmaceuticals. Margin pressures in pharmaceuticals limited growth in earnings before interest, tax and amortisation (“EBITA”) to 10% at R586 million. Significantly higher off-take from the public sector shifted product mix to lower margin products. Furthermore, raw material prices and production inflation rose sharply whilst prices remained fixed under the Single Exit Price (“SEP”) regulations and the public health tender awards. The 13,2% increase in SEP approved by the Department of Health (“DoH”) with effect from February 2009 and the price adjustment mechanism applicable to state tenders should assist pharmaceutical operating profit margins in the second half of the year.

Aspen has maintained its position as the leading supplier of medicines in both the private market and the public health sector. Aspen increased its share of the total private pharmaceutical market to 13% and also gained market share in generics to reach 36%. The Group is the country’s leading provider of anti-retrovirals for the treatment of HIV/Aids.

Revenue from pharmaceuticals grew 35% to R1 789 million, driven by a substantial increase in volumes and complemented by positive performances from recently launched products such as Truvada™, Viread™, Vectoryl™ and Aspen Effavirenz. Aspen’s leading over-the-counter (“OTC”) brands, including Flusin™, Lenadol® and Sinuclear®, delivered good results. Following the banning by the South African Medicines Control Council (“MCC”) of d-norpseudoephedrine, the active pharmaceutical ingredient in the market’s biggest selling weight-loss preparations, Aspen has successfully launched replacement products under its major slimming brands, Thinz®, Leanor™ and Slenz®.

Despite the downturn in the retail sector, the consumer division grew revenue by 22%. Household products such as Lennon Dutch Medicines®, Woodwards™ Gripewater and Guronsan® C performed well in a division which is still rebuilding its laxative portfolio after the MCC ordered the withdrawal of phenolphthalein-containing products. Aspen Nutritionals, the infant nutritional business, continued to show excellent returns from its range including Infacare®, S26® and SMA®. A new infant milk label, Melegi™, has been launched as an export product in selected African countries.

Aspen’s manufacturing facilities have been operating at high levels of productivity. Unscheduled increases in demand from the public health sector has caused significant pressure on production capacity in certain areas which at times has compromised service levels. The building of additional packing capacity in the Oral Solid Dosage Facility will unlock increased levels of output. Further solid dosage manufacturing capacity is scheduled to become available towards the end of 2009 with the completion of the new tabletting production plant which is the first phase of the heritage facility upgrade in Port Elizabeth.

The Sterile Facility is undergoing validation at present and the first supply of eye-drops to the USA market, under the contract with Prestige Inc., is expected to take place before the financial year-end.

INTERNATIONAL OPERATIONS

The international operations of the Group have been expanded substantially over the past 12 months with acquisition of businesses in Latin America and East Africa. In addition, with effect from 30 June 2008, the Group’s intellectual property portfolio in international markets has been significantly enhanced by the acquisition of four globally branded products, Eltroxin™, Lanoxin™, Imuran™ and Zyloric™ from GlaxoSmithKline (“GSK”). Two licensing deals for emerging market territories, concluded with US-based Iroko Pharmaceuticals (“Iroko”), have also added to the global product range. The Group now supplies product to more than 100 countries across the world.

The international operations recorded revenue of R1 934 million (prior year R460 million) and EBITA of R630 million (prior year R101 million). Revenue from the global brands amounted to R696 million. Distribution arrangements are presently in place with GSK and with Iroko. Transition to Aspen’s international distribution network is progressing well.

Aspen Australia continued its record of sustained growth. The Australian product offering was expanded during the period. This combined with a focused approach to promotion of the range, has resulted in an increase in revenue of 55% to R484 million. This was achieved despite a challenging legislative environment.

The Latin American operations contributed 10% to Group revenue with sales of R408 million. Cellofarm, the Brazilian business, accounted for R330 million of this with the balance shared between the Mexican and Venezuelan companies. The market focus of Cellofarm is in the process of being redirected. The recent recruitment of 150 experienced sales representatives will provide the capacity to promote and support the brand development strategy which has been initiated. The construction of the manufacturing facilities at Campos has been completed. The penem plant has been accredited by the Brazilian authorities and commercial production has commenced. The penicillin plant is awaiting final approval following inspection by the regulator.

Shelys, the Group’s business in East Africa, recorded revenue of R200 million in Tanzania, Kenya and Uganda. The OTC manufacturing facility, under construction in Nairobi, is due for completion before the end of 2009.

FUNDING

The recent expansion of the Group’s activities has raised the level of borrowings, net of cash, to R4 937 million which represents gearing of 56%. A five-year loan facility of USD385 million, from a consortium of banks was entered into in October 2008. The facility comprises a five-year amortising loan of USD255 million and a five-year non-amortising loan of USD130 million. Under an interest rate swap, the cost of this funding has been fixed at 6,11% per annum over 90% of its term.

Interest paid, net of interest received, amounted to R198 million and was covered 6 times by earnings before interest, tax, depreciation and amortisation. Foreign exchange losses of R34 million were recorded (prior year R4 million) primarily arising from exposure of the Group’s functional currencies to the strengthening US Dollar.

PROSPECTS

Aspen has reinforced its leading market position in the South African pharmaceutical sector over the past six months with strong revenue growth and market share gains in all categories. The positive momentum in sales is expected to continue in the second half of the year. The increase in SEP of 13,2% granted by the DoH, with effect from February 2009 will provide relief from sharply higher supply costs and should allow for a return to more reasonable profit margins in the second half of the year. The retail sector is likely to remain a difficult trading environment, but it is hoped that, the continued pursuit of the successful strategies implemented by the consumer division in the first half, will continue to yield favourable results. With the Group’s expansion, steps have been taken to strengthen South African management structures. Noel Guliwe, formerly South African country President of Novartis, has been recruited to head Aspen’s commercial business in South Africa.

Over the course of the next calendar year, three major capital projects at the Port Elizabeth site are due for completion. Consequently, investments in capex and technology, approaching R1 billion, will be brought into commercial production. The additional solid dose manufacturing and packing capabilities will cater for the expected growth in demand from the Group’s domestic and international businesses. The Sterile Facility will provide Aspen with production capabilities in injectables, hormonal injectables and eye-drops for all major international markets.

It is expected that the international businesses will provide significant impetus to the growth of the Group in forthcoming years. The international distribution capability, which is presently being established, will create a network capable of being leveraged by the addition of further global brands. The launch of existing global brands into new markets is also under investigation. The business model for the Latin American business is in the process of being redirected towards active promotion and support of products in the private sector. The development of product pipelines for the international businesses is a major focus area for the Group, the benefits of which are expected to become apparent in two to three years’ time. The oncology facility in Bangalore has received its first international accreditation, with the Australian Therapeutic Goods Association approving the site in October 2008. Commercialisation of the oncology product portfolio is expected to commence in 2010. The licensing deal with GSK, in terms of which, GSK will brand, market and promote products sourced from Aspen in emerging markets, is progressing in accordance with a mutually agreed project plan. The first launch by GSK of products under this arrangement is scheduled for 2010.

The remaining international businesses are all well positioned for the second six months of the financial year, although there are potential headwinds which could impact performance. The global products trade in numerous currencies and are exposed to the volatility currently being experienced in world markets. The transfer from transitional distribution arrangements, which are presently in place, to Aspen’s distribution network is expected to add to costs.

The disposal of Aspen’s 50% shareholding in Astrix remains subject to fulfilment of conditions precedent. It is anticipated that this transaction will complete before the financial year-end. Continuity of supply from Astrix has been secured.

Aspen’s performance in the first half of this financial year has been particularly rewarding given the very challenging global markets. Indications for the second half remain positive with improved growth expected in the South African pharmaceutical business. However, the Group is exposed to global currency fluctuations and changes in the world economic climate.

Aspen has implemented strategies designed to add to the Group’s performance in future years

By order of the board

N J Dlamini
Chairman

S B Saad
Group Chief Executive

M G Attridge
Deputy Group Chief Executive

H A Shapiro
Company Secretary

Woodmead – 5 March 2009

DIRECTORS

N J Dlamini (Chairman)*, A J Aaron*, R Andersen*, M G Attridge, M R Bagus*, J F Buchanan*, C N Mortimer*, D M Nurek*, S B Saad, S Zilwa*.

TRANSFER SECRETARY

Computershare Investor Services (Pty) Ltd
(Registration number 2004/003647/07), 70 Marshall Street, Johannesburg, 2001 (PO Box 1053, Johannesburg, 2000).

REGISTERED OFFICE

Building no 8, Healthcare Park, Woodlands Drive, Woodmead

COMPANY SECRETARY

H A Shapiro

*Non-executive director

Group balance sheet

	Unaudited 31 December 2008 Rm	Unaudited 31 December 2007 Rm	Audited 30 June 2008 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	2 289,7	1 070,5	1 744,6
Goodwill	677,7	536,8	589,9
Investment in associates	23,8	25,1	25,8
Intangible assets	4 635,2	848,0	3 723,1
Preference share investment	—	376,8	—
Non-current financial receivables	45,2	23,8	4,7
Deferred tax assets	1,9	15,7	1,0
Total non-current assets	7 673,5	2 896,7	6 089,1
Current assets			
Inventories	1 495,0	1 073,1	1 447,0
Receivables and prepayments	2 087,2	945,1	1 789,5
Other current receivables	6,3	0,7	0,8
Cash and cash equivalents	1 560,1	1 870,0	1 522,2
Total current assets	5 148,6	3 888,9	4 759,5
Total assets	12 822,1	6 785,6	10 848,6
SHAREHOLDERS' EQUITY			
Share capital and share premium	507,9	490,5	493,8
Treasury shares	(571,6)	(571,6)	(571,6)
Share-based compensation reserve	75,0	60,0	62,5
Non-distributable reserves	319,0	249,0	462,0
Retained income	3 333,2	2 222,2	2 649,0
Ordinary shareholders' equity	3 663,5	2 450,1	3 095,7
Equity component of preference shares	162,0	162,0	162,0
	3 825,5	2 612,1	3 257,7
Minority interest	66,8	5,6	61,1
Total shareholders' equity	3 892,3	2 617,7	3 318,8
LIABILITIES			
Non-current liabilities			
Preference shares – liability component	399,4	402,3	402,1
Borrowings	4 206,0	13,1	75,9
Deferred-payables and other non-current financial liabilities	162,2	5,9	2,5
Deferred tax liabilities	193,6	63,2	155,1
Retirement benefit obligations	10,2	7,2	9,4
Total non-current liabilities	4 971,4	491,7	645,0
Current liabilities			
Trade and other payables	1 351,9	816,4	1 004,8
Financial liability for products acquired	—	—	2 653,0
Borrowings	2 291,4	2 700,6	3 103,5
Deferred-payables and other current financial liabilities	174,8	15,7	12,2
Current tax liabilities	140,3	143,5	111,3
Total current liabilities	3 958,4	3 676,2	6 884,8
Total liabilities	8 929,8	4 167,9	7 529,8
Total equity and liabilities	12 822,1	6 785,6	10 848,6
Number of shares in issue (net of treasury shares) ('000)	359 652	352 035	352 411
Net asset value per share (cents)	1 018,6	696,0	878,5

Group income statement

		% Change	Unaudited Six months ended 31 December 2008 Rm	Unaudited Six months ended 31 December 2007 Rm	Audited Year ended 30 June 2008 Rm
Revenue		91	4 264,4	2 230,4	4 881,3
Cost of sales			(2 320,5)	(1 177,6)	(2 658,6)
Gross profit		85	1 943,9	1 052,8	2 222,7
Other operating income			5,8	62,7	90,3
Selling and distribution expenses			(471,9)	(298,2)	(668,3)
Administrative expenses			(255,6)	(122,6)	(275,9)
Other operating expenses			(59,1)	(60,9)	(136,3)
Operating profit	B*	84	1 163,1	633,8	1 232,5
Investment income	C*		115,4	147,3	263,4
Net financing costs	D*		(363,1)	(181,9)	(287,1)
			915,4	599,2	1 208,8
Share of after-tax (losses)/profits from associates			(1,9)	0,3	(1,1)
Net profit before tax		52	913,5	599,5	1 207,7
Tax			(223,8)	(161,6)	(343,2)
Net profit after tax		58	689,7	437,9	864,5
Attributable to:					
Equity holders of the parent			684,0	439,3	862,9
Minority interest			5,7	(1,4)	1,6
		58	689,7	437,9	864,5
Weighted average number of shares in issue ('000)			355 617	351 397	351 792
Earnings per share – basic (cents)		54	192,3	125,0	245,3
Earnings per share – diluted (cents)		54	186,7	121,5	240,1

*See notes on supplementary information.

Headline earnings

	% Change	Unaudited Six months ended 31 December 2008 Rm	Unaudited Six months ended 31 December 2007 Rm	Audited Year ended 30 June 2008 Rm
Reconciliation of headline earnings				
Net profit attributable to equity holders of the parent		684,0	439,3	862,9
Adjusted for:				
– Impairment of property, plant and equipment (net of tax)		2,4	—	—
– Loss on disposal of property, plant and equipment (net of tax)		0,5	0,1	0,5
– Profit on disposal of intangible assets (net of tax)		—	(37,9)	(37,0)
– Impairment of intangible assets (net of tax)		2,2	0,3	8,2
– Profit on sale of shares (net of tax)		—	(16,6)	(20,9)
Headline earnings	79	689,1	385,2	813,7
Headline earnings per share (cents)	77	193,8	109,6	231,3
Headline earnings per share – diluted (cents)	76	188,1	107,1	227,0

Group cash flow statement

	Unaudited Six months ended 31 December 2008 Rm	Unaudited Six months ended 31 December 2007 Rm	Audited Year ended 30 June 2008 Rm
Cash flows from operating activities			
Cash operating profit	1 327,4	715,7	1 494,0
Changes in working capital	(296,9)	(183,3)	(435,9)
Cash generated from operations	1 030,5	532,4	1 058,1
Net financing costs paid	(416,1)	(195,7)	(347,5)
Investment income received	115,4	147,3	263,4
Tax paid	(184,1)	(136,5)	(321,6)
Net cash from operating activities	545,7	347,5	652,4
Cash flows from investing activities			
Replacement capital expenditure – property, plant and equipment	(41,3)	(43,3)	(79,3)
Expansion capital expenditure – property, plant and equipment	(302,9)	(138,3)	(300,0)
Proceeds on disposal of tangible assets	1,3	1,1	3,2
Replacement capital expenditure – intangible assets	(0,3)	(0,1)	(3,7)
Expansion capital expenditure – intangible assets	(2 987,2)	(25,1)	(162,3)
Proceeds on disposal of intangible assets	1,1	1,4	55,2
Acquisition of businesses	(22,7)	(174,7)	(1 490,5)
Cash and cash equivalents in acquirees	312,1	0,2	133,0
Disposal of 51% of Co-Pharma Ltd, net of cash	—	10,1	10,1
Amounts receivable in respect of Co-Pharma Ltd disposal	—	(30,6)	—
(Increase)/decrease in non-current financial receivables	(37,9)	—	1,2
Redemption of investment in preference shares	—	—	376,8
Payment of outstanding Oncology business purchase consideration	(69,2)	—	—
Net cash used in investing activities	(3 147,0)	(399,3)	(1 456,3)
Cash flows from financing activities			
Proceeds from borrowings	6 523,7	1 956,0	5 004,3
Repayment of borrowings	(3 105,9)	(1 839,3)	(3 506,5)
Repayment of deferred-payables	(4,0)	(55,1)	(64,5)
Proceeds from deferred-payables	—	—	9,5
Net capital distribution paid	—	(245,9)	(246,0)
Proceeds from issue of ordinary shares	13,2	12,0	15,3
Dividend paid	(0,8)	(1,5)	(1,5)
Net cash generated by/(used in) financing activities	3 426,2	(173,8)	1 210,6
Movement in cash and cash equivalents before exchange rate changes	824,9	(225,6)	406,7
Effects of exchange rate changes	(298,5)	(6,4)	40,7
Cash and cash equivalents			
Movement in cash and cash equivalents	526,4	(232,0)	447,4
Cash and cash equivalents at the beginning of the period/year	944,9	497,5	497,5
Cash and cash equivalents at the end of the period/year	1 471,3	265,5	944,9
Reconciliation of cash and cash equivalents			
Cash and cash equivalents per the balance sheet	1 560,1	1 870,0	1 522,2
Less: Bank overdrafts*	(88,8)	(1 604,5)	(577,3)
Cash and cash equivalents per the cash flow statement	1 471,3	265,5	944,9

Bank overdrafts are included within borrowings under the current liabilities on the balance sheet.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash-on-hand, deposits held on call with banks less bank overdrafts which form an integral part of Aspen's cash management.

Supplementary information

	Unaudited Six months ended 31 December 2008 Rm	Unaudited Six months ended 31 December 2007 Rm	Audited Year ended 30 June 2008 Rm
A. Capital expenditure			
Incurred	3 331,7	206,8	545,3
– tangible assets	344,2	181,6	379,3
– intangible assets	2 987,5	25,2	166,0
Contracted			
– tangible assets	90,5	36,9	62,6
– intangible assets	—	9,5	—
Authorised but not contracted for			
– tangible assets	279,5	258,1	457,5
– intangible assets	—	—	0,8
B. Operating profit has been arrived at after charging			
Depreciation of property, plant and equipment	55,0	33,4	74,6
Amortisation of intangible assets	52,7	60,6	127,7
Share-based payment expenses – employees	14,4	23,1	32,9
C. Investment income			
Preference share dividends received	—	16,6	33,3
Interest received	115,4	130,7	230,1
Total investment income	115,4	147,3	263,4
D. Net financing costs			
Interest paid	(313,3)	(158,6)	(322,8)
Net foreign exchange (losses)/gains	(33,9)	(3,5)	60,4
Fair value gains/(losses) on financial instruments	1,5	(1,8)	3,5
Notional interest on financial instruments	3,5	0,4	9,9
Preference share dividends paid	(20,9)	(18,4)	(38,1)
Net financing costs	(363,1)	(181,9)	(287,1)
E. Other commitments			
During the 2003 financial year Aspen entered into a 12-year agreement with GlaxoSmithKline South Africa (Pty) Ltd to distribute and market a range of their products. In terms of this agreement Aspen is committed to pay the following amounts to GlaxoSmithKline South Africa (Pty) Ltd			
– payable within one year	13,9	8,1	15,1
– payable thereafter	40,5	62,6	47,5
	54,4	70,7	62,6
During the 2005 financial year Aspen Australia Pty Ltd entered into a 10-year agreement with Novartis Pharmaceuticals Australia Pty Ltd to distribute and market a range of their products. In terms of this agreement Aspen is committed to spend the following amounts on promotion of the products			
– payable within one year	7,5	8,6	10,5
– payable thereafter	30,6	40,9	46,8
	38,1	49,5	57,3
F. Contingent liabilities			
There are contingent liabilities in respect of:			
Additional payments in respect of the Quit worldwide intellectual property rights	9,3	6,8	7,8
Guarantees covering loan and other obligations to third parties	17,0	6,7	23,2

G. Acquisition of an additional 1% share in PharmaLatina Ltd

With effect from 1 July 2008, Aspen Global acquired an additional 1% of the shares of PharmaLatina Ltd for USD2,8 million. In addition to the control that the 1% additional shares gives Aspen, in terms of the agreement Aspen is also entitled to 100% of the profits and dividends of PharmaLatina Ltd. The terms of the put and call option have also been revised such that Aspen Global has the right to acquire, and Strides has the right to sell to Global, Strides' remaining 49% interest in the Latam operations based on multiples of the earnings before interest, tax, depreciation and amortisation for the year ended 30 June 2009.

Cost of the acquisition

Cash paid for additional 1%	22 512
Estimated amount payable for the remaining 49%	172 480
Deferred receivable converted to consideration	440 098
Fair value of assets acquired	(596 084)
Goodwill	39 006

	Fair value recognised as at 1 July 2008
Property, plant and equipment	310 029
Intangible assets	79 416
Inventories	107 228
Trade and other receivables	111 859
Cash and cash equivalents	312 079
Non-current borrowings	(74 249)
Deferred tax liabilities	(24 570)
Retirement benefit obligations	(1 204)
Trade and other payables	(109 158)
Current borrowings	(113 922)
Current income tax liabilities	(1 424)
Fair value of assets acquired	596 084

The initial accounting for the business combination has been done on a provisional basis and will only be finalised in the year ending 30 June 2009.

Statement of changes in group equity

	Share capital and premium Rm	Treasury shares Rm	Share-based compensation reserve Rm	Non-distributable reserves Rm	Retained income Rm	Equity component of preference shares Rm	Minority interest Rm	Total Rm
Balance as at 1 July 2007	746,3	(598,9)	47,6	267,8	1 757,6	162,0	7,0	2 389,4
Currency translation differences	—	—	—	117,3	—	—	—	117,3
Amounts retained in equity due to hedge accounting of acquisitions	—	—	—	87,6	—	—	—	87,6
Net profit for the year	—	—	—	—	862,9	—	1,6	864,5
Dividend paid	—	—	—	—	(1,5)	—	—	(1,5)
Capital distribution	(273,2)	27,3	—	—		—	—	(245,9)
Acquisition of subsidiary	—	—	—	—	—	—	52,5	52,5
Disposal of 51% of shares in Co-Pharma Ltd	—	—	—	(10,8)	21,7	—	—	10,9
Cash flow hedges realised	—	—	—	0,1	—	—	—	0,1
Share options and appreciation rights awarded	—	—	27,6	—	—	—	—	27,6
Transfer from share-based compensation reserve	—	—	(12,7)	—	12,7	—	—	—
Issue of ordinary share capital	20,7	—	—	—	—	—	—	20,7
Equity portion of tax claims in respect of share schemes	—	—	—	—	(4,4)	—	—	(4,4)
Balance as at 30 June 2008	493,8	(571,6)	62,5	462,0	2 649,0	162,0	61,1	3 318,8
Currency translation differences	—	—	—	8,9	—	—	—	8,9
Net profit for the year	—	—	—	—	684,0	—	5,7	689,7
Dividend paid	—	—	—	—	(0,8)	—	—	(0,8)
Issue of ordinary share capital	14,1	—	—	—	—	—	—	14,1
Share options and appreciation rights awarded	—	—	13,5	—	—	—	—	13,5
Transfer from share-based compensation reserve	—	—	(1,0)	—	1,0	—	—	—
Interest rate swap obligation	—	—	—	(151,9)	—	—	—	(151,9)
Balance as at 31 December 2008	507,9	(571,6)	75,0	319,0	3 333,2	162,0	66,8	3 892,3

Segmental analysis

	Unaudited six months ended 31 December 2008 Rm	Unaudited six months ended 31 December 2008 % of total	Unaudited six months ended 31 December 2007 Rm	Unaudited six months ended 31 December 2007 % of total	% change	Restated audited year ended 30 June 2008 Rm	Restated audited year ended 30 June 2008 % of total
Revenue							
South Africa	2 330,5	55	1 770,9	79	32	3 758,4	77
International	1 933,9	45	459,5	21	321	1 122,9	23
Gross sales	1 990,3		557,9			1 370,0	
Less: Intersegment sales	(56,4)		(98,4)			(247,1)	
	4 264,4	100	2 230,4	100	91	4 881,3	100
Operating profit before amortisation and disposals							
South Africa	585,6	48	534,7	84	10	1 059,0	82
International	630,2	52	101,3	16	522	238,8	18
	1 215,8	100	636,0 *	100	91	1 297,8 **	100

	Unaudited six months ended 31 December 2008 Rm	Unaudited six months ended 31 December 2008 % of total	Unaudited six months ended 31 December 2007 Rm	Unaudited six months ended 31 December 2007 % of total	Restated audited year ended 30 June 2008 Rm	Restated audited year ended 30 June 2008 % of total
Entity wide disclosure						
Geographical analysis of revenue						
South Africa – pharmaceutical	1 789,0	42	1 327,6	60	2 807,6	58
South Africa – consumer	541,5	13	443,3	20	950,9	19
East Africa	200,0	5	—	—	46,7	1
Asia Pacific	483,6	11	311,6	13	709,0	14
Latin America	407,9	10	—	—	82,9	2
Global brands	695,7	16	—	—	—	—
Rest of the world	146,7	3	147,9	7	284,2	6
	4 264,4	100	2 230,4	100	4 881,3	100
Product sales analysis						
Pharmaceutical	3 532,9	83	1 717,8	77	3 785,9	78
Consumer	731,5	17	512,6	23	1 095,4	22
	4 264,4	100	2 230,4	100	4 881,3	100

**Excludes profit on sale of shares of R16,6 million and profit on sale of Formule Naturelle products of R41,8 million.*
***Excludes profit on sale of shares of R21,6 million and profit on sale of Formule Naturelle products of R40,8 million.*

Basis of Accounting

The condensed interim financial results have been prepared in accordance with IFRS, IAS 34 – Interim Financial Reporting, the Listing Requirements of the JSE Ltd and Schedule 4 of the South African Companies Act (Act 61 of 1973, as amended).

The accounting policies used in the preparation of these interim results are consistent with those used in the annual financial statements for the year ended 30 June 2008.

IFRS 8 – Operating Segments has been early adopted with an effective date of 1 July 2008. Management has determined operating segments based on reports reviewed by the Group Chief Executive that are used to make strategic decisions. The Group Chief Executive reviews the business by a geographical segment. There has been no aggregation of operating segments.

During the six months ended 31 December 2008, Aspen conducted an extensive review of the useful lives of intangible assets and accordingly reassessed certain intangible assets to be of an indefinite life.

As a result of tis change in estimate, there was a reduction in the amortisation charge of R7,8 million for the six months ended 31 December 2008. It should be noted that the GSK intangible assets acquired on 30 June 2008 have also been reclassified as being of an indefinite life, this has however no financial effect as no amortisation charge was recorded in the prior financial year.

The interim information has been prepared in accordance with the IFRS and IFRIC interpretations as adopted for use in South Africa at the time of the preparation of the information. As these standards and interpretations are subject to ongoing review, they may be amended between the date of this report and the finalisation of the annual financial statements for the year to June 2009.

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