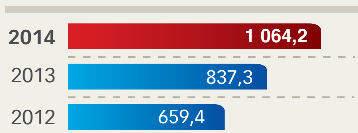
Aspen Holdings

Aspen Pharmacare Holdings Limited ("Aspen Holdings" or "the Company")
(Registration number 1985/002935/06)
Share code: APN / ISIN: ZAE000066692
and its subsidiaries (collectively "Aspen" or "the Group")

Reviewed provisional Group financial results
for the year ended 30 June 2014

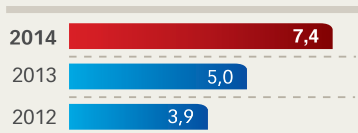
Normalised headline earnings per share increased
27%
to 1 064,2 cents

Normalised headline earnings per share (cents)



Operating profit increased
47%
to R7,4 billion

Operating profit (R'billion)



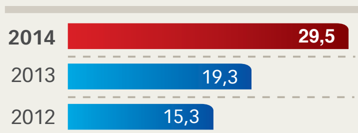
Headline earnings per share increased
29%
to 1 016,3 cents

Earnings per share increased
42%
to 1 097,9 cents

Distribution to shareholders per share increased
20%
to 188 cents

Revenue increased
53%
to R29,5 billion

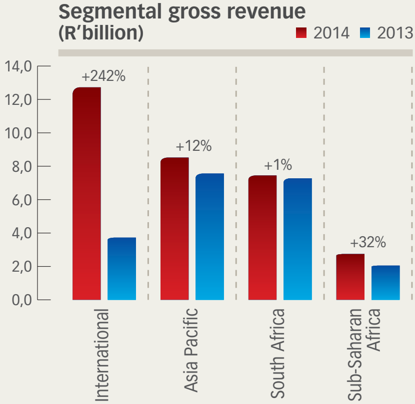
Revenue (R'billion)



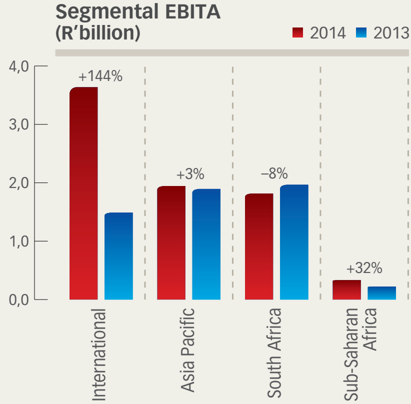
Significant acquisitions amounting **to**
R19,8 billion
concluded during the year

Offshore contribution increased **to**
78%
of Group operating profit

Segmental gross revenue (R'billion)



Segmental EBITA (R'billion)



Commentary

Group performance

Aspen raised gross revenue 51% to R31,4 billion and increased operating profit 47% to R7,4 billion in the year ended 30 June 2014. The improvement in operating profit was moderated by transaction costs of R339 million incurred in respect of the significant acquisitions which were completed during the year. Profit for the year and earnings per share were both 42% higher at R5,0 billion and 1 098 cents respectively. Normalised headline earnings, being headline earnings adjusted for specific non-trading items, was up 27% to R4,9 billion and normalised headline earnings per share also advanced 27% to 1064 cents. The International business was the most significant growth driver and was also the business segment which made the largest contribution to revenue and to operating profit.

Significant transactions

A number of significant transactions were completed during the financial year and were influential in the performance of the Group. These transactions have created important new opportunities for Aspen in both product offering and geographic coverage. The key terms of these transactions are set out below:

- The acquisition of the active pharmaceutical ingredient ("API") manufacturing business, primarily in the Netherlands, from MSD for EUR31 million net of cash acquired, became effective 1 October 2013 and trades as Aspen Oss and Aspen API.
- The acquisition of a portfolio of 11 branded finished dose form molecules from MSD in a related transaction for USD600 million, of which USD67 million is subject to delayed payment terms, became effective on 31 December 2013.
- The acquisition of the Arixtra and Fraxiparine/Fraxodi thrombolytic brands worldwide (excluding China, India and Pakistan) from GlaxoSmithKline ("GSK") for GBP505 million became effective on 31 December 2013.
- In a connected transaction which became effective on 30 April 2014, a further GBP194 million was paid to GSK for the acquisition of the specialised sterile production site in France which manufactures these brands and the related inventory. This business trades as Aspen Notre Dame de Bondeville ("Aspen NDB").
- The acquisition, from Nestlé, of certain licence rights to infant nutritional intellectual property, net assets, including a production facility in Mexico, and shares in infant nutritional businesses in several countries in Latin America for a purchase consideration of USD180 million was completed with effect from 28 October 2013.
- The acquisition, from Nestlé of certain rights to intellectual property licenses and net assets of the infant nutritionals business previously conducted by Pfizer in certain southern African territories, including South Africa, was approved by the competition authorities and became effective on 27 January 2014. The purchase consideration for this transaction of USD43 million was prepaid in the prior financial year.

International business

The International business advanced revenue 242% to R12,7 billion and increased operating profit before amortisation, adjusted for specific non-trading items ("EBITA"), 144% to R3,6 billion. The margin percentage in the International business narrowed as a consequence of lower margin rates in the Aspen Oss business and in the infant nutritional business in Latin America acquired during the year. The International business gained most from the significant transactions completed during the financial year and contributed 40% of Group gross revenue and 47% of Group EBITA. Performance was also boosted by positive organic growth from the pre-existing global brands portfolio.

With effect from 1 January 2014, Aspen introduced a specialised sales and marketing team into Europe and the Commonwealth of Independent States (formerly the Soviet Union) ("CIS") for the first time. Aspen now has a substantial footprint across Europe and the CIS with more than 400 active sales and marketing focussed personnel in 18 countries, the majority of whom transferred from GSK in terms of the arrangements under the acquisition of Arixtra and Fraxiparine.

Revenue from customers of Europe CIS was over five times greater than the prior year at R7,2 billion. Of this amount, R4,0 billion was derived from sales of finished dose form pharmaceuticals to healthcare providers and the major portion of the balance was from sales of APIs.

There was also a strong acceleration of revenue from customers in Latin America where sales climbed 122% to R3,5 billion. The acquisitions made by the Group accounted for the largest portion of this increase despite some supply issues, supported by good performances in Mexico and Venezuela.

In the Rest of the World, sales to customers were up 181% to R1,7 billion influenced by an increased exposure to the US resulting from the acquisitions concluded during the year and by positive progress in the Middle East North Africa territory.

Significant activity has been undertaken at the Aspen Oss API manufacturing site and also at the Aspen NDB specialist sterile manufacturing site. At both of these sites it has been necessary to disentangle the manufacturing operations from the systems of the vendors. Capital expenditure projects are also ongoing at both these sites. At Aspen Oss, improvements to the safety profile of the site are receiving urgent attention and at Aspen NDB, additional capacity is being added with the construction of an entirely new production area.

On 10 September 2014, Aspen Global Incorporated ("AGI") entered into an agreement with Mylan Ireland Limited ("Mylan") in terms of which AGI will dispose of its rights to commercialise the fondaparinux products it recently acquired from GSK (being Arixtra and the authorised generic thereof) in the United States ("US") to Mylan. AGI will also enter into a supply agreement to supply these fondaparinux products to Mylan on specified terms. The transaction will complete upon the satisfaction of certain conditions precedent, including regulatory approvals. Mylan will pay Aspen USD225 million upon completion of the transactions An additional USD75 million will be held in escrow and released upon satisfaction of certain conditions. AGI took the decision to enter into this transaction as a consequence of the Group's current absence of sales representatives in the US which prevents it from being able to optimise the commercial performance of the fondaparinux products in that country. AGI has retained all of its remaining rights to the intellectual property and to the commercialisation of Arixtra worldwide other than in the US.

Asia Pacific business

Revenue in the Asia Pacific region increased 12% to R8,5 billion, assisted by a full-year of contribution from the pharmaceutical and infant nutritional products acquired in the prior year, good performances from the recently established companies in South East Asia and a favourable relative exchange rate. EBITA at R1,9 billion was only 3% higher due to lower margins from the products acquired in the prior year for which the Asia Pacific region is the distributor. Legislated price cuts in Australia were largely offset by cost of goods savings, pricing strategies and the reduction of discounts.

Revenue increased 6% in local currency terms in Australia. Additional revenue was driven by distribution of products from recent acquisitions made in the Group. Sales of Aspen-owned products in the pre-existing portfolio was slightly up on the prior year in AUD while there were reductions in co-marketing revenue and sales of licensed products. The Group is seeking to limit co-marketing and licensed product activities as part of a strategy aimed at achieving greater focus on adding value to Aspen's own higher margin brands.

Asia is a target growth territory for Aspen. Revenue to customers in this territory improved 63% to R923 million. Revenue from products distributed on behalf of Aspen in Japan as well as by the Philippines, Malaysian and Taiwan business units increased significantly.

South African business

The South African business raised revenue 1% to R7,4 billion. Aspen's private sector pharmaceutical sales grew at 9%, maintaining the Group's leadership position. The consumer division performed well, particularly as there has been diminishing consumer spending, with revenue rising 12% to R1,3 billion through organic growth and the bolstering of the infant nutritional offering following completion of the transaction with Nestlé. However, in the public sector, revenue contracted due to a combination of lower antiretroviral ("ARV") prices under the most recent tender award, sharply lower ARV volumes in the second half of the financial year as the Department of Health ("DoH") amended its procurement plans and a decline in revenue from other public sector tenders.

EBITA was unfavourably affected by the weakening of the Rand which added to the cost of goods. The single exit price increase of 5,82% granted by the DoH which was implemented in March 2014 has proven insufficient to counteract the currency weakness as well as wage and energy cost inflation. These input pricing pressures, together with the negative effect of the lower value and volumes under the ARV tender were influential in an 8% reduction in EBITA of the South African business to R1,8 billion.

Expansionary capital expenditure projects are ongoing at the Port Elizabeth finished dosage form manufacturing site and the Cape Town API manufacturing site. In Port Elizabeth, the construction of a high containment facility is well progressed and the addition of further specialist sterile manufacturing capabilities has commenced. Once operational, the specialist sterile facility now under construction will provide enhanced security of supply for Arixtra and Fraxiparine as an alternate manufacturing source to Aspen NDB. In Cape Town, the upgrade and enlargement of the Fine Chemicals facilities to integrate with the Group's API plans is proceeding.

Sub-Saharan Africa business

In Sub-Saharan Africa, solid organic growth by all parts of the business supported an increase in gross revenue of 32% to R2,7 billion and a gain in EBITA of 32% to R334 million.

Funding

Borrowings, net of cash, increased by R18,7 billion over the year to R29,8 billion. R19,8 billion was spent on investments in new subsidiaries and businesses during the year and an additional R2,0 billion was invested in capital expenditure while R1,0 billion was realised from the disposal of assets. Highly successful local and international debt syndication processes were concluded during the first half of the year providing the Group with the necessary funding to support the recent transactions. Group operating cash flows remained strong although this was tempered by a once-off increase in working capital balances in the newly acquired businesses. Gearing moved up to 51% at the financial year end. Financing costs, net of interest received, were covered eight times by operating profit before amortisation.

Prospects

The significant transactions which Aspen has recently concluded are expected to contribute new and important growth drivers which will add momentum to the Group's performance in the years ahead. Anti-coagulants and products in related therapeutic areas are a focus area. There are opportunities to grow Arixtra and Fraxiparine, particularly in emerging markets, and to extend the number of territories where Orgaran is marketed once unconstrained supply of API is secured. The project undertaken to tackle this limitation is progressing positively. Initiatives are also underway to lower the cost of goods of these products in the future, targeting gains in efficiency and procurement in finished dose form production at Aspen NDB as well as by lowering the cost of the heparin API used in Fraxiparine which is produced at Aspen Oss.

Assessment of the product portfolio is ongoing to ensure that the Group invests resources in areas that are likely to achieve the best medium-term outcomes for stakeholders. This has resulted in a rationalisation of the product pipeline and disposals of intellectual property and commercialisation rights in the Asia Pacific and International regions over the past year.

The greatest portion of revenue and profits attributable to the recent significant transactions falls into the International segment and consequently this area is expected to show strong growth in the year ahead. These transactions have facilitated a substantial increase in Aspen's footprint with several new business units established across Europe, the CIS and in Latin America in the past year. Organic growth prospects for this region are strongest in the emerging markets of Latin America, Russia and Eastern Europe. The disposal of the fondaparinux products to Mylan for the US will clearly lead to the termination of the related revenue and profits.

A decline in revenue and EBITA in the Asia Pacific segment is anticipated in the next year due to the disposal of certain non-core products in the current year and the impending exit from license arrangements. This is aligned with the Group strategy to narrow and intensify promotional support on owned brands.

In South Africa the business is expected to deliver solid organic growth with the Pharmaceutical division retaining its position as the leader in both the private and public sectors. Performance will be influenced by the extent and direction of fluctuations in the value of the Rand, the quantum of the single exit price increase granted in 2015 and the outcome of proposed changes to legislation. Aspen has remained the largest supplier of tablets and capsules to the public sector under the recently awarded oral solid dose tender. The ARV tender is due for renewal in the second half of Aspen's 2015 financial year. Prospects for the Group for this tender will be better understood once the requirements are published. The Consumer division is expected to maintain its favourable progress.

Sub-Saharan Africa is likely to continue to deliver good organic growth provided socio-political influences do not interfere unduly.

During the 2015 financial year, progress should be achieved in respect of the multiple initiatives flowing from the significant transactions recently completed. The benefits of these transactions was reflected in the second half performance of the past year and 2015 will be the first full year of operation for a number of newly established business units. Performance will be influenced by organic growth achieved and reductions arising from disposals. The resultant strong operational cash flows inherent in the Aspen business model will be deployed to reduce gearing and to pursue identified new growth opportunities, as appropriate.

Capital distribution

Taking into account the earnings and cash flow performance for the year ended 30 June 2014, existing debt service commitments and future proposed investments, notice is hereby given that the Board has declared a capital distribution of 188 cents per ordinary share by way of a capital reduction payable out of contributed tax capital to shareholders recorded in the share register of the company at the close of business on 10 October 2014 (2013: dividend of 131 cents per share and capital distribution of 26 cents per share).

Shareholders should seek their own tax advice of the consequences associated with the distribution.

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 in the year ending 30 June 2015.

Last day to trade cum capital distribution	Friday,	3 October 2014
Shares commence trading ex capital distribution	Monday,	6 October 2014
Record date	Friday,	10 October 2014
Payment date	Monday,	13 October 2014

Share certificates may not be dematerialised or rematerialised between Monday, 6 October 2014 and Friday, 10 October 2014.

By order of the Board

NJ Dlamini
(Chairman)

SB Saad
(Group Chief Executive)

Woodmead
10 September 2014

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.

Group statement of financial position

for the year ended 30 June 2014	Notes	Reviewed 2014 R'million	Audited 2013 R'million
ASSETS			
Non-current assets			
Property, plant and equipment		**7 150,8**	4 342,6
Goodwill		**6 641,8**	5 973,2
Intangible assets		**35 698,9**	18 933,0
Other non-current assets		**298,9**	26,7
Contingent environmental indemnification asset	F#	**727,1**	—
Deferred tax assets		**817,1**	369,2
Total non-current assets		**51 334,6**	29 644,7
Current assets			
Inventories		**10 275,2**	4 100,9
Receivables and other current assets		**12 712,0**	5 657,5
Cash and cash equivalents		**8 225,6**	6 018,6
Total current assets		**31 212,8**	15 777,0
Total assets		**82 547,4**	45 421,7
SHAREHOLDERS' EQUITY			
Share capital (including treasury shares)		**3 867,9**	3 989,2
Reserves		**25 006,3**	18 804,6
Ordinary shareholders' equity		**28 874,2**	22 793,8
Non-controlling interests		**1,9**	5,1
Total shareholders' equity		**28 876,1**	22 798,9
LIABILITIES			
Non-current liabilities			
Borrowings		**29 915,5**	8 923,5
Deferred tax liabilities		**1 351,1**	600,5
Retirement and other employee benefits		**497,6**	94,0
Contingent environmental liability	F#	**727,1**	—
Unfavourable and onerous contracts	G#	**2 638,7**	—
Other non-current liabilities		**2 499,3**	139,5
Total non-current liabilities		**37 629,3**	9 757,5
Current liabilities			
Trade and other payables		**6 884,0**	4 174,6
Borrowings*		**8 075,3**	8 152,7
Other current liabilities		**747,4**	538,0
Unfavourable and onerous contracts	G#	**335,3**	—
Total current liabilities		**16 042,0**	12 865,3
Total liabilities		**53 671,3**	22 622,8
Total equity and liabilities		**82 547,4**	45 421,7
Number of shares in issue (net of treasury shares) ('000)		**455 914**	455 208
Net asset value per share (cents)		**6 333,3**	5 007,3

#See notes on Supplementary information.

**Bank overdrafts are included within borrowings under current liabilities.*

Group statement of cash flows

For the year ended 30 June 2014	Notes	Reviewed 2014 R'million	Audited 2013 R'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash operating profit		**7 911,2**	5 960,1
Changes in working capital		**(2 187,5)**	(590,1)
Cash generated from operations		**5 723,7**	5 370,0
Net financing costs paid		**(709,1)**	(584,6)
Tax paid		**(1 178,3)**	(799,3)
Cash generated from operating activities		**3 836,3**	3 986,1
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure – property, plant and equipment	A#	**(1 328,9)**	(667,1)
Proceeds on the sale of property, plant and equipment		**106,3**	10,7
Capital expenditure – intangible assets	A#	**(700,4)**	(3 654,9)
Proceeds on the sale of intangible assets		**898,8**	3,5
Acquisition of subsidiaries and businesses	K#	**(19 764,2)**	(1 578,6)
Payment of deferred consideration		**(85,9)**	—
Prepayment in anticipation of acquisition		**—**	(394,7)
Stamp duty on acquisitions		**—**	(2,1)
Net investment hedge profit in Aspen Asia Pacific		**23,9**	—
Cash used in investing activities		**(20 850,4)**	(6 283,2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from borrowings		**20 183,3**	4 336,0
Capital distribution and dividends paid		**(716,2)**	(715,1)
Proceeds from issue of ordinary share capital		**2,7**	9,6
Treasury shares purchased		**(22,3)**	(21,1)
Decrease in cash restricted for use as security for borrowings		**—**	1,3
Cash generated from financing activities		**19 447,5**	3 610,7
Movement in cash and cash equivalents before effects of exchange rate changes		**2 433,4**	1 313,6
Effects of exchange rate changes		**312,2**	112,8
Movement in cash and cash equivalents		**2 745,6**	1 426,4
Cash and cash equivalents at the beginning of the year		**3 416,2**	1 989,8
Cash and cash equivalents at the end of the year		**6 161,8**	3 416,2
Diluted operating cash flow per share (cents)		**840,9**	874,1
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents per the statement of financial position		**8 225,6**	6 018,6
Less: bank overdrafts		**(2 063,8)**	(2 602,4)
		6 161,8	3 416,2

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 comprehensive income

for the year ended 30 June 2014	Notes	Change	Reviewed 2014 R'million	Audited 2013 R'million
Revenue		53%	**29 515,1**	19 308,0
Cost of sales			**(15 793,2)**	(10 077,3)
Gross profit		49%	**13 721,9**	9 230,7
Selling and distribution expenses			**(4 401,3)**	(2 343,5)
Administrative expenses			**(1 652,5)**	(1 366,0)
Other operating income			**692,4**	104,2
Other operating expenses			**(935,7)**	(582,1)
Operating profit	B#	47%	**7 424,8**	5 043,3
Investment income	C#		**278,1**	298,8
Financing costs	D#		**(1 346,4)**	(852,7)
Profit before tax		42%	**6 356,5**	4 489,4
Tax			**(1 351,0)**	(975,3)
Profit for the year		42%	**5 005,5**	3 514,1
OTHER COMPREHENSIVE INCOME, NET OF TAX*				
Currency gains / (losses) on net investment in subsidiaries			**40,8**	(133,3)
Net investment hedge profit in Aspen Asia Pacific			**23,9**	—
Net gains from cash flow hedging in respect of business acquisitions	K#		**75,1**	—
Currency translation gains	E#		**1 788,5**	2 675,7
Cash flow hedges recognised			**3,0**	20,3
Remeasurement of retirement and other employee benefits			**(25,3)**	(4,7)
Total comprehensive income			**6 911,5**	6 072,1
Profit for the year attributable to				
Equity holders of the parent			**5 007,6**	3 520,1
Non-controlling interests			**(2,1)**	(6,0)
			5 005,5	3 514,1
Total comprehensive income attributable to				
Equity holders of the parent			**6 915,4**	6 078,2
Non-controlling interests			**(3,9)**	(6,1)
			6 911,5	6 072,1
Weighted average number of shares in issue ('000)			**456 116**	455 397
Diluted weighted average number of shares in issue ('000)			**456 219**	456 027
EARNINGS PER SHARE				
Basic earnings per share (cents)		42%	**1 097,9**	773,0
Diluted earnings per share (cents)		42%	**1 097,6**	771,9
DISTRIBUTION TO SHAREHOLDERS				
Capital distribution per share (cents)			**26,0**	157,0
Cash dividends per share (cents)			**131,0**	—
			157,0	157,0

The total distribution to shareholders of 157,0 cents relates to the distribution declared on 11 September 2013 and paid on 14 October 2013 (the capital distribution of 157,0 cents relates to the distribution declared on 12 September 2012 and paid on 15 October 2012).

**Remeasurement of retirement and other employee benefits will not be reclassified to profit and loss. All other items in other comprehensive income may be reclassified to profit and loss.*

Group statement of headline earnings

for the year ended 30 June 2014	Change	Reviewed 2014 R'million	Audited 2013 R'million
HEADLINE EARNINGS			
Reconciliation of headline earnings			
Profit attributable to equity holders of the parent	42%	**5 007,6**	3 520,1
Adjusted for:			
– Profit on the sale of intangible assets (net of tax)		**(479,8)**	(2,5)
– Net (reversal of impairment) / impairment of property, plant and equipment (net of tax)		**(5,8)**	9,5
– Net impairment of intangible assets (net of tax)		**112,6**	60,4
– Loss on the sale of property, plant and equipment (net of tax)		**1,1**	0,9
	29%	**4 635,7**	3 588,4
HEADLINE EARNINGS PER SHARE			
Headline earnings per share (cents)	29%	**1 016,3**	788,0
Diluted headline earnings per share (cents)	29%	**1 016,1**	786,9
NORMALISED HEADLINE EARNINGS			
Reconciliation of normalised headline earnings			
Headline earnings	29%	**4 635,7**	3 588,4
Adjusted for:			
– Restructuring costs (net of tax)		**29,4**	106,2
– Transaction costs (net of tax)		**435,9**	82,0
– Settlement of product litigation (net of tax)		**—**	36,6
– Net foreign exchange gains from hedging of business acquisitions (net of tax)		**1,7**	—
– Foreign exchange gain on settlement of transaction funding liability (net of tax)		**(248,9)**	—
	27%	**4 853,8**	3 813,2
NORMALISED HEADLINE EARNINGS PER SHARE			
Normalised headline earnings per share (cents)	27%	**1 064,2**	837,3
Normalised diluted headline earnings per share (cents)	27%	**1 063,9**	836,2

Group statement of changes in equity

for the year ended 30 June 2014

BALANCE AT 1 JULY 2012
Total comprehensive income
Profit for the year
Other comprehensive income
Capital distribution and dividends paid
Stamp duty on acquisitions
Issue of ordinary share capital – share schemes
Treasury shares purchased
Deferred incentive bonus shares exercised
Share-based payment expenses
Equity portion of tax claims in respect of share schemes
Hyperinflationary adjustment – Venezuela
BALANCE AT 30 JUNE 2013
Total comprehensive income
Profit for the year
Other comprehensive income
Capital distribution and dividends paid
Issue of ordinary share capital – share schemes
Treasury shares purchased
Deferred incentive bonus shares exercised
Share-based payment expenses
Equity portion of tax claims in respect of share schemes
Hyperinflationary adjustment – Venezuela
BALANCE AT 30 JUNE 2014

	Share capital (including treasury shares) R'million	Reserves R'million	Total attributable to equity holders of the parent R'million	Non-controlling interests R'million	Total R'million
	4 703,1	12 686,3	17 389,4	8,7	17 398,1
	—	6 078,2	6 078,2	(6,1)	6 072,1
	—	3 520,1	3 520,1	(6,0)	3 514,1
	—	2 558,1	2 558,1	(0,1)	2 558,0
	(714,9)	—	(714,9)	(0,2)	(715,1)
	—	(2,1)	(2,1)	—	(2,1)
	9,6	—	9,6	—	9,6
	(21,1)	—	(21,1)	—	(21,1)
	12,5	(12,5)	—	—	—
	—	20,0	20,0	—	20,0
	—	23,8	23,8	—	23,8
	—	10,9	10,9	2,7	13,6
	3 989,2	**18 804,6**	**22 793,8**	**5,1**	**22 798,9**
	—	**6 915,4**	**6 915,4**	**(3,9)**	**6 911,5**
	—	**5 007,6**	**5 007,6**	**(2,1)**	**5 005,5**
	—	**1 907,8**	**1 907,8**	**(1,8)**	**1 906,0**
	(118,6)	**(597,4)**	**(716,0)**	**(0,2)**	**(716,2)**
	2,7	**—**	**2,7**	**—**	**2,7**
	(22,3)	**—**	**(22,3)**	**—**	**(22,3)**
	16,9	**(16,9)**	**—**	**—**	**—**
	—	**21,8**	**21,8**	**—**	**21,8**
	—	**10,8**	**10,8**	**—**	**10,8**
	—	**(132,0)**	**(132,0)**	**0,9**	**(131,1)**
	3 867,9	**25 006,3**	**28 874,2**	**1,9**	**28 876,1**

Group segmental analysis

for the year ended 30 June 2014	Reviewed 2014 R'million	% of total
REVENUE		
International@	12 724,8	40
Asia Pacific	8 517,2	27
South Africa^	7 446,3	24
Sub-Saharan Africa	2 744,3	9
Total gross revenue	31 432,6	100
Adjustment*	(1 917,5)	
Total revenue	29 515,1	
OPERATING PROFIT BEFORE AMORTISATION ("EBITA")		
Adjusted for specific non-trading items		
International	3 636,1	47
Operating profit #	3 633,1	
Amortisation of intangible assets	180,4	
Transaction costs	255,0	
Settlement of product litigation	—	
Profit on the sale of intangible assets	(522,0)	
Impairment of assets	89,6	
Asia Pacific	1 944,6	25
Operating profit#	1 811,6	
Amortisation of intangible assets	138,2	
Transaction costs	7,0	
Restructuring costs	42,1	
Reversal of impairment of assets	(5,8)	
Profit on the sale of intangible assets	(48,5)	
South Africa	1 816,5	24
Operating profit#	1 652,7	
Amortisation of intangible assets	65,1	
Transaction costs	77,4	
Impairment of assets	21,3	
Sub-Saharan Africa	333,6	4
Operating profit#	327,4	
Amortisation of intangible assets	6,2	
Total EBITA	7 730,8	100
ENTITY WIDE DISCLOSURE – REVENUE		
Analysis of revenue in accordance with customer geography		
South Africa	7 451,4	24
Asia Pacific	8 798,7	28
Europe CIS	7 200,1	23
Latin America	3 484,6	11
Sub-Saharan Africa	2 752,6	9
Rest of the world	1 745,2	5
Total gross revenue	31 432,6	100
Adjustment*	(1 917,5)	
Total revenue	29 515,1	

@Excludes intersegment revenue of R1 691,8 million (2013: R1 201,5 million).

^Excludes intersegment revenue of R91,5 million (2013: R43,0 million).

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

#The aggregate segmental operating profit is R7 424,8 million (2013: R5 043,3 million).

R'million Audited Restated 2013	% of total	Change %
3 726,1	18	242
7 590,5	37	12
7 376,8	35	1
2 081,5	10	32
20 774,9	100	51
(1 466,9)		
19 308,0		53
1 488,7	27	144
1 321,7		175
60,8		
—		
43,0		
—		
63,2		
1 894,0	34	3
1 608,2		13
128,0		
6,0		
151,8		
—		
—		
1 965,3	35	(8)
1 867,5		(12)
60,5		
31,3		
6,0		
252,3	4	32
245,9		33
6,4		
5 600,3	100	38
7 376,9	35	1
7 697,6	37	14
1 387,4	7	419
1 567,3	8	122
2 123,7	10	30
622,0	3	181
20 774,9	100	51
(1 466,9)		
19 308,0		53

Group supplementary information

for the year ended 30 June 2014	**Reviewed 2014 R'million**	Audited 2013 R'million
A. CAPITAL EXPENDITURE		
Incurred	**2 029,3**	4 322,0
– Property, plant and equipment	**1 328,9**	667,1
– Intangible assets	**700,4**	3 654,9
Contracted	**477,2**	651,8
– Property, plant and equipment	**425,7**	525,5
– Intangible assets	**51,5**	126,3
Authorised but not contracted for	**2 967,1**	1 242,2
– Property, plant and equipment	**2 652,9**	1 052,0
– Intangible assets	**314,2**	190,2
B. OPERATING PROFIT HAS BEEN ARRIVED AT AFTER CHARGING / (CREDITING):		
Depreciation of property, plant and equipment	**433,9**	294,5
Amortisation of intangible assets	**389,9**	255,7
Net (reversal of impairment) / impairment of property, plant and equipment	**(8,2)**	9,6
Net impairment of intangible assets	**113,3**	59,6
Share-based payment expenses – employees	**47,5**	31,2
Transaction costs	**339,4**	37,3
Restructuring costs	**42,1**	151,8
Settlement of product litigation	**—**	43,0
Hyperinflationary reduction in operating profit	**80,9**	1,3
C. INVESTMENT INCOME		
Interest received	**278,1**	298,8

for the year ended 30 June 2014	**Reviewed 2014 R'million**	Audited 2013 R'million
D. FINANCING COSTS		
Interest paid	**(1 295,9)**	(842,3)
Debt raising fees on acquisitions	**(154,7)**	(51,9)
Net foreign exchange gains / (losses)	**80,7**	(34,3)
Foreign exchange gain on settlement of transaction funding liability	**248,9**	—
Fair value (losses) / gains on financial instruments	**(86,0)**	77,5
Notional interest on financial instruments	**(131,4)**	(1,7)
Net hyperinflationary adjustments	**(8,0)**	—
	(1 346,4)	(852,7)

E. 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 in the statement of comprehensive income and the opening and closing exchange rate applied in the statement of financial position. For the period the weaker closing Rand translation rate increased the Group net asset value.

F. CONTINGENT ENVIRONMENTAL LIABILITY AND INDEMNIFICATION ASSET

The contingent environmental liability and contingent environmental indemnification asset relate to environmental remediation required at the Moleneind site at Oss, in the Netherlands, acquired as part of the API business. The remediation is being managed, undertaken and funded by the seller. However, as owner of the site, Aspen has inherited a legal obligation for the remediation for which it has been indemnified by the seller. Consequently, Aspen has recognised a contingent liability and a corresponding contingent indemnification asset based on an independent estimate of the remediation cost of EUR50 million. In view of the seller's involvement in the remediation process, the balances have been referred to as contingent as the settlement of the liability and the realisation of the indemnification asset are not expected to have any cash flow implications for the Group.

Group supplementary information *(continued)*

for the year ended 30 June 2014	**Reviewed 2014 R'million**	Audited 2013 R'million
G. UNFAVOURABLE AND ONEROUS CONTRACTS		
Certain supply contracts for the third party manufacture of products in Aspen Oss and in Aspen NDB have been classified as either unfavourable or onerous. These liabilities will be released to revenue over the term of the contracts in terms of IAS 18: *Revenue*.		
H. CONTINGENT LIABILITIES		
There are contingent liabilities in respect of:		
Contingency relating to product litigation	**27,6**	25,9
Customs guarantee	**14,8**	—
Indirect tax contingent liabilities	**36,1**	10,4
Contingencies arising from labour cases	**2,8**	4,3
Other contingent liabilities	**5,7**	2,0
I. INCOME TAX CONTINGENCY		
Following an audit, the South African Revenue Service has issued tax assessments on various South African companies in relation to historic transactions. Aspen has lodged an appeal against these assessments and has filed a review application to have the assessments set aside. Aspen is confident that it will succeed in this dispute based on the outcome of recent court cases dealing with similar matters. Due to the uncertainties inherent in the process, the timing of resolution of the dispute and the outcome thereof cannot be determined.		
J. GUARANTEES TO FINANCIAL INSTITUTIONS		
Material guarantees given by Group companies for indebtedness of subsidiaries to financial institutions	**12 888,7**	5 600,6

K. ACQUISITION OF SUBSIDIARIES AND BUSINESSES

2014

API business

On 1 October 2013, the Company acquired 100% of the issued share capital in an API manufacturing business from MSD which manufactures for MSD and the market generally and which is located in the Netherlands with a satellite production facility and sales office in the US for a purchase consideration of EUR31 million (net of cash acquired).

MSD business

AGI, a wholly owned subsidiary of the Company, exercised an option to acquire a portfolio of 11 branded finished dose form molecules from MSD for a consideration of USD600 million effective on 31 December 2013. USD533 million of the consideration was paid on 2 January 2014, and the balance of this consideration will be paid in five equal annual instalments commencing at the end of the first year after the acquisition date.

GSK thrombosis business

The two components of the acquisition set out below are linked and have been classified as one cash generating unit for purchase price allocation purposes.

Arixtra and Fraxiparine brands

On 31 December 2013 AGI, a wholly owned subsidiary of the Company, acquired the Arixtra and Fraxiparine brands and related business worldwide from GSK, except in China, Pakistan and India for a purchase consideration of GBP505 million.

Aspen NDB

On 30 April 2014, the Company acquired a specialised sterile production site in France which manufactures the Arixtra and Fraxiparine products and the related inventory for a purchase consideration of GBP194 million.

Latam infant nutritional business

On 28 October 2013 Aspen Group companies concluded agreements with Nestlé in respect of the acquisition of certain license rights to intellectual property, net assets (including an infant nutritional production facility located in Vallejo, Mexico) and 100% of the issued share capital in the infant nutritional businesses presently conducted by Nestlé and Pfizer in Latin America, predominantly in Mexico, Venezuela, Colombia, Ecuador, Chile, Peru, Central America and the Caribbean for a purchase consideration of USD180 million.

South African infant nutritional business

The Company concluded agreements with Nestlé in the prior financial year in respect of the acquisition of certain rights to intellectual property licenses and net assets in the infant nutritionals business previously conducted by Pfizer which distributed a portfolio of infant nutritional products to certain Southern African territories (South Africa, Botswana, Namibia, Lesotho, Swaziland and Zambia). The acquisition of the South African infant milk business from Nestlé was approved by the Competition Tribunal in December 2013. The effective date upon which Aspen assumed control of the business was 27 January 2014. The USD43 million consideration paid in May 2013 which was previously classified as a prepayment has been set off against the fair value of the assets acquired.

Group supplementary information *(continued)*

for the year ended 30 June 2014	API business R'million	MSD business R'million	GSK thrombosis business R'million	Latam infant nutritional business R'million	South African infant nutritional business R'million	Australian infant nutritional business* R'million	Total R'million
K. ACQUISITION OF SUBSIDIARIES AND BUSINESSES *(continued)*							
Fair value of assets and liabilities acquired							
Property, plant and equipment	589,1	—	561,3	620,0	—	—	1 770,4
Intangible assets	506,3	6 250,3	10 533,5	736,2	253,4	—	18 279,7
Contingent environmental indemnification asset	680,1	—	—	—	—	—	680,1
Non-current financial receivables	—	—	267,1	—	—	—	267,1
Deferred tax assets	47,0	—	424,8	—	—	19,5	491,3
Current tax assets	—	—	—	3,0	—	—	3,0
Inventories	3 267,0	—	1 688,3	520,6	58,5	(2,3)	5 532,1
Trade and other receivables	392,5	—	354,1	465,1	62,3	(21,3)	1 252,7
Cash and cash equivalents	1 272,5	—	—	—	—	—	1 272,5
Contingent environmental liability	(680,1)	—	—	—	—	—	(680,1)
Environmental liability	(74,5)	—	—	—	—	—	(74,5)
Unfavourable and onerous contracts	(2 791,1)	—	(215,9)	—	—	—	(3 007,0)
Retirement and other employee benefits	—	—	(298,6)	(37,2)	—	—	(335,8)
Deferred tax liabilities	—	(187,5)	(310,1)	(2,7)	(73,8)	—	(574,1)
Trade and other payables	(349,9)	—	(376,0)	(549,5)	(57,0)	1,7	(1 330,7)
Non-current and current financial liabilities	(1 146,2)	—	(718,7)	—	—	—	(1 864,9)
Fair value of net assets acquired	1 712,7	6 062,8	11 909,8	1 755,5	243,4	(2,4)	21 681,8
Goodwill acquired	—	187,5	135,3	14,3	171,5	(13,5)	495,1
Deferred consideration	—	(650,2)	—	—	(20,8)	—	(671,0)
Prepayment set off against the fair value of the assets acquired	—	—	—	—	(394,1)	—	(394,1)
Purchase consideration paid	1 712,7	5 600,1	12 045,1	1 769,8	—	(15,9)	21 111,8
Net gains from cash flow hedging in respect of business acquisitions	—	—	(75,1)	—	—	—	(75,1)
Cash and cash equivalents in acquired companies	(1 272,5)	—	—	—	—	—	(1 272,5)
Cash outflow on acquisition	440,2	5 600,1	11 970,0	1 769,8	—	(15,9)	19 764,2

**The initial accounting for this business combination was reported on a provisional basis in 2013 and was finalised in the year ended 30 June 2014. As a result of the finalisation the fair value of the purchase consideration decreased by R15,9 million to R1 562,7 million.*

K. ACQUISITION OF SUBSIDIARIES AND BUSINESSES *(continued)*

With the exception of the Australian infant nutritional business which was finalised in the current financial year, the initial accounting for these acquisitions, which have been classified as business combinations, has been reported on a provisional basis and will only be finalised in the year ending 30 June 2015.

Post-acquisition revenue included in the statement of comprehensive income was R8,5 billion made up as follows:

API business	R3,1 billion
MSD business	R1,1 billion
GSK thrombosis business	R2,7 billion
Latam infant nutritional business	R1,5 billion
South African infant nutritional business	R0,1 billion

The estimation of post-acquisition operating profits is impracticable and not reasonably determinable due to the immediate integration of the businesses into the existing operations of the Group. The determination and disclosure of historical audited revenue and operating profits for the 12 months preceding the effective date is not possible as the information for the full period is not available from the vendors.

All transaction costs relating to the acquisition of these businesses have been expensed in other operating expenses in the statement of comprehensive income and adjusted for in normalised headline earnings.

Goodwill

1. The goodwill arising on the acquisition of the Latam and South African infant nutritional businesses recognises:
   - the benefit to the products of Aspen's knowledge and expertise relating to its existing infant milk businesses; and
   - the synergies from the consolidation of the infant milk businesses with Aspen's existing businesses in Latin America and South Africa, including cost savings and increased sales force coverage benefits.
2. The goodwill arising on the acquisition of the MSD business recognises:
   - the benefit to the products of Aspen's additional promotional focus; and
   - the synergies from the consolidation of the MSD business with Aspen's existing businesses, particularly in Latin America and Europe, including cost savings and increased sales force coverage benefits.
3. The goodwill arising on the acquisition of the GSK thrombosis business recognises:
   - the benefit to the products of Aspen's additional promotional focus;
   - the synergies from the consolidation of the acquired business with Aspen's existing business, particularly in Europe; and
   - the synergies from the vertical integration with the heparin production capabilities at the API business.

   The total amount of goodwill recognised is not tax deductible.

Group supplementary information *(continued)*

2013

AGI and Aspen Asia Pacific concluded agreements with Nestlé on 29 April 2013 in respect of the acquisition of certain rights to intellectual property licenses and 100% of the issued share capital in the infant nutritionals business previously conducted by Pfizer which distributes a portfolio of infant nutritional products in Australia.

	2013 Preliminary R'million	**2014 Adjustments R'million**	**2014 Final R'million**
Fair value of assets and liabilities acquired			
Property, plant and equipment	1,7	**—**	**1,7**
Intangible assets	1 246,1	**—**	**1 246,1**
Deferred tax assets	9,9	**19,5**	**29,4**
Inventories	74,2	**(2,3)**	**71,9**
Trade and other receivables	294,5	**(21,3)**	**273,2**
Trade and other payables	(274,3)	**1,7**	**(272,6)**
Fair value of net assets acquired	1 352,1	**(2,4)**	**1 349,7**
Goodwill acquired	176,5	**(13,5)**	**163,0**
Purchase consideration paid	1 528,6	**(15,9)**	**1 512,7**
Deferred receivable	50,0	**—**	**50,0**
Cash outflow on acquisition	1 578,6	**(15,9)**	**1 562,7**

Basis of accounting

The reviewed provisional Group financial results have been prepared in accordance with International Financial Reporting Standards, IFRIC interpretations, the Listings Requirements of the JSE Limited, 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 provisional Group financial results are consistent with those used in the annual financial statements for the year ended 30 June 2013.

The entity wide analysis included in the segmental analysis for the year ended 30 June 2014 was restated to disclose the Europe CIS region separately due to the increased materiality of this region to the Group. South Africa was restated to disclose only the total revenue in the entity wide disclosure as the split between the pharmaceutical and consumer businesses is no longer material to the total Group results.

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

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. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

Subsequent events

On 10 September 2014, AGI entered into an agreement with Mylan in terms of which AGI will dispose of its rights to commercialise the fondaparinux products it recently acquired from GSK (being Arixtra and the authorised generic thereof) in the US to Mylan. AGI will also enter into a supply agreement to supply these fondaparinux products to Mylan on specified terms. The transaction will complete upon the satisfaction of certain conditions precedent, including regulatory approvals. Mylan will pay Aspen USD225 million upon completion of the transaction. An additional USD75 million will be held in escrow and released upon satisfaction of certain conditions. AGI took the decision to enter into this transaction as a consequence of the Group's current absence of sales representatives in the US which prevents it from being able to optimise the commercial performance of the fondaparinux products in that country. AGI has retained all of its remaining rights to the intellectual property and to the commercialisation of Arixtra worldwide other than in the US.

Disclaimer

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “prospects”, “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “indicate”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements are discussed in each year’s annual report. Forward looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. All profit forecasts published in this report are unaudited.

Directors

N J Dlamini (Chairman)*, R C Andersen*, M G Attridge,
M R Bagus*, J F Buchanan*, K D Dlamini*, S A Hussain*,
M M Manyama-Matome* C N Mortimer*, S B Saad,
S V Zilwa*

*Non-executive director

Company Secretary: R Verster

Maureen Manyama-Matome was appointed as a non-executive director on 1 June 2014.

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