aspen HOLDINGS

Revenue
▲23% to R15,3 billion

Operating profit
▲25% to R3,9 billion

Normalised diluted headline earnings per share from continuing operations
▲22% to 636,2 cents

Reviewed preliminary Group financial results for the year ended 30 June 2012

Commentary

Group performance

Aspen raised revenue by 23% to R15,3 billion and grew operating profit from continuing operations by 25% to R3,9 billion in the year ended 30 June 2012. Normalised headline earnings from continuing operations, being headline earnings from continuing operations adjusted for restructuring costs, transaction costs and a foreign exchange gain on transaction funding, increased by 22% to R2,9 billion. Normalised diluted headline earnings per share from continuing operations was 22% higher at 636,2 cents.

The Group's positive performance was led by exceptional growth in the Asia Pacific business. The International business and the Sub-Saharan Africa business also achieved strong gains. The South African business had a positive second half, but consistent with previously communicated expectations, showed negative growth for the year as a whole.

South African business

The South African business returned to growth in the second half, as projected. A number of well documented once-off factors unfavourably influenced results, particularly in the first six months of the year. The effect of the difficult first half is evident in full year revenue being 2% lower at R6,2 billion and operating profit before amortisation, adjusted for specific non-trading items ("EBITA"), being down 9% at R1,8 billion.

Revenue in the Pharmaceutical division was up 9% in the second half resulting in the full year revenue coming in flat at R5,2 billion. This creditable result was achieved against a backdrop of a strike, government procurement of anti-retrovirals ("ARVs") from donors in preference to accessing the awarded tender and the two biggest products in the Pharmaceutical division, Seretide and Truvada, facing generic competition for the first time. These set-backs were mitigated over the course of the year through Aspen's success with Foxair, the generic of Seretide and by the launch of Tribuss, the first generic once-a-day triple combination ARV in South Africa. Furthermore, with the depletion of the donor funds, the tender offtake regularised in the second half of the year. IMS, the independent measure of market share, reported growth in Aspen's generic product range of 13%. Positive performance from new product launches, volume increases and the Group's powerful distribution capabilities as the leader in the pharmaceutical sector underpinned this division's resurgence in the second half. Profit margin percentages were reduced for the year, affected by energy costs and wage inflation rising considerably more rapidly than the 2,14% increase in the single exit price granted by the Department of Health. Lower pricing in the ARV tender also contributed to the margin squeeze. Fortunately, Aspen managed to offset most of the margin pressure through efficiency gains in production.

The Consumer division suffered a contraction in revenue of 11% to R1,0 billion. The major factor was the expiry towards the end of the 2011 financial year of the license with Pfizer for a range of infant milk products which contributed approximately R250 million to revenue on an annual basis. Growth of over 20% in Aspen's infant milk brand, Infacare, has been effective in reducing the impact of the reversal.

The Group has continued to invest in capital projects to upgrade and expand production capabilities. During the course of the year additional tableting capacity has been added in Port Elizabeth and a new liquid production facility has been completed in East London. A major refurbishment of the active pharmaceutical ingredient facility in Cape Town is also underway which will reposition the Fine Chemicals business into a more vertically integrated role within the Group.

Rapson Papola, a 29-year old contractor from Polokwane, lost his life on 28 May 2012 as a result of an accident at Aspen's Infant Nutritionals facility. The thoughts of the Board and management are with the Papola family.

Asia Pacific business

The Asia Pacific business, bolstered by the acquisition of the Sigma pharmaceutical business ("the Sigma business") in Australia in the second half of the 2011 financial year, delivered exceptional results. This region has increased its contribution to Group revenue from 23% to 37%. Revenue doubled to R6,0 billion and EBITA grew by 128% to R1,5 billion.

The business acquired from Sigma has been fully integrated with Aspen's pre-existing business in Australia. Synergies have been gained in the establishment of a single business platform. However, the biggest benefits have come through reduced cost of goods which have been realised by taking advantage of Aspen's competitive manufacturing and procurement competencies. Aspen is well on track to achieve its target during the 2013 financial year of doubling the operating profit before interest and taxation which was delivered by the Sigma business immediately prior to Aspen's offer to acquire it. This despite the Australian regulator continuing to cut pharmaceutical prices in terms of its price disclosure legislation.

The lower cost of goods achieved for products acquired in terms of the Sigma business acquisition has resulted in a widening of margin percentages. These advances have been tempered by the conclusion of an important co-marketing arrangement with Eli Lilly & Company ("Lilly") which, by its nature, is at a low margin percentage. Under this arrangement Aspen co-promotes Zyprexa, Lilly's market leading psychotic disorder product, which has just come off patent, as well as promoting generic versions of the molecule, Olanzapine.

The consolidation and rationalisation of the Australian manufacturing facilities acquired from Sigma is progressing well. The Tennyson site was sold in 2011. The Croydon and Noble Park sites are in the process of phased closure. Dandenong and Baulkham Hills are the remaining production sites.

Aspen Philippines commenced trade during the year and has approximately 100 sales personnel actively deployed.

International business

The International business recorded a 3% reduction in revenue to R2,5 billion, but nevertheless raised EBITA by 28% to R0,9 billion. Customer sales in Latin America increased 11% to R1,0 billion, buoyed by strong performances in Brazil and Venezuela. In Mexico sales were flat, but revenue was sacrificed to third party distributors of global brands in the balance of the territory. The overall reduction in revenue in the International business was as a consequence of the transitioning of certain global brands to third party distributors and the elimination of low margin sales to third parties. Profit margins benefitted from the ongoing projects to reduce the cost of goods of global brands.

Sub-Saharan Africa business

In Sub-Saharan Africa, gross revenue increased by 27% to R1,7 billion and EBITA improved 40% to R248 million. Growth in profit was achieved by each of the three elements of the business. The GSK Aspen Healthcare for Africa collaboration advanced revenue strongly with increased representation and new product launches. The Shelys operation, based in East Africa, achieved excellent margin gains through improved business efficiency. Exports into the region also increased.

Funding

Borrowings, net of cash, increased from R6,3 billion to R7,1 billion over the year. Operating cash flows remained strong with cash generated from operating activities improving by 19% to R2,9 billion. Investing activities, strongly influenced by the expansion of the product portfolio and production enhancements, utilised R2,7 billion of the cash generated. The capital distribution (R458 million) and the effect of a weakening Rand on foreign denominated borrowings (R527 million) were the other material factors in the increase in net borrowings. Gearing was 29% at year end, reduced from 34% a year ago.

On 28 June 2012, black economic empowerment shareholder, Imithi Investments (Pty) Ltd, converted 17,6 million preference shares into an equivalent number of ordinary shares. This increased Aspen's ordinary shares in issue at 30 June 2012 to 454 779 million.

Interest paid, net of interest received, was R0,5 billion (2011: R0,4 billion) reflecting higher average borrowing levels and was covered nine times by operating profit before amortisation.

Prospects

Aspen has withstood the challenges of the last year and has remained the top supplier of medicines in South Africa. One in four prescriptions dispensed in the country in the private sector is for an Aspen product. The Group's leadership position in the public sector was endorsed with the recent award of the oral solid dose tender with Aspen once again receiving the largest allocation of 25%. The Group is well positioned in a market where demographic factors and the need to improve accessibility to medicines will drive expansion. Elimination of the one-off events which affected the South African Pharmaceutical division in 2012 and the benefits of a strong product pipeline will see increased growth momentum in the 2013 financial year. A number of legislative changes remain under consideration by the regulator, including international benchmarking and the capping of logistics fees. The timing and consequences of the resolution of these matters remain uncertain. The South African government's policy decision to support domestic manufacturers in future public sector tenders is welcomed and will be of assistance to Aspen in the upcoming ARV tender due for award in December 2012. The Consumer division is targeting an improved performance supported by innovation in the infant nutritionals range.

The Asia Pacific business is destined to become Aspen's biggest contributor to revenue once it commences distribution of the portfolio of 25 established pharmaceutical brands which the Group has agreed to acquire from GlaxoSmithKline ("GSK"). Completion of this transaction is conditional upon the approval of the Australian competition authorities. A decision in this regard is expected in the last quarter of 2012. Aspen is uniquely positioned in the Australian market with the most extensive product offering which spans branded, generic, over-the-counter ("OTC") and consumer products. This strengthens the Group's trading capacity and has made Aspen an obvious candidate for co-marketing arrangements such as that concluded with Lilly for Zyprexa.

Further improvements in cost of goods, new product launches and opportunities arising from the unique positioning of the Australian business are expected to more than offset the effects of the legislated price cuts in the year ahead. Prospects for future growth in the region from South East Asian markets are being actively explored. Trade has commenced in Aspen's newly established subsidiary in the Philippines and the feasibility of expansion into Thailand, Taiwan and Malaysia is presently under investigation.

The Group continues to see Latin America as the area of greatest growth potential within the International business. Aspen will seek opportunities to establish a presence in further Latin American territories in addition to the existing operations in Brazil, Venezuela and Mexico. Expansion of its portfolio of global brands remains a focus area for the Group in the year ahead. In the past year this portfolio was complemented by the addition of a range of OTC brands acquired from GSK with an excellent fit to Aspen's geographic footprint.

There are a number of new product launches planned in sub-Saharan Africa over the next year to support growth initiatives. The region does however remain vulnerable to political instability. Elections are scheduled in Kenya and Ghana during the course of the next year.

The past year has seen Aspen increase its diversity in product offering and geographic exposure. This has served the Group well in extending its record of growth for a fourteenth consecutive year. The Group will continue to focus on strengthening existing businesses, extending territorial coverage and increasing the product offering in areas which offer good future growth potential.

Capital distribution

Taking into account the earnings and cash flow performance for the year ended 30 June 2012, existing debt service commitments and future proposed investments, notice is hereby given that a capital distribution of 157 cents per ordinary share (2011: 105 cents) by way of a capital reduction has been declared, payable out of share premium to shareholders recorded in the share register of the company at the close of business on Friday, 12 October 2012. The directors are of the opinion that the company will satisfy the solvency and liquidity requirements of Sections 4 and 46 of the Companies Act, 2008. Future distributions will be decided on a year-to-year basis.

In compliance with IAS 10: *Events After Balance Sheet Date*, the capital distribution will only be accounted for in the financial statements for the year ending 30 June 2013.

Last day to trade cum capital distribution	Friday, 5 October 2012
Shares commence trading ex capital distribution	Monday, 8 October 2012
Record date	Friday, 12 October 2012
Payment date	Monday, 15 October 2012

Share certificates may not be dematerialised or rematerialised between Monday, 8 October 2012 and Friday, 12 October 2012.

By order of the Board

NJ Dlamini
(Chairman)

SB Saad
(Group Chief Executive)

Woodmead
12 September 2012

These results have been prepared under the supervision of the Deputy Group Chief Executive, MG Attridge, CA(SA) and approved by the Board of Directors.

Basis of accounting

The consolidated preliminary results have been prepared in accordance with International Financial Reporting Standards, IFRIC interpretations, the Listings Requirements of the JSE Ltd, South African Companies Act, 2008 and the presentation and disclosure requirements of IAS 34 – Interim Reporting.

The accounting policies used in the preparation of these preliminary results are consistent with those used in the annual financial statements for the year ended 30 June 2011.

The results of the Sigma business are included for the full 12 months with a five month comparative in the prior year. The segmental analysis for the year ended 30 June 2011 was restated to disclose the Asia Pacific region as a separate segment due to the increased materiality of this region to the Group.

Audit review

These results have been reviewed by Aspen's auditors, PricewaterhouseCoopers Inc. Their unqualified review report is available for inspection at the company's registered office.

Group statement of financial position

At 30 June 2012	Notes	2012 R'million	2011 R'million
ASSETS			
Non-current assets			
Property, plant and equipment		3 807,0	3 651,5
Goodwill	G#	5 343,9	4 626,6
Intangible assets	H#	11 869,8	8 916,7
Other non-current financial receivables		31,5	11,8
Deferred tax assets		234,4	216,5
Total non-current assets		21 286,6	17 423,1
Current assets			
Inventories		3 292,0	2 628,1
Receivables, prepayments and other current assets		3 825,2	3 263,8
Cash and cash equivalents		3 313,5	3 039,2
Cash restricted for use		1,2	28,7
Total operating current assets		10 431,9	8 959,8
Assets classified as held-for-sale		—	414,5
Total current assets		10 431,9	9 374,3
Total assets		31 718,5	26 797,4
SHAREHOLDERS' EQUITY			
Share capital and share premium (including treasury shares)		4 703,1	4 776,2
Reserves		12 686,3	8 288,0
Ordinary shareholders' equity		17 390,4	13 064,2
Preference shares – equity component		—	162,0
Non-controlling interests		8,7	61,1
Total shareholders' equity		17 398,1	13 287,3
LIABILITIES			
Non-current liabilities			
Preference shares – liability component		—	381,3
Borrowings		6 254,1	4 249,0
Deferred revenue		143,6	148,2
Deferred tax liabilities		536,0	504,9
Retirement benefit obligations		66,4	18,8
Total non-current liabilities		7 000,1	5 302,2
Current liabilities			
Trade and other payables		2 929,2	2 830,8
Borrowings		4 127,1	5 138,0*
Other current liabilities		241,9	142,6
Derivative financial instruments		22,1	65,6
Total operating current liabilities		7 320,3	8 177,0
Liabilities associated with assets held-for-sale		—	30,9
Total current liabilities		7 320,3	8 207,9
Total liabilities		14 320,4	13 510,1
Total equity and liabilities		31 718,5	26 797,4
Number of shares in issue (net of treasury shares) ('000)		454 186	433 883
Net asset value per share (cents)		3 828,7	3 011,0

#See notes on Supplementary information.
**Bank overdrafts are included within borrowings under current liabilities.*

Group statement of comprehensive income

For the year ended 30 June 2012	Notes	% change	2012 R'million	2011 R'million
CONTINUING OPERATIONS				
Revenue		23	15 255,8	12 383,2
Cost of sales			(7 979,5)	(6 769,7)
Gross profit		30	7 276,3	5 613,5
Selling and distribution expenses			(1 967,4)	(1 460,7)
Administrative expenses			(1 101,8)	(827,3)
Other operating income			218,9	192,8
Other operating expenses			(485,4)	(369,3)
Operating profit		25	3 940,6	3 149,0
Investment income	C#		275,4	193,2
Financing costs	D#		(776,0)	(605,3)
Profit before tax		26	3 440,0	2 736,9
Tax			(772,3)	(582,1)
Profit after tax from continuing operations			2 667,7	2 154,8
DISCONTINUED OPERATIONS				
Profit after tax for the year from discontinued operations	E#		159,2	434,0
Profit for the year		9	2 826,9	2 588,8
OTHER COMPREHENSIVE INCOME, NET OF TAX				
Currency (losses)/gains on net investment in Aspen Asia Pacific			(53,3)	81,2
Net investment hedge profit/(loss) on capital reduction in Aspen Asia Pacific			6,8	(66,1)
Net gains from cash flow hedging in respect of the Sigma transaction			-	216,8
Cash flow hedges realised			-	4,6
Currency translation gains/(losses)			1 494,4	(223,0)
Unrealised cash flow hedges recognised			32,6	59,7
Total comprehensive income			4 307,4	2 662,0
Profit for the year attributable to:				
Equity holders of the parent			2 817,8	2 577,8
Non-controlling interests			9,1	11,0
			2 826,9	2 588,8
Total comprehensive income attributable to:				
Equity holders of the parent			4 295,4	2 655,3
Non-controlling interests			12,0	6,7
			4 307,4	2 662,0
Weighted average number of shares in issue ('000)			436 303	432 914
EARNINGS PER SHARE				
Basic earnings per share (cents)				
From continuing operations		23	609,3	495,2
From discontinued operations			36,5	100,3
		8	645,8	595,5
Diluted earnings per share (cents)				
From continuing operations		23	588,2	476,5
From discontinued operations			35,0	95,5
		9	623,2	572,0
CAPITAL DISTRIBUTION				
Capital distribution per share (cents)			105,0	70,0

The capital distribution of 105,0 cents relates to the distribution declared on 13 September 2011 and paid on 17 October 2011. (The capital distribution of 70,0 cents relates to the distribution declared on 15 September 2010 and paid on 11 October 2010).

#See notes on Supplementary information.

Group statement of headline earnings

For the year ended 30 June 2012	% change	2012 R'million	2011 R'million
HEADLINE EARNINGS			
Reconciliation of headline earnings			
Profit attributable to equity holders of the parent	9	2 817,8	2 577,8
Continuing operations			
– Impairment of goodwill (net of tax)		43,6	—
– Impairment of property, plant and equipment (net of tax)		25,2	7,4
– Net impairment of intangible assets (net of tax)		107,9	83,8
– Profit on the sale of tangible and intangible assets (net of tax)		(0,7)	(11,8)
– Insurance compensation - capital component (net of tax)		—	(11,5)
Discontinued operations			
– Profit on the sale of the Oncology business (net of tax)		—	(367,9)
– Profit on the sale of Co-Pharma Ltd (net of tax)		—	(7,4)
– Profit on the sale of the personal care products in South Africa (net of tax)		(35,6)	(18,1)
– Profit on the sale of the Campos facility and related products in Brazil (net of tax)		(121,9)	—
	26	2 836,3	2 252,3
Headline earnings			
From continuing operations	28	2 834,6	2 211,7
From discontinued operations		1,7	40,6
	26	2 836,3	2 252,3
Headline earnings per share (cents)			
From continuing operations	27	649,7	510,9
From discontinued operations		0,4	9,4
	25	650,1	520,3
Diluted headline earnings per share (cents)			
From continuing operations	28	626,9	491,4
From discontinued operations		0,4	8,9
	25	627,3	500,3
NORMALISED HEADLINE EARNINGS			
Reconciliation of normalised headline earnings			
Headline earnings	26	2 836,3	2 252,3
Continuing operations			
– Restructuring costs (net of tax)		52,0	23,1
– Transaction costs (net of tax)		24,8	121,7
– Foreign exchange gain on transaction funding (net of tax)		(34,5)	—
Discontinued operations			
– Restructuring costs (net of tax)		—	3,7
	20	2 878,6	2 400,8
Normalised headline earnings			
From continuing operations	22	2 876,9	2 356,5
From discontinued operations		1,7	44,3
	20	2 878,6	2 400,8
Normalised headline earnings per share (cents)			
From continuing operations	21	659,4	544,3
From discontinued operations		0,4	10,2
	19	659,8	554,5
Normalised diluted headline earnings per share (cents)			
From continuing operations	22	636,2	523,3
From discontinued operations		0,4	9,7
	19	636,6	533,0

Aspen Pharmacare Holdings Limited ("Aspen")
(Registration number 1985/002935/06) Share code: APN ISIN: ZAE000066692
Directors: NJ Dlamini* (Chairman), RC Andersen*, MG Attridge, MR Bagus*, JF Buchanan*, KD Dlamini*, SA Hussain*, CN Mortimer*, SB Saad, SV Zilwa* *Non-executive directors
Mr Kuseni Dlamini was appointed to the Board of Directors on 1 April 2012.

Company secretary: R Verster
Registered office: Building 8, Healthcare Park, Woodlands Drive, Woodmead
Sponsor: Investec Bank Ltd (Registration number 1969/004763/06). 100 Grayston Drive, Sandton

Transfer secretaries: Computershare Investor Services (Pty) Ltd
(Registration number 1987/003382/06). 70 Marshall Street, Johannesburg 2001.
PO Box 61051, Marshalltown 2107

Capital distribution

↑50% to 157,0 cents

Offshore contribution

↑80% to 59% of Group operating profit

Segmental analysis

For the year ended 30 June 2012	2012 R'million	2012 % of total	Restated 2011 R'million	Restated 2011 % of total	% change
REVENUE FROM CONTINUING OPERATIONS					
South Africa	6 159,9	38	6 296,2	48	(2)
Sub-Saharan Africa	1 651,7	10	1 300,9	10	27
Asia Pacific	6 021,0	37	3 003,5	23	100
International	2 522,9	15	2 613,5	19	(3)
Total gross revenue	16 355,5	100	13 214,1	100	24
Adjustment*	(1 099,7)		(830,9)		
Total revenue	15 255,8		12 383,2		23
OPERATING PROFIT BEFORE AMORTISATION FROM CONTINUING OPERATIONS					
Adjusted for specific non-trading items					
South Africa	1 768,4	40	1 934,1	55	(9)
Operating profit	1 616,2		1 857,4		(13)
Amortisation of intangible assets	66,8		51,1		
Insurance compensation – capital component	—		(14,3)		
Restructuring costs	3,4		11,3		
Impairment of assets	82,0		28,6		
Sub-Saharan Africa	247,9	6	177,4	5	40
Operating profit	241,9		182,4		33
Amortisation of intangible assets	4,2		3,7		
Profit on sale of non-current assets	—		(8,7)		
Restructuring costs	1,7		—		
Impairment of assets	0,1		—		
Asia Pacific	1 460,2	33	641,7	19	128
Operating profit	1 291,6		551,1		134
Amortisation of intangible assets	100,2		51,2		
Profit on sale of non-current assets	—		(6,4)		
Transaction costs	—		24,5		
Restructuring costs	68,4		21,3		
International	938,5	21	735,4	21	28
Operating profit	790,9		558,1		42
Amortisation of intangible assets	41,1		37,0		
Transaction costs	—		61,6		
Impairment of assets	106,5		78,7		
	4 415,0	100	3 488,6	100	27
ENTITY WIDE DISCLOSURE – REVENUE FROM CONTINUING OPERATIONS					
Analysis of revenue in accordance with customer geography					
South Africa – pharmaceuticals	5 161,7	32	5 177,6	39	0
South Africa – consumer	998,2	6	1 118,5	9	(11)
Sub-Saharan Africa	1 651,7	10	1 300,9	10	27
Asia Pacific	6 088,8	37	3 090,9	23	97
Latin America	1 023,7	6	924,9	7	11
Rest of the world	1 431,4	9	1 601,3	12	(11)
Total gross revenue	16 355,5	100	13 214,1	100	24
Adjustment*	(1 099,7)		(830,9)		
Total revenue	15 255,8		12 383,2		23

The profit share from the GSK Aspen Healthcare for Africa Collaboration has been disclosed as revenue in the statement of comprehensive income. For segmental purposes the total revenue for the GSK Aspen Healthcare for Africa Collaboration has been included to provide enhanced revenue visibility in this territory.

Group statement of cash flows

For the year ended 30 June 2012	Notes	2012 R'million	2011 R'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash operating profit		4 746,0	3 845,0
Changes in working capital		(869,6)	(463,2)
Cash generated from operations		3 876,4	3 381,8
Net financing costs paid		(513,9)	(401,3)
Tax paid		(454,1)	(534,6)
Cash generated from operating activities*		2 908,4	2 445,9
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure – property, plant and equipment		(469,6)	(651,5)
Proceeds on the sale of property, plant and equipment		36,5	2,8
Capital expenditure – intangible assets		(2 148,8)	(188,7)
Proceeds on the sale of intangible assets		2,8	197,5
Acquisition of subsidiaries and businesses	M#	(315,6)	(5 893,2)
Disposal of associate and joint ventures		—	628,1
(Increase)/decrease in other non-current financial receivables		(19.7)	25,1
Proceeds on the sale of assets held-for-sale	L#	250,4	10,3
Advance proceeds on assets held-for-sale		—	290,2
Net investment hedge in Aspen Asia Pacific		6,8	(66,1)
Capital funding from non-controlling interests		0,9	—
Cash used in investing activities		(2 656,3)	(5 645,5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from borrowings		138,3	3 567,8
Dividends paid		(2,0)	(1,7)
Proceeds from issue of ordinary share capital		25,1	10,0
Acquisition of treasury shares		(19,3)	(20,1)
Capital distribution		(457,6)	(302,9)
Decrease/(increase) in cash restricted for use as security for borrowings		27,2	(6,1)
Cash (used in)/generated from financing activities		(288,3)	3 247,0
Movement in cash and cash equivalents before translation effects of foreign operations		(36,2)	47,4
Translation effects on cash and cash equivalents of foreign operations		273,2	(107,3)
CASH AND CASH EQUIVALENTS			
Movement in cash and cash equivalents		237,0	(59,9)
Cash and cash equivalents at the beginning of the year		1 752,8	1 812,7
Cash and cash equivalents at the end of the year		1 989,8	1 752,8
***Operating cash flow per share (cents)**	% change		
From continuing operations	20	666,2	554,8
From discontinued operations		0,4	10,2
	18	666,6	565,0
THE ABOVE INCLUDES DISCONTINUED OPERATIONS OF:			
Cash generated from operating activities		1,7	44,2
Cash and cash equivalents per the statement of cash flows		1,7	44,2
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents per the statement of financial position		3 313,5	3 039,2
Less: bank overdrafts		(1 323,7)	(1 286,4)
		1 989,8	1 752,8

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash-on-hand, deposits held on call with banks less bank overdrafts.

#See notes on Supplementary information.

Group statement of changes in equity

For the year ended 30 June 2012	Share capital and share premium (including treasury shares) R'million	Reserves R'million	Preference shares – equity component R'million	Total attributable to equity holders of the parent R'million	Non-controlling interests R'million	Total R'million
BALANCE AT 1 JULY 2010	5 089,0	5 580,0	162,0	10 831,0	55,2	10 886,2
Total comprehensive income	—	2 655,3	—	2 655,3	6,7	2 662,0
Profit for the year	—	2 577,8	—	2 577,8	11,0	2 588,8
Other comprehensive income	—	77,5	—	77,5	(4,3)	73,2
Capital distribution	(302,9)	—	—	(302,9)	—	(302,9)
Dividends paid	—	—	—	—	(1,7)	(1,7)
Issue of ordinary share capital – share schemes	10,0	—	—	10,0	—	10,0
Treasury shares purchased	(20,1)	—	—	(20,1)	—	(20,1)
Deferred incentive bonus shares excercised	0,2	(0,2)	—	—	—	—
Share options and appreciation rights expensed (including deferred incentive bonus)	—	26,3	—	26,3	—	26,3
Equity portion of tax claims in respect of share schemes	—	23,6	—	23,6	—	23,6
Hyperinflationary adjustment – Venezuela	—	3,0	—	3,0	0,9	3,9
BALANCE AT 30 JUNE 2011	4 776,2	8 288,0	162,0	13 226,2	61,1	13 287,3
Total comprehensive income	—	4 295,4	—	4 295,4	12,0	4 307,4
Profit for the year	—	2 817,8	—	2 817,8	9,1	2 826,9
Other comprehensive income	—	1 477,6	—	1 477,6	2,9	1 480,5
Capital distribution	(457,6)	—	—	(457,6)	—	(457,6)
Subsidiary capital reduction	—	1,0	—	1,0	—	1,0
Acquisition of non-controlling interests in subsidiaries	—	(117,3)	—	(117,3)	(64,3)	(181,6)
Capital funding from non-controlling interest	—	—	—	—	0,9	0,9
Dividends paid	—	—	—	—	(2,0)	(2,0)
Issue of ordinary share capital	401,9	—	—	401,9	—	401,9
Issue of ordinary share capital – share schemes	25,1	—	—	25,1	—	25,1
Issue of ordinary share capital – conversion of preference shares	376,8	—	—	376,8	—	376,8
Treasury shares purchased	(19,3)	—	—	(19,3)	—	(19,3)
Deferred incentive bonus shares excercised	1,9	(1,9)	—	—	—	—
Share options and appreciation rights expensed (including deferred incentive bonus)	—	24,5	—	24,5	—	24,5
Equity portion of tax claims in respect of share schemes	—	30,6	—	30,6	—	30,6
Conversion of preference shares	—	162,0	(162,0)	—	—	—
Hyperinflationary adjustment – Venezuela	—	4,0	—	4,0	1,0	5,0
BALANCE AT 30 JUNE 2012	4 703,1	12 686,3	—	17 389,4	8,7	17 398,1

Group supplementary information

For the year ended 30 June 2012	2012 R'million	2011 R'million
A. CAPITAL EXPENDITURE		
Incurred	2 618,4	840,2
– Tangible assets	469,6	651,5
– Intangible assets	2 148,8	188,7
Contracted	94,5	183,2
– Tangible assets	81,8	134,2
– Intangible assets	12,7	49,0
Authorised but not contracted for	3 602,2	333,4
– Tangible assets	345,0	275,3
– Intangible assets	3 257,2	58,1
B. OPERATING PROFIT HAS BEEN ARRIVED AT AFTER CHARGING/(CREDITING)		
Depreciation of property, plant and equipment	252,7	215,0
Amortisation of intangible assets	212,3	143,0
Impairment of property, plant and equipment	32,3	10,0
Impairment of intangible assets	112,7	97,3
Impairment of goodwill	43,6	—
Share-based payment expenses – employees	31,5	30,6
Transaction costs	—	86,1
Restructuring costs	73,5	32,6
Insurance compensation	(63,0)	(156,5)
C. INVESTMENT INCOME		
Interest received	275,4	193,2
D. FINANCING COSTS		
Interest paid	(754,7)	(611,1)
Capital raising fees	(26,8)	(33,2)
Net foreign exchange gains	2,5	60,8
Fair value gains on financial instruments	24,0	1,2
Notional interest on financial instruments	2,1	3,3
Preference share dividends paid	(23,1)	(26,3)
	(776,0)	(605,3)
E. PROFIT AFTER TAX FOR THE YEAR FROM DISCONTINUED OPERATIONS		
Profit after tax for the year from discontinued operations	1,7	40,6
Profit on the sale of the Campos facility and related non-core hospital products in Brazil	121,9	—
Profit on the sale of the personal care products in South Africa	35,6	18,1
Profit on the sale of Co-Pharma Ltd	—	7,4
Profit on the sale of the Oncology business	—	367,9
	159,2	434,0
F. CURRENCY TRANSLATION MOVEMENTS		
Currency translation movements on the translation of the offshore businesses is as a result of the difference between the weighted average exchange rate used for trading results and the closing exchange rate applied in the statement of financial position. For the year the weaker closing Rand translation rate significantly increased the Group net asset value.		
G. GOODWILL MOVEMENT		
Opening balance	4 626,6	456,1
Acquisition of subsidaries	104,3	4 029,0
Impairment of goodwill	(43,6)	—
Translation of foreign operations	656,6	141,5
	5 343,9	4 626,6
H. INTANGIBLE ASSETS MOVEMENT		
Opening balance	8 916,7	8 609,9
Additions	2 148,8	188,7
Disposals	(2,8)	(179,0)
Amortisation	(212,3)	(144,4)
Acquisition of subsidiaries	4,2	1 083,9
Software projects implemented	22,2	31,5
Impairment	(112,7)	(97,3)
Hyperinflationary adjustment – Venezuela	0,4	—
Transferred to assets held-for-sale	—	(29,4)
Translation of foreign operations	1 105,3	(547,2)
	11 869,8	8 916,7
I. CONTINGENT LIABILITIES		
There are contingent liabilities in respect of:		
Additional payments in respect of the Quit worldwide intellectual property rights	8,1	6,7
Contingency arising from product liability claim	21,3	17,6
Contingencies arising from labour cases	4,2	24,8
Guarantees covering loan and other obligations to third parties	3,3	1,7
Import duty contingency	10,8	10,3
J. TAX CONTINGENCY		
Following an audit, the South African Revenue Services ("SARS") notified Aspen by way of letters of findings of its intention to impose tax on various South African companies relating to prior years. The letters of findings deal mainly with corporate income tax and employees tax issues. Aspen has responded to these letters of findings and believes that all issues raised by SARS are defendable and that Aspen has sufficient evidence in support of its views and treatment of these tax matters. Due to the uncertainties inherent in the process, particularly in the early stages, the quantum of the amounts claimed by SARS and the timing of resolution of these matters cannot be determined.		
K. GUARANTEES TO FINANCIAL INSTITUTIONS		
Material guarantees given by Group companies for indebtedness of subsidiaries to financial institutions	5 003,0	5 787,6
L. PROCEEDS FROM SALE OF ASSETS HELD-FOR-SALE		
Campos facility and related products in Brazil	175,0	—
Personal care products in South Africa	75,4	—
Beta facility in Kenya	—	10,3
	250,4	10,3

Group supplementary information *(continued)*

Campos facility and related products in Brazil

An agreement was reached in June 2011 for the sale of the Campos facility and related products in Brazil to Strides Arcolab Ltd as the specialised manufacture of penicillins and penems, primarily for the public sector and contract manufacturing business, is not considered to be core to the product offering of the Brazilian company. The conditions precedent were fulfilled in December 2011.

Personal care products in South Africa

The sale of the South African toothpaste business to the Unilever group was concluded in September 2011.

M. ACQUISITIONS OF SUBSIDIARIES AND BUSINESSES

2012

– Aspen Pharmacare Holdings Ltd acquired the remaining 40% non-controlling interest shareholding in Shelys Africa Ltd effective from 14 April 2012. This increases the ownership in Shelys Africa Ltd to 100%.
– Aspen Pharmacare Holdings Ltd acquired a further 42,5% shareholding in Brimpharm SA (Pty) Ltd effective from 31 May 2012. This increases the ownership in Brimpharm SA (Pty) Ltd to 92,5%.

	2012 R' million
Shelys Africa Ltd purchase consideration	141,8
Brimpharm SA (Pty) Ltd purchase consideration	39,8
AHN Pharma (Pty) Ltd purchase consideration*	45,4
Sigma business#	88,6
As per the statement of cash flows	315,6

Restated 2011	Formule Naturelle (Pty) Ltd R'million	AHN Pharma (Pty) Ltd R'million	Sigman business R'million	Total R'million
Fair value of assets and liabilities acquired in subsidiaries and businesses				
Property, plant and equipment	—	2,6	471,0	473,6
Intangible assets	20,2	31,5	1 036,4	1 088,1
Inventories	3,5	18,8	521,3	543,6
Trade and other receivables	6,7	29,3	338,5	374,5
Current tax assets	0,2	3,8	—	4,0
Cash and cash equivalents	6,1	22,3	—	28,4
Non-current borrowings	—	(12,0)	—	(12,0)
Deferred tax assets/(liabilities)	2,3	(15,2)	35,0	22,1
Trade and other payables	(2,0)	(35,7)	(391,3)	(429,0)
Fair value of net assets acquired	37,0	45,4	2 010,9	2 093,3
Goodwill acquired	—	—	4 133,3	4 133,3
*Deferred consideration paid in 2012 financial year	—	(45,4)	—	(45,4)
#Payment of pre-acquisition liabilities identified during the 2012 financial year	—	—	(88,6)	(88,6)
Decrease in investment in associate	(2,0)	—	—	(2,0)
Purchase consideration paid	35,0	—	6 055,6	6 090,6
Net gains from cash flow hedging in respect of the Sigma business	—	—	(169,0)	(169,0)
Cash and cash equivalents in acquired subsidiaries	(6,1)	(22,3)	—	(28,4)
Cash outflow/(inflow) on acquisition	28,9	(22,3)	5 886,6	5 893,2

The initial accounting for these business combinations has been finalised in the year ended 30 June 2012. Distinguishing the post-combination earnings of the Sigma business from earnings of the combined entity is impracticable as significant estimate of amounts are required which are not reasonably determinable, given that the operations of Sigma have been intergrated with those of the Aspen Australia operations.

Subsequent events

A multi-territory agreement was concluded with GSK in April 2012 for the acquisition of a portfolio of established OTC products in selected territories including South Africa, Australia and Brazil for a consideration of R2,1 billion. The leading products include recognised household brands such as Phillips Milk of Magnesia, Dequadin, Solpadeine, Cartia, Zantac and Borstol. The deal was effective 1 May 2012 except for certain markets which required competition authority approval: South Africa, Swaziland, Namibia, Kenya, Tanzania and the product, Zantac, in Australia. Competition authority approval was granted in Australia, South Africa and Swaziland during July and August 2012. Kenya, Tanzania and Namibia are the only markets for which competition authority approval have not yet been granted.

A selected territory agreement was concluded in May 2012 with Novartis Pharma AG for the acquisition of two pharmaceutical products, Enablex and Tofranil, for a total consideration of R442 million. The principle territories for Enablex include Brazil, South Africa, Mexico and Turkey and for Tofranil include Brazil and Mexico. The transaction was subject to suspensive conditions which were fulfilled and closed on 31 July 2012.

An agreement was concluded with GSK in August 2012 for the acquisition of a portfolio of 25 established pharmaceutical products distributed in Australia for a total consideration of R2,2 billion. The transaction is subject to competition authority approval, the decision on which is expected in the last quarter of 2012. The products include well recognised brands such as Amoxil, Augmentin, Imigran, Kapanol, Lamactil, Mesasal, Timentin, Valtrex, Zantac and Zofran.

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BASTION GRAPHICS