Annual Financial Statements 2015

Providing medicines to more than

150 countries

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All company names have been abbreviated throughout the Annual Financial Statements and are referenced on the inside back cover.

Certificate of the Company Secretary

In my capacity as the Company Secretary & Group Governance Officer, I hereby confirm, in terms of the Companies Act, that for the year ended 30 June 2015, the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief true, correct and up to date.

Riaan Verster
Company Secretary & Group Governance Officer

Johannesburg
22 October 2015

Audit & Risk Committee Report

The report of the Aspen Audit & Risk Committee as required in terms of section 94(7)(f) of the Companies Act has been simultaneously issued with these Annual Financial Statements and are included herein by reference. This report can be reviewed online.

GROUP ANNUAL FINANCIAL STATEMENTS

Statement of responsibility by the Board of Directors

The directors are responsible for the preparation, integrity and fair presentation of the Group and Company Annual Financial Statements for the year ended 30 June 2015 ("Annual Financial Statements") of Aspen Pharmacare Holdings Limited and its subsidiaries.

The directors consider that in preparing the Annual Financial Statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all International Financial Reporting Standards ("IFRS") that they consider to be applicable have been followed. The directors are satisfied that the information contained in the Annual Financial Statements fairly presents the results of operations for the year and the financial position of the Group at year end. The directors also prepared the other information included in the Integrated Report and are responsible for both its accuracy and its consistency with the Annual Financial Statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group to enable the directors to ensure that the Annual Financial Statements comply with the relevant legislation.

The preparation of the Annual Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Annual Financial Statements and the reported expenses during the reporting period. Actual results could differ from those estimates.

Aspen Pharmacare Holdings Limited and its subsidiaries operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

The going concern basis has been adopted in preparing the Annual Financial Statements. The directors have no reason to believe that the Group or any company within the Group will not be going concerns in the foreseeable future, based on forecasts and available cash resources. These Annual Financial Statements support the viability of the Company and the Group.

The Code of Conduct has been adhered to in all material respects.

The Group's external auditors, PricewaterhouseCoopers Incorporated, audited the Annual Financial Statements, and their report is presented on page 2.

The Annual Financial Statements were prepared under the supervision of Deputy Group Chief Executive, Gus Attridge CA(SA) and approved by the Board of Directors on 22 October 2015 and are signed on its behalf.

Judy Dlamini
Chairman

Gus Attridge
Deputy Group Chief Executive

Johannesburg
22 October 2015

Independent auditors' report to the shareholders of Aspen Pharmacare Holdings Limited

We have audited the Group and Company Annual Financial Statements of Aspen Pharmacare Holdings Limited set out on pages 3 to 141 which comprise the statements of financial position as at 30 June 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the Annual Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these Group and Company Annual Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of Group and Company Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Group and Company Annual Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Group and Company Annual Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Annual Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Annual Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Group and Company Annual Financial Statements present fairly, in all material respects, the Group and Company financial position of Aspen Pharmacare Holdings Limited as at 30 June 2015, and its Group and Company financial performance and its Group and Company cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the Group and Company Annual Financial Statements for the year ended 30 June 2015, we have read the Directors' Report, the Audit & Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited Group and Company Annual Financial Statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited Group and Company Annual Financial Statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: Tanya Rae
Registered Auditor

Johannesburg
22 October 2015

Directors' Report

The directors have pleasure in presenting their report of the Group and the Company for the year ended 30 June 2015.

Nature of business

Aspen is a global supplier and manufacturer of branded and generic pharmaceutical products as well as infant nutritionals and consumer healthcare products in selected territories.

Financial results and review of operations

The financial results of the Group are set out on pages 3 to 118 and of the Company on pages 119 to 141 of the Annual Financial Statements. The segmental analysis is included on page 16.

The consolidated earnings attributable to equity holders of the Company amounted to R5,2 billion for the year, compared with R5,0 billion for the previous year, an increase of 4%. Headline earnings per share increased by 13% from 1 016,3 cents to 1 149,9 cents.

The financial results are more fully described in the Annual Financial Statements.

Share capital

There was no change to the authorised ordinary share capital of Aspen during the year.

The following changes to the issued share capital were effected during the year:

Ordinary shares	Number of shares (Million)	Share capital (R'million)
Opening balance	456,3	3 932,7
Capital distribution	–	(857,4)
Shares issued – share schemes	–*	0,2
	456,3	3 075,5

**7 500 shares were issued in 2015.*

Further details of the authorised and issued share capital of the Company are given in note 14 of the Group Annual Financial Statements and note 10 of the Company Annual Financial Statements.

The unissued ordinary shares are under the control of the directors of the Company until the next annual general meeting.

Directorate and Secretary

During the year under review, the following changes took place in the directorate:
Abbas Hussain – Resigned 1 February 2015
David Redfern – Appointed 1 February 2015
Rafique Bagus – Resigned 31 March 2015

The names of the directors in office at the date of this report are set out on pages 78 and 79 of the Integrated Report. The Company Secretary & Group Governance Officer is Riaan Verster. His business and postal addresses appear on page 146 of this report.

In terms of the Company's Memorandum of Incorporation, Roy Andersen, Kuseni Dlamini and Chris Mortimer retire by rotation, and being eligible offer themselves for re-election. David Redfern has been appointed by the Board of Directors during the period and, being eligible, offers himself for election.

The Group Chief Executive and the Deputy Group Chief Executive are employed on indefinite term service contracts subject to a six-month notice period by either party.

Details of directors' interests in the Company's issued shares are shown on page 91 of the Integrated Report and directors' remuneration details are set out in note 30 of the Group Annual Financial Statements.

No changes have taken place in the interests of the directors in the shares of the Company since 30 June 2015 and the date of this report.

Group share trading policy

It is Group policy that all directors and employees should not deal in shares or otherwise transact in the securities of the Company for the periods from half year end and year end to 24 hours after publication of the half year and year end results or when the Company is trading under a cautionary announcement.

Acquisitions

The following material acquisitions were effected during the 2015 financial year:

Mono-Embolex business

Aspen Global acquired the rights to Mono-Embolex, an injectable anticoagulant, from Novartis AG for a consideration of USD142 million effective 20 February 2015.

Directors' Report continued

Florinef and Omcilon business
Aspen Global and Aspen Brazil entered into an agreement with Bristol Myers Squibb Company for the acquisition of the rights to two corticosteroids, namely Florinef (primarily in Japan, the United Kingdom and Brazil) and Omcilon (in Brazil) for a consideration of USD41 million. Additional consideration of up to USD6 million is payable in the event of certain regulatory approvals being obtained. The transaction became effective on 1 November 2014.

TesoRx Pharma LLC ("TesoRx")
Aspen Global entered into a licence agreement with TesoRx, a specialty pharmaceutical company, in terms whereof TesoRx licensed the rights to TSX-002, an innovative unmodified oral-Testosterone replacement therapy for selected international territories. Aspen USA acquired a minority shareholding in TesoRx.

New Zealand New Milk ("NZ New Milk")
The Company acquired a 50% shareholding in NZ New Milk, a producer of infant nutritionals in Auckland, New Zealand for a consideration of NZD7,2 million.

Kama Industries Limited ("Kama")
On 1 May 2015, the Company acquired 65% of the issued share capital of Kama, a privately owned company incorporated in Ghana for a purchase consideration of USD4,5 million.

Disposals
The following material disposal was effected during the year:

Fondaparinux products
The disposal of the rights to commercialise the fondaparinux products (being Arixtra and the authorised generic thereof) in the United States to Mylan Laboratories Inc. ("Mylan") for a consideration of USD300 million became effective on 25 September 2015.

Capital distribution
Taking into account the earnings and cash flow performance for the year ended 30 June 2015, existing debt service commitments, future proposed investments and funding options, notice was given that the Board declared a capital distribution of 216 cents per ordinary share as a return of contributed tax capital to shareholders recorded in the share register of the Company at the close of business on 9 October 2015 (2014: capital distribution of 188 cents per share).

Shareholders were advised to seek their own tax advice on 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 for the year ending 30 June 2016.

The salient dates in respect of the capital distribution were as follows:

Last day to trade *cum* capital distribution	Friday, 2 October 2015
Shares commence trading *ex* capital distribution	Monday, 5 October 2015
Record date	Friday, 9 October 2015
Payment date	Monday, 12 October 2015

Going concern
These Annual Financial Statements have been prepared on the going concern basis. Based on the Group's positive cash flows and cash balances, the availability of unutilised funding facilities and the budgets for the period to June 2016, the Board believes that the Group and the Company have adequate resources to continue in operation for the next 12 months.

Special resolutions
At the annual general meeting of Aspen shareholders convened on 8 December 2014, the following special resolutions were passed by the Company:
- approval of remuneration for non-executive directors for the year ended 30 June 2015 and for the period 1 July 2015 to the date of the 2015 annual general meeting;
- a general authority was granted for the Company and any of its subsidiaries to provide direct or indirect financial assistance to a related or inter-related company. This authority is valid until the Company's next annual general meeting, or until revoked at a special general meeting of shareholders; and
- a general authority was granted for the Company to acquire shares in the Company from time to time, up to 20% of the Company's issued share capital.

More information on these resolutions can be obtained from the Company Secretary & Group Governance Officer at rverster@aspenpharma.com.

The following special resolutions were passed by South African subsidiaries of the Company during the year:
- a general authority was granted to Pharmacare to provide direct or indirect financial assistance to a related or inter-related company to Pharmacare. This authority is valid until Pharmacare's next annual general meeting, or until revoked at a special general meeting of shareholders; and
- a general authority was granted to FCC to provide direct or indirect financial assistance to a related or inter-related company to FCC. This authority is valid until FCC's next annual general meeting, or until revoked at a special general meeting of shareholders.

Auditors
The Audit & Risk Committee and Board have recommended that PricewaterhouseCoopers Inc be reappointed as auditors of the Group and the Company in terms of the resolution to be proposed at the annual general meeting in accordance with the Companies Act.

The directors further confirm that the Audit & Risk Committee has addressed the specific responsibility required by it in terms of the Companies Act and that membership of the Audit & Risk Committee will be proposed to shareholders by ordinary resolution at the annual general meeting. Further details and activities of the Audit & Risk Committee are contained within the Audit & Risk Committee Report available online.

Investments in subsidiaries and structured entities
The financial information in respect of the Group's and the Company's interests in its material operating subsidiaries and structured entities is set out in note 24 of the Company Annual Financial Statements.

Contracts
None of the directors and officers of the Company had an interest in any contract of significance during the financial year, save as disclosed in note 41 of the Group Annual Financial Statements and note 20 of the Company Annual Financial Statements.

Borrowings
Borrowings at year end (net of cash and cash equivalents) amounted to R30,0 billion (2014: R29,8 billion).

The level of borrowings is authorised in terms of the Company's and its subsidiaries' Memoranda of Incorporation and have been authorised in terms of the required Board approvals.

A detailed list of borrowings is set out in note 18 of the Group Annual Financial Statements and note 11 of the Company Annual Financial Statements.

Subsequent events
Divestment of Australian generics business and certain branded products to Strides entities
On 20 May 2015 certain of Aspen's wholly owned Australian subsidiaries (collectively "Aspen Australia") entered into an agreement with Strides (Australia) Pharma Proprietary Limited in terms of which Aspen Australia divested a portfolio of approximately 130 products for a consideration of approximately AUD217 million.

The portfolio of products in this transaction comprised a generic pharmaceutical business together with certain branded pharmaceutical assets.

In a separate transaction, Aspen Global entered into an agreement with Strides Pharma Global Pte Limited in terms of which Aspen Global divested a portfolio of six branded prescription products for a consideration of approximately USD79 million.

Both of the above transactions completed on 31 August 2015.

Divestment of a portfolio of products in South African to Litha
On 9 May 2015, Pharmacare, the Group's primary South African trading company, concluded a set of agreements with Litha Pharma (Pty) Limited (a wholly owned South African subsidiary of Endo International Plc) in terms which Pharmacare divested a portfolio of products from its pharmaceutical division for a consideration of approximately R1,6 billion. The portfolio of products comprises injectables and established brands. This transaction completed on 1 October 2015.

Acquisition of Norgine (Pty) Limited ("Norgine")
On 21 May 2015, Pharmacare concluded an agreement with Norgine B.V. and Norgine to acquire the entire issued share capital of Norgine in South Africa for a consideration of EUR29 million. Norgine commercialises a portfolio of branded gastro-intestinal products in South Africa and surrounding territories.

The approval of this transaction by the South African competition authorities was obtained on 25 August 2015. This transaction completed on 30 September 2015.

Group statement of financial position

at 30 June 2015

	Notes	2015 R'million	2014 R'million
ASSETS			
Non-current assets			
Property, plant and equipment	1	7 916,5	7 150,8
Goodwill	2	5 026,0	6 641,8
Intangible assets	3	40 522,1	35 698,9
Investment in joint venture	4	61,5	–
Available-for-sale financial assets	5	54,8	0,1
Other non-current receivables	6	291,2	298,8
Contingent environmental indemnification assets	7	676,9	727,1
Deferred tax assets	8	1 131,2	817,1
Total non-current assets		55 680,2	51 334,6
Current assets			
Inventories	9	10 791,5	10 275,2
Trade and other receivables	10	10 320,6	9 626,8
Current tax assets		39,4	30,4
Derivative financial instruments	11	30,2	4,0
Cash and cash equivalents	12	8 665,6	8 225,6
Total operating current assets		29 847,3	28 162,0
Assets classified as held-for-sale	13	2 889,8	3 050,8
Total current assets		32 737,1	31 212,8
Total assets		88 417,3	82 547,4
Shareholders' equity			
Share capital	14	3 075,5	3 932,7
Treasury shares	15	(68,7)	(64,8)
Non-distributable reserves		6 633,9	5 865,4
Share-based compensation reserve	16	39,1	36,9
Retained income		24 458,9	19 104,0
Ordinary shareholders' equity		34 138,7	28 874,2
Non-controlling interests	17	22,8	1,9
Total shareholders' equity		34 161,5	28 876,1
LIABILITIES			
Non-current liabilities			
Borrowings	18	25 491,6	29 915,5
Deferred payables	19	–	416,6
Deferred revenue	20	126,6	132,2
Deferred tax liabilities	8	1 669,3	1 351,1
Retirement and other employee benefits	21	470,8	497,6
Contingent environmental liabilities	7	676,9	727,1
Environmental liabilities	22	74,1	79,6
Unfavourable and onerous contracts	23	2 112,3	2 638,7
Other non-current financial liabilities	24	1 855,7	1 870,9
Total non-current liabilities		32 477,3	37 629,3
Current liabilities			
Trade and other payables	25	6 785,2	6 884,0
Borrowings	18	13 222,2	8 075,3
Deferred payables	19	396,3	234,2
Deferred revenue	20	337,5	9,1
Current tax liabilities		554,3	361,8
Derivative financial instruments	26	12,7	8,7
Unfavourable and onerous contracts	23	315,5	335,3
Other current financial liabilities	24	154,8	133,6
Total current liabilities		21 778,5	16 042,0
Total liabilities		54 255,8	53 671,3
Total equity and liabilities		88 417,3	82 547,4

Group statement of comprehensive income

for the year ended 30 June 2015

	Notes	2015 R'million	2014 R'million
Revenue	27	36 126,6	29 515,1
Cost of sales		(18 872,4)	(15 793,2)
Gross profit		17 254,2	13 721,9
Selling and distribution expenses		(5 614,4)	(4 401,3)
Administrative expenses		(2 817,5)	(1 652,5)
Other operating income		542,8	692,4
Other operating expenses		(915,2)	(935,7)
Operating profit	28	8 449,9	7 424,8
Investment income	31	382,7	278,1
Financing costs	32	(2 294,6)	(1 346,4)
Profit before tax		6 538,0	6 356,5
Tax	33	(1 338,6)	(1 351,0)
Profit for the year		5 199,4	5 005,5
Other comprehensive income, net of tax*	36		
Net investment hedge profit in Aspen Asia Pacific		–	23,9
Net gains from cash flow hedging in respect of business acquisitions		–	75,1
Currency translation gains		916,0	1 829,3
Cash flow hedges recognised		22,2	3,0
Remeasurement of retirement and other employee benefits		(5,5)	(25,3)
Total comprehensive income		6 132,1	6 911,5
Profit for the year attributable to			
Equity holders of the parent		5 201,4	5 007,6
Non-controlling interests		(2,0)	(2,1)
		5 199,4	5 005,5
Total comprehensive income attributable to			
Equity holders of the parent		6 134,1	6 915,4
Non-controlling interests		(2,0)	(3,9)
		6 132,1	6 911,5
Earnings per share			
Basic earnings per share (cents)	34	1 139,8	1 097,9
Diluted earnings per share (cents)	34	1 139,5	1 097,6

** 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 cash flows

for the year ended 30 June 2015

	Notes	2015 R'million	2014 R'million
Cash flows from operating activities			
Cash generated from operations	A	8 039,9	5 723,7
Financing costs paid	B	(2 389,7)	(987,2)
Investment income received	C	382,3	278,1
Tax paid	D	(1 193,7)	(1 178,3)
Cash generated from operating activities		4 838,8	3 836,3
Cash flows from investing activities			
Capital expenditure – property, plant and equipment		(1 592,8)	(1 328,9)
Replacement		(213,4)	(308,2)
Expansion		(1 379,4)	(1 020,7)
Proceeds from the sale of property, plant and equipment		184,6	106,3
Capital expenditure – intangible assets		(824,6)	(700,4)
Replacement		(0,6)	(0,6)
Expansion		(824,0)	(699,8)
Proceeds from the sale of intangible assets		412,2	898,8
Proceeds receivable from the sale of intangible assets		412,2	1 068,4
Outstanding proceeds from the sale of intangible assets		–	(169,6)
Acquisition of subsidiaries and businesses	E	(2 156,5)	(19 764,2)
Acquisition of non-controlling interests		(11,7)	–
Acquisition of joint venture		(61,5)	–
Acquisition of available-for-sale financial assets		(54,6)	–
Payment of deferred consideration relating to prior year business acquisitions		(495,7)	(85,9)
Increase in other non-current financial receivables		(11,2)	–
Proceeds on the disposal of assets classified as held-for-sale		3 050,8	–
Net investment hedge profit in Aspen Asia Pacific		–	23,9
Cash used in investing activities		(1 561,0)	(20 850,4)
Cash flows from financing activities			
Proceeds from borrowings		12 813,7	40 822,6
Repayment of borrowings		(14 179,9)	(20 639,3)
Capital distribution and dividends paid		(857,7)	(716,2)
Proceeds from issue of ordinary share capital		0,2	2,7
Contribution by non-controlling shareholders		4,7	–
Treasury shares purchased		(22,7)	(22,3)
Cash (used in)/generated from financing activities		(2 241,7)	19 447,5
Movement in cash and cash equivalents before currency translation movements		1 036,1	2 433,4
Currency translation movements		(338,9)	312,2
Movement in cash and cash equivalents		697,2	2 745,6
Cash and cash equivalents at the beginning of the year		6 161,8	3 416,2
Cash and cash equivalents at the end of the year	F	6 859,0	6 161,8

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.

Notes to the Group statement of cash flows

for the year ended 30 June 2015

		2015 R'million	2014 R'million
A.	**Cash generated from operations**		
	Operating profit	8 449,9	7 424,8
	Amortisation of intangible assets	487,0	389,9
	Depreciation of property, plant and equipment	552,3	433,9
	Net impairment charges	515,3	348,0
	(Profit)/loss on the sale of property, plant and equipment	(93,6)	1,6
	Profit on the sale of intangible assets	(83,8)	(570,5)
	Share-based payment expense – employees	50,8	47,5
	Deferred revenue	(9,2)	(9,1)
	Monetary adjustment relating to hyperinflation	19,4	80,9
	(Decrease)/increase in retirement and other employee benefits	(0,6)	16,0
	Withholding taxes	(73,5)	(27,8)
	Unfavourable and onerous contracts	(307,8)	(225,8)
	Other non-cash items	0,6	1,8
	Cash operating profit	9 506,8	7 911,2
	Working capital movements	(1 466,9)	(2 187,5)
	Increase in inventories	(1 183,7)	(438,9)
	Increase in trade and other receivables	(376,7)	(2 685,8)
	Increase in trade and other payables	93,5	937,2
		8 039,9	5 723,7
B.	**Financing costs paid**		
	Interest paid	(1 832,2)	(1 295,9)
	Net foreign exchange (losses)/gains	(479,4)	80,7
	Foreign exchange gain on settlement of transaction funding liability	–	248,9
	Borrowing costs capitalised to property, plant and equipment	(78,1)	(14,5)
	Other	–	(6,4)
		(2 389,7)	(987,2)
C.	**Investment income received**		
	Interest received	382,7	278,1
	Monetary adjustment relating to hyperinflation	(0,4)	–
		382,3	278,1
D.	**Tax paid**		
	Amounts payable at the beginning of the year	(331,4)	(413,8)
	Tax charged to the statement of comprehensive income (excluding deferred and withholding taxes)	(1 440,6)	(1 112,1)
	Tax claims credited to equity in respect of share schemes	–	31,5
	Acquisition of subsidiaries and businesses	–	3,0
	Currency translation movements	8,0	(18,3)
	Amounts owing at the end of the year	554,3	361,8
	Amounts receivable at the end of the year	(39,4)	(30,4)
	Reclassification from other receivables	55,4	–
		(1 193,7)	(1 178,3)

Notes to the Group statement of cash flows continued

for the year ended 30 June 2015

E. Acquisition of subsidiaries and businesses

2015

	2015 R'million
Cash outflow relating to current year business combinations	2 160,8
Cash inflow relating to working capital purchase price adjustment	(4,3)
	2 156,5

Set out below is the provisional accounting for the following June 2015 business combinations:

Kama

On 1 May 2015, the Company acquired 65% of the issued share capital of Kama, a privately owned company incorporated in Ghana for a purchase consideration of USD4,5 million.

Mono-Embolex business

Aspen Global acquired the rights to Mono-Embolex, an injectable anticoagulant, from Novartis AG for a consideration of USD142 million effective 20 February 2015.

Florinef and Omcilon business

Aspen Global and Aspen Brazil entered into an agreement with Bristol Myers Squibb Company for the acquisition of the rights to two corticosteroids. Florinef, in certain countries (primarily Japan, the United Kingdom and Brazil) and Omcilon in Brazil, for a consideration of USD41 million. Additional consideration of up to USD6 million is payable in the event of certain regulatory approvals being obtained but it is not possible to ascertain the likelihood of these occurring at this time. The transaction became effective on 1 November 2014.

	Kama R'million	Florinef and Omcilon business R'million	Mono-Embolex business R'million	Total R'million
Fair value of assets and liabilities acquired				
Property, plant and equipment	38,9	–	–	38,9
Intangible assets	12,2	446,5	1 660,0	2 118,7
Inventories	3,8	–	–	3,8
Trade and other receivables	3,0	–	–	3,0
Cash and cash equivalents	0,1	–	–	0,1
Deferred tax liabilities	(9,4)	(13,4)	(49,8)	(72,6)
Trade and other payables	(1,7)	–	–	(1,7)
Fair value of net assets acquired	46,9	433,1	1 610,2	2 090,2
Non-controlling interests	(16,4)	–	–	(16,4)
Goodwill acquired	23,9	13,4	49,8	87,1
Purchase consideration paid	54,4	446,5	1 660,0	2 160,9
Cash and cash equivalents in acquired companies	(0,1)	–	–	(0,1)
Cash outflow on acquisition	54,3	446,5	1 660,0	2 160,8

2014

Set out below is the final accounting for the following June 2014 business combinations:

API Business

On 1 October 2013, the Company acquired 100% of the issued share capital in an API manufacturing business from Merck Sharpe & Dhome ("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 United States for a purchase consideration of EUR31 million (net of cash acquired).

MSD business

Aspen Global 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 Aspen Global, acquired the Arixtra and Fraxiparine brands and related business worldwide from GlaxoSmithKline plc ("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 brands and the related inventories for a purchase consideration of GBP194 million.

Latin American infant nutritionals business

On 28 October 2013 Aspen Group companies concluded agreements with Nestlé in respect of the acquisition of certain licence rights to intellectual property, net assets (including an infant nutritionals manufacturing facility located in Vallejo, Mexico) and 100% of the issued share capital in the infant nutritional businesses previously 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 nutritionals business

The Company concluded agreements with Nestlé in the prior financial year in respect of the acquisition of certain rights to intellectual property licences 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 nutritionals 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.

Notes to the Group statement of cash flows continued

for the year ended 30 June 2015

E. Acquisition of subsidiaries and businesses (continued)

	API business R'million	MSD business R'million	GSK thrombosis business R'million	Latin American infant nutritionals business R'million	South African infant nutritionals business R'million	Australian infant nutritionals business* R'million	Total R'million
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	749,8	253,4	–	18 293,3
Contingent environmental indemnification assets	680,1	–	–	–	–	–	680,1
Other non-current receivables	–	–	267,1	–	–	–	267,1
Deferred tax assets	48,1	–	440,1	–	–	19,5	507,7
Current tax assets	–	–	–	3,0	–	–	3,0
Inventories	3 142,1	–	1 688,3	520,6	57,3	(2,3)	5 406,0
Trade and other receivables	507,9	–	309,8	465,1	62,3	(21,3)	1 323,8
Cash and cash equivalents	1 272,5	–	–	–	–	–	1 272,5
Contingent environmental liabilities	(680,1)	–	–	–	–	–	(680,1)
Environmental liabilities	(74,5)	–	–	–	–	–	(74,5)
Unfavourable and onerous contracts	(2 756,3)	–	(215,9)	–	–	–	(2 972,2)
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	(370,2)	–	(376,0)	(609,2)	(57,0)	1,7	(1 410,7)
Other non-current and current financial liabilities	(1 152,3)	–	(718,7)	–	–	–	(1 871,0)
Fair value of net assets acquired	1 712,7	6 062,8	11 880,8	1 709,4	242,2	(2,4)	21 605,5
Goodwill acquired	–	187,5	164,3	56,1	172,7	(13,5)	567,1
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	1 765,5	–	(15,9)	21 107,5
Net gains from cash flow hedging in respect of business acquisition	–	–	(75,1)	–	–	–	(75,1)
Working capital purchase price adjustment	–	–	–	4,3	–	–	4,3
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 working capital adjustments, the purchase consideration decreased by R15,9 million to R1 562,7 million.

F. Cash and cash equivalents

	2015 R'million	2014 R'million
Bank balances	7 179,5	6 429,0
Short-term bank deposits	1 447,8	1 723,6
Cash-in-transit	33,5	63,7
Cash-on-hand	4,8	9,3
Cash and cash equivalents per the statement of financial position	8 665,6	8 225,6
Less: bank overdrafts^	(1 806,6)	(2 063,8)
Cash and cash equivalents per the statement of cash flows	6 859,0	6 161,8

^ *Banks overdrafts are included within current borrowings in the statement of financial position.*

Group statement of changes in equity

for the year ended 30 June 2015

			Non-distributable reserves						
	Share capital R'million	Treasury shares R'million	Hedging reserve R'million	Foreign currency translation reserve R'million	Share-based compensation reserve R'million	Retained income R'million	Total attributable to equity holders of the parent R'million	Non-controlling interests R'million	Total R'million
Balance at 1 July 2013	4 048,6	(59,4)	238,2	3 694,1	35,7	14 836,6	22 793,8	5,1	22 798,9
Total comprehensive income	–	–	102,0	1 831,1	–	4 982,3	6 915,4	(3,9)	6 911,5
Profit for the year	–	–	–	–	–	5 007,6	5 007,6	(2,1)	5 005,5
Other comprehensive income	–	–	102,0	1 831,1	–	(25,3)	1 907,8	(1,8)	1 906,0
Capital distribution and dividends paid	(118,6)	–	–	–	–	(597,4)	(716,0)	(0,2)	(716,2)
Issue of ordinary share capital – share schemes	2,7	–	–	–	–	–	2,7	–	2,7
Treasury shares purchased	–	(22,3)	–	–	–	–	(22,3)	–	(22,3)
Deferred incentive bonus shares exercised	–	16,9	–	–	(16,9)	–	–	–	–
Share-based payment expenses	–	–	–	–	21,8	–	21,8	–	21,8
Transfer from share-based compensation reserve	–	–	–	–	(3,7)	3,7	–	–	–
Equity portion of tax claims in respect of share schemes	–	–	–	–	–	10,8	10,8	–	10,8
Hyperinflation adjustment	–	–	–	–	–	(132,0)	(132,0)	0,9	(131,1)
Balance at 30 June 2014	**3 932,7**	**(64,8)**	**340,2**	**5 525,2**	**36,9**	**19 104,0**	**28 874,2**	**1,9**	**28 876,1**
Total comprehensive income	**–**	**–**	**22,2**	**749,2**	**–**	**5 362,7**	**6 134,1**	**(2,0)**	**6 132,1**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**5 201,4**	**5 201,4**	**(2,0)**	**5 199,4**
Other comprehensive income	**–**	**–**	**22,2**	**749,2**	**–**	**161,3**	**932,7**	**–**	**932,7**
Capital distribution and dividends paid	**(857,4)**	**–**	**–**	**–**	**–**	**–**	**(857,4)**	**(0,3)**	**(857,7)**
Issue of ordinary share capital – share schemes	**0,2**	**–**	**–**	**–**	**–**	**–**	**0,2**	**–**	**0,2**
Treasury shares purchased	**–**	**(22,7)**	**–**	**–**	**–**	**–**	**(22,7)**	**–**	**(22,7)**
Deferred incentive bonus shares exercised	**–**	**18,8**	**–**	**–**	**(18,8)**	**–**	**–**	**–**	**–**
Share-based payment expenses	**–**	**–**	**–**	**–**	**24,8**	**–**	**24,8**	**–**	**24,8**
Transfer from share-based compensation reserve	**–**	**–**	**–**	**–**	**(3,8)**	**3,8**	**–**	**–**	**–**
Equity portion of tax claims in respect of share schemes	**–**	**–**	**–**	**–**	**–**	**(0,7)**	**(0,7)**	**–**	**(0,7)**
Contribution by non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,7**	**4,7**
Acquisition of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**16,4**	**16,4**
Acquisition of non-controlling interests	**–**	**–**	**–**	**(2,9)**	**–**	**(10,9)**	**(13,8)**	**2,1**	**(11,7)**
Balance at 30 June 2015	**3 075,5**	**(68,7)**	**362,4**	**6 271,5**	**39,1**	**24 458,9**	**34 138,7**	**22,8**	**34 161,5**

Group segmental analysis

for the year ended 30 June 2015

	2015		Restated 2014		
	R'million	% of total	R'million	% of total	Change
Revenue					
International[Δ]	**18 567,4**	**49**	12 724,8	40	46%
South Africa[^]	**8 602,6**	**23**	7 446,3	24	16%
Asia Pacific	**8 107,3**	**21**	8 517,2	27	(5)%
SSA	**2 768,6**	**7**	2 744,3	9	1%
Total gross revenue	**38 045,9**	**100**	31 432,6	100	21%
Adjustment*	**(1 919,3)**		(1 917,5)		
Total revenue	**36 126,6**		29 515,1		22%
Operating profit before amortisation					
Adjusted for specific non-trading items ("EBITA")					
International	**5 159,8**	**56**	3 636,1	47	42%
Operating profit[#]	**4 610,7**		3 633,1		27%
Amortisation of intangible assets	**249,9**		180,4		
Transaction costs	**75,9**		255,0		
Restructuring costs	**130,3**		–		
Profit on the sale of assets	**(60,7)**		(522,0)		
Impairment of assets	**153,7**		89,6		
South Africa	**1 950,2**	**21**	1 816,5	24	7%
Operating profit[#]	**1 826,5**		1 652,7		11%
Amortisation of intangible assets	**93,1**		65,1		
Transaction costs	**9,6**		77,4		
Profit on the sale of assets	**(19,6)**		–		
Net impairment of assets	**40,6**		21,3		
Asia Pacific	**1 748,4**	**19**	1 944,6	25	(10)%
Operating profit[#]	**1 705,8**		1 811,6		(6)%
Amortisation of intangible assets	**137,7**		138,2		
Transaction costs	**–**		7,0		
Restructuring costs	**1,5**		42,1		
Reversal of impairment of assets	**–**		(5,8)		
Profit on the sale of assets	**(96,6)**		(48,5)		
SSA	**312,7**	**4**	333,6	4	(6)%
Operating profit[#]	**306,9**		327,4		(6)%
Amortisation of intangible assets	**6,3**		6,2		
Profit on the sale of assets	**(0,5)**		–		
Total EBITA	**9 171,1**	**100**	7 730,8	100	19%
Entity-wide disclosure – revenue					
Analysis of revenue in accordance with customer geography					
Europe CIS	**10 456,3**	**28**	7 200,1	23	45%
South Africa	**8 608,1**	**23**	7 451,4	24	16%
Asia Pacific	**8 504,1**	**22**	8 798,7	28	(3)%
Latin America	**3 424,3**	**9**	2 371,7	8	44%
SSA	**2 776,8**	**7**	2 752,6	9	1%
Hyperinflationary economy	**2 703,9**	**7**	1 112,9	3	143%
Rest of the world	**1 572,4**	**4**	1 745,2	5	(10)%
Total gross revenue	**38 045,9**	**100**	31 432,6	100	21%
Adjustment*	**(1 919,3)**		(1 917,5)		
Total revenue	**36 126,6**		29 515,1		22%

[Δ] Excludes intersegment revenue of R1 806,5 million (2014: R1 691,8 million).
[^] Excludes intersegment revenue of R107,3 million (2014: R91,5 million).
[*] The profit share from the Collaboration has been disclosed as revenue in the statement of comprehensive income. For segmental purposes the total revenue for the Collaboration has been included to provide enhanced revenue visibility in this territory.
[#] The aggregate segmental operating profit is R8 449,9 million (2014: R7 424,8 million).

Accounting policies

for the year ended 30 June 2015

General information

Aspen Holdings is the holding company of the Group and is domiciled and incorporated in the Republic of South Africa.

The principal accounting policies applied in the preparation of these Annual Financial Statements are set out below. Except as otherwise disclosed, these policies are consistent in all material respects with those applied in previous years.

Financial reporting terms

These definitions of financial reporting terms are provided to ensure clarity of meaning as certain terms may not always have the same meaning or interpretation in all countries.

Group structures

Business unit: An operation engaged in providing similar goods or services that are different to those provided by other operations. The primary business units are:

- International;
- South Africa;
- Asia Pacific; and
- SSA.

Company: A legal business entity registered in terms of the applicable legislation of that country.

Entity: Aspen Holdings or a subsidiary or structured entity within the Group.

Foreign operation: An entity whose activities are based or conducted in a country or currency other than that of the reporting entity i.e. Aspen Holdings.

Group: The Group comprises Aspen Holdings, its subsidiaries, joint ventures and its interests in structured entities.

Operation: A component of the Group:

- that represents a separate major line of business or geographical area of operation; and
- is distinguished separately for financial and operating purposes.

Subsidiary: Any entity over which the Group has the power to exercise control. This is usually accompanied by a shareholding of more than one half of the voting rights.

Structured entity: An entity established to accomplish a narrow and well-defined objective. At this stage limited to the share trusts. A structured entity is consolidated when the substance of the relationship between the entity and the structured entity indicates that the structured entity is controlled by that entity.

General accounting terms

Acquisition date: The date on which control in subsidiaries and structured entities commences.

Assets under construction: A non-current asset which includes expenditure capitalised for work-in-progress in respect of activities to develop, expand or enhance items of property, plant and equipment and intangible assets.

Cash generating unit: The smallest identifiable group of assets which can generate cash inflows independently from other assets or groups of assets.

Control: The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Accounting policies continued

for the year ended 30 June 2015

Discontinued operation: A discontinued operation is a component of an entity that either has been disposed of, or is classified as held-for-sale, and:
- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view of resale.

Disposal date: The date on which control of subsidiaries and structured entities ceases.

Financial results: Comprise the financial position (assets, liabilities and equity), results of operations (income and expenses) and cash flows of an entity and of the Group.

Functional currency: The currency of the primary economic environment in which the entity operates.

Non-current: A period longer than 12 months from the reporting date.

Other comprehensive income: Comprises items of income and expense (including reclassification adjustments) that are not recognised in the statement of comprehensive income and includes currency translation movements, cash flow hedges, net investment hedges, remeasurements of retirement and other employee benefits and changes in revaluation reserves.

Presentation currency: The currency in which financial results of an entity are presented.

Qualifying asset: An asset that necessarily takes a substantial period of time (normally in excess of 12 months) to get ready for its intended use or sale.

Recoverable amount: The amount that reflects the higher of the asset's fair value less costs to sell and the value-in-use that can be attributed to an asset as a result of its ongoing use by the entity. In determining the value-in-use, expected future cash flows are discounted to their present values using an appropriate discount rate.

Share-based payment transaction: A transaction in which the entity receives goods or services as consideration for equity instruments of the entity (including share options, share appreciation rights, deferred incentive bonus shares and phantom shares), or acquires goods or services by incurring liabilities to the supplier of those goods or services for amounts that are based on the price of the entity's shares or other equity instruments of the entity.

Financial instrument terms

Cash and cash equivalents: Comprise cash-on-hand, demand deposits and other short-term highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These investments typically have a maturity period of three months or less at date of purchase.

Cash flow hedge: A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction, and could affect the statement of comprehensive income.

Derivative instrument: A financial instrument:
- which changes in value in response to changes in specified interest rates, commodity prices, foreign exchange rates or similar variables (the underlying financial instrument), provided that in the case of a non-financial variable that variable is not specific to a party to the contract;
- that requires minimal initial net investment; and
- for which the terms require or permit settlement at a future date.

Equity instrument: Any contract (including investments) that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial assets: Cash and cash equivalents, a contractual right to receive cash, an equity instrument of another entity or a right to exchange a financial instrument under favourable conditions. A contract that may be settled in the entity's own equity instruments other than by an exchange of a fixed amount of cash for a fixed number of the entity's own equity instruments.

Financial liabilities: A contractual obligation to deliver cash or an obligation to exchange a financial instrument under unfavourable conditions or a contract that may be settled in the entity's own equity instruments other than by an exchange of a fixed amount of cash for a fixed number of the entity's own equity instruments. This includes debt.

Financial guarantee: A contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of the debt instrument.

Loans and receivables: A non-derivative financial asset with fixed or determinable repayments that are not quoted in an active market, other than those that the entity intends to sell in the near term, which shall be classified as held-for-trading.

Monetary item: A unit of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

Transaction date: The date an entity commits itself to purchase or sell a financial instrument.

Summary of significant accounting policies

Basis of preparation of financial results

The Annual Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council (FRSC), the JSE Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008. The Annual Financial Statements have been prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value. The results, cash flows and financial position of a subsidiary that operates in a hyperinflationary economy have been expressed in terms of the measuring unit current at the reporting date. The methods used to measure fair value and the adjustments made to account for these subsidiaries are discussed further in the accounting policies and in the respective notes.

The Annual Financial Statements are prepared on the going concern basis. These accounting policies are applied throughout the Group.

The preparation of Annual Financial Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Annual Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The preparation of Annual Financial Statements in conformity with IFRS also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Annual Financial Statements are disclosed on page 39.

Group accounting

The Annual Financial Statements reflect the financial results of the Group. All financial results are consolidated with similar items on a line-by-line basis. A listing of the Group's material operating subsidiaries and structured entities are set out in note 24 of the Company Annual Financial Statements.

Accounting policies continued

for the year ended 30 June 2015

Subsidiaries

The financial results of subsidiaries (including structured entities, at this stage limited to the share trusts) are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost less any accumulated impairment losses in the separate Annual Financial Statements of Aspen Holdings. None of the investments in subsidiaries are listed.

When the end date of the reporting period of the parent is different to that of the subsidiary, the subsidiary prepares, for consolidation purposes, additional Annual Financial Statements as of the same date as the Annual Financial Statements of the parent.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint arrangements

Under IFRS 11 – *Joint Arrangements* investment in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has an interest in a joint venture which is accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

Inter-company transactions and balances

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation. To the extent that a loss on a transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss of a non-current asset, that loss is charged to the statement of comprehensive income.

Transactions and non-controlling interests

Changes in ownership in subsidiaries

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying value recognised in the statement of comprehensive income. The fair value is the initial carrying value for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business combinations and goodwill

The acquisition method of accounting is used when a business is acquired. A business may comprise an entity, group of entities or an unincorporated operation including its operating assets and associated liabilities.

The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued, or liabilities incurred or assumed at the date of exchange. Costs attributable to the acquisition are charged to the statement of comprehensive income. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the acquisition date fair value of previously held equity interests and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Non-controlling interests at acquisition date is determined as the non-controlling shareholders' proportionate share of the fair value of the net assets of the subsidiary acquired.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of acquired subsidiaries or businesses at the date of acquisition. Goodwill on the acquisition of subsidiaries or businesses is capitalised and shown separately on the face of the statement of financial position and carried at cost less accumulated impairment losses. Separately recognised goodwill is tested for impairment on an annual basis or where there is an indication of impairment. Impairment losses on goodwill are not reversed. Refer to the policy on impairment for more details on impairment testing.

Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying value of any related goodwill.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

At the date of the acquisition, acquired deferred tax assets may not be fully recognised under IFRS. Adjustments to the initial recognition of acquired deferred tax assets under IFRS, subsequent to the acquisition date, are recognised in the statement of comprehensive income unless the adjustment qualifies as a measurement period adjustment in which case it is recognised as an adjustment to goodwill.

Contingent consideration in a business combination is included in the cost of a business combination at fair value on the date of acquisition. The classification of the arrangement into debt or equity will dictate the subsequent accounting. If the arrangement is classified as debt the amount will have to be remeasured at each reporting period to fair value with changes being recognised in the statement of comprehensive income. If the arrangement is classified as equity, then remeasurement is not allowed. Existing contingent consideration arrangements are however grandfathered under the standard that was in existence at the time of acquisition, being IFRS 3 – *Business combinations*.

When the accounting for a business combination can only be determined provisionally at the date of reporting, provisional values are used. These provisional values are adjusted once the initial accounting has been completed, which must be within 12 months from the date of acquisition, by retrospectively adjusting the fair values of the net assets acquired and goodwill.

Foreign currency translation

Functional and presentation currency

Items included in the Annual Financial Statements of each entity in the Group are measured using the functional currency of the primary economic environment in which that entity operates. The Annual Financial Statements are presented in Rand, which is the functional and presentation currency of Aspen Holdings.

Foreign currency transactions (except for hyperinflationary economies)

Income and expenditure transactions are translated into the functional currency of the entity at the rate of exchange ruling at the transaction date. To the extent that transactions occur regularly throughout the year, they are translated at the average rate of exchange for the year since this is deemed to provide a reasonable approximation of the actual exchange rates prevailing at the dates on which those transactions occurred.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity at the rates of exchange ruling at year end. Foreign exchange gains or losses resulting from the translation and settlement of monetary assets and liabilities are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

Currency translation differences on non-monetary financial assets and liabilities such as derivative financial instruments are recognised in the statement of comprehensive income as part of the fair value gain or loss.

Accounting policies continued

for the year ended 30 June 2015

Foreign operations (except for hyperinflationary economies)

The results and financial position of all entities that have a functional currency different from the presentation currency of their parent entity are translated into the presentation currency. The basis for the translation is as follows:

- income and expenditure of foreign operations are translated into the Group's presentation currency at the average exchange rate for the year, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenditure transactions are translated at the rates on the dates of the transactions;
- assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the closing rate at year end; and
- exchange differences arising on translation are recognised as currency translation movements in other comprehensive income and deferred in equity in the foreign currency translation reserve.

On consolidation, currency translation movements arising from translation of results and financial position of entities that have a functional currency different from that of the presentation currency of the parent is recognised in other comprehensive income.

On consolidation, differences arising from the translation of the net investment in foreign operations, as well as borrowings and other currency instruments designated as hedges of such investments (if effective), are recognised in other comprehensive income and deferred in equity.

On disposal of part or all of the foreign operation, the proportionate share of the related cumulative gains and losses previously recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity is reclassified from equity to the statement of comprehensive income (as a reclassification adjustment) when the gain or loss on disposal is recognised.

Hyperinflationary economies

The results and financial position of a subsidiary of the Group which is accounted for as an entity operating in a hyperinflationary economy and has a functional currency different from the presentation currency of the Group are translated into the presentation currency at rates ruling at the reporting date. As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts have not been adjusted for changes in the price level or exchange rates in the current year.

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy is adjusted in terms of the measuring unit current at the end of the reporting period.

Items in the statement of financial position not already expressed in terms of the measuring unit current at the reporting period, such as non-monetary items carried at cost or cost less depreciation, are restated by applying a general price index. The restated cost, or cost less depreciation, of each item is determined by applying to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. The restated amount of a non-monetary item is reduced when it exceeds its recoverable amount.

Corresponding figures for the previous reporting period are restated by applying a general price index and the current closing rate so that the comparative financial statements are presented in terms of the measuring unit current at the end of the reporting period. This hyperinflation foreign currency translation adjustment is recognised directly in other comprehensive income as a currency translation movement.

All items recognised in the statement of comprehensive income are restated by applying the change in the general price from the dates when the items of income and expenses were initially recognised. Gains or losses on the net monetary position are recognised in the statement of comprehensive income as a monetary adjustment.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

The cost of self-constructed assets includes expenditure on materials, direct labour and an allocated proportion of project overheads. Costs capitalised for work-in-progress in respect of activities to develop, expand or enhance items of property, plant and equipment are classified as part of assets under capital work-in-progress.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying value, or recognised as a separate asset, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income in the period in which they are incurred.

Property, plant and equipment is depreciated to its estimated residual value on a straight-line basis over its expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end date.

Land and buildings comprise mainly factories and office buildings. Owned land is not depreciated. Leasehold improvements are depreciated over the lesser of the period of the lease and the useful life of the asset.

Property, plant and equipment is tested for impairment whenever there is an indication that the asset may be impaired, in accordance with the requirements of IAS 36 – *Impairment of Assets*. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is higher than the estimated recoverable amount.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying value and are included in operating profit in the statement of comprehensive income.

Costs directly attributable to major development projects of property, plant and equipment are capitalised to the asset.

Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and accumulated impairment losses. Intangible assets are not revalued. Amortisation is included in other operating expenses in the statement of comprehensive income.

Intellectual property

Expenditure on acquired patents, trademarks, dossiers, licences and know-how is capitalised. Expenditure incurred to extend the term of the patents or trademarks is capitalised. All other expenditure is charged to the statement of comprehensive income when incurred. Intellectual property is recognised at cost and amortised on a straight-line basis over their estimated remaining useful lives, which ranged from one to 40 years during the financial year. Estimated useful lives are reviewed annually. In addition, some intangible assets included in this category are classified as indefinite life intangible assets. Indefinite life intangible assets are not amortised, but are tested annually for impairment and where there is an indicator of impairment.

Research and development

Research expenditure is charged to the statement of comprehensive income when incurred.

Development costs directly attributable to the production of new or substantially improved products or processes controlled by the Group are capitalised if the costs can be measured reliably, the products and processes are technically feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. All the remaining development costs are charged to the statement of comprehensive income.

The amounts that are recognised as intangible assets consist of all direct costs relating to the intellectual property and also include the cost of intellectual property development employees and an approximate portion of relevant overheads. Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs are capitalised until the date of commercial production and are amortised from the commencement of the commercial sale of the product to which they relate, being the date at which all regulatory requirements necessary to commercialise the product are met, on a straight-line basis over the remaining useful lives, which ranged from 1 to 10 years during the financial year.

Product participation and other contractual rights

Rights acquired to co-market or manufacture certain third-party products are capitalised to intangible assets. These rights are subsequently carried at amortised cost and are amortised on a straight-line basis over the financial years of the agreements.

Accounting policies continued

for the year ended 30 June 2015

Drug master files

Drug master files include technical know-how relating to the drug master files acquired in business combinations and are carried at cost less accumulated amortisation and accumulated impairment losses. Drug master files are amortised over their expected remaining useful lives, which are estimated to be five years.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated remaining useful lives.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets if they meet the following criteria:

- the costs can be measured reliably;
- the software is technically feasible;
- future economic benefits are probable;
- the Group intends to and has sufficient resources to complete development; and
- the Group intends to use or sell the asset.

Direct costs include the cost of software development employees and an approximate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives.

The estimate of the remaining useful lives of software ranged between 1 and 14 years for the financial year.

Financial instruments

Financial assets

The Group classifies its financial assets into the following categories:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income;
- loans and receivables;
- available-for-sale financial assets; or
- derivative instruments designated as hedges.

The classification is dependent on the purpose for which the financial asset is acquired. Management determines the classification of its financial assets at the time of the initial recognition.

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument or secures other access to economic benefits. Such assets consist of cash or a contractual right to receive cash or another financial asset.

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

Financial instruments at fair value through profit or loss

Financial instruments are classified under this category if held-for-trading, or if designated at fair value through profit or loss at inception. A financial instrument is classified as held-for-trading if acquired or incurred principally for the purpose of selling it in the short term. For the purpose of these Annual Financial Statements short term is defined as three months. Derivatives are also classified as held-for-trading unless they are designated as hedges. Financial instruments in this category are classified as current assets and liabilities. Financial instruments at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial instruments at fair value through profit or loss are included in financing costs in the statement of comprehensive income during the period in which they arise. Financial derivative instruments on the statement of financial position are classified in this category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months from year end, which are classified as non-current assets. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost, less impairments, using the effective interest rate method. Loans and receivables comprise the other non-current receivables, trade and other financial receivables, amounts due by Group companies and cash and cash equivalents.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the statement of financial position date. Available-for-sale financial assets are carried at fair value and changes in the fair value are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

At each statement of financial position date the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. The impairment loss, being the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss, is removed from equity and recognised in the statement of comprehensive income. Impairment losses on available-for-sale financial assets recognised in the statement of comprehensive income are not reversed through the statement of comprehensive income.

Financial liabilities

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss; and
- financial liabilities at amortised cost.

The classification is dependent on the purpose for which the financial liabilities were acquired or incurred. Management determines the classification of its financial liabilities at the time of initial recognition.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Accounting policies continued

for the year ended 30 June 2015

Financial liabilities at amortised cost
This category of financial liabilities comprises borrowings, other financial liabilities, deferred payables, trade and other financial payables and amounts due to Group companies. These financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

Accounting for derivative financial instruments and hedging activities
The Group's criteria for a derivative instrument to be designated as a hedging instrument require that:
- the hedge transaction is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured throughout the duration of the hedge;
- there is adequate documentation of the hedging relationship at the inception of the hedge; and
- for cash flow hedges, the forecast transaction that is the subject of the hedge must be highly probable.

The Group designates certain derivatives as one of the following on the date the derivative contract is entered into:
- a hedge of the exposure to changes in fair value of a recognised asset or liability or a firm commitment (fair value hedge);
- a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- net investment hedge.

At the inception of the transaction the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements in the hedging reserve are accounted for in other comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of comprehensive income within financing costs.

Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income as financing costs, along with any changes in fair value of the hedged asset or liability that is attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying value of a hedged item for which the effective interest rate method is used is amortised in the statement of comprehensive income over the period to maturity.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The ineffective portion is recognised immediately in the statement of comprehensive income within financing costs. Where the forecast transaction or firm commitment results in the recognition of a non-financial asset or a non-financial liability, the gains or losses previously recognised in other comprehensive income and deferred in equity are reclassified from equity and included in the initial cost or other carrying amount of the asset or liability. Otherwise, amounts recognised in other comprehensive income and deferred in equity are reclassified to the statement of comprehensive income as gains or losses in the same financial years during which the hedged firm commitment or forecast transaction affects the statement of comprehensive income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in other comprehensive income and deferred in equity at that time remains in equity and is recognised when the forecast transaction is recognised in the statement of comprehensive income. When the forecast transaction is no longer expected to occur, the cumulative gain or loss recognised in other comprehensive income and deferred in equity is reclassified from equity to the statement of comprehensive income as a reclassification adjustment.

Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the statement of comprehensive income. Gains and losses recognised in other comprehensive income and accumulated in equity are reclassified to the statement of comprehensive income when the foreign operation is partly disposed of or sold.

Fair value estimation
The fair value of publicly traded derivatives is based on quoted market prices at year end. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at year end.

Financial instruments that are measured at fair value in the statement of financial position are classified into the following levels of the fair value measurement hierarchy:
- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly, as prices, or indirectly, derived from prices (level 2); and
- inputs for the assets or liabilities that are not based on observable market data, unobservable inputs (level 3).

Quoted market prices or dealer quotes for the specific or similar instruments are used for non-current debt. The fair values of non-current financial assets for disclosure purposes are estimated by discounting the future contractual cash flows at the interest rates available to the Group at year end. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value of the remaining financial instruments.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group makes assumptions that are based on market conditions existing at each year end.

The carrying values of the following financial assets and financial liabilities approximate their fair values:
- trade and other financial receivables;
- cash and cash equivalents;
- other non-current receivables;
- amounts due to Group companies;
- amounts due by Group companies;
- trade and other financial payables;
- other non-current financial liabilities;
- other current financial liabilities;
- current borrowings; and
- non-current borrowings.

Information on the fair value of financial instruments is included in the respective notes.

Leased assets

Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Accounting policies continued

for the year ended 30 June 2015

Operating leases

Leases where a significant portion of risks and rewards of ownership is retained by the lessor are classified as operating leases. Operating lease costs (net of any incentives from the lessor) are charged against operating profit on a straight-line basis over the period of the lease.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis. The carrying values of finished goods and work-in-progress include raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but exclude borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Trade receivables

Trade receivables are recognised initially at fair value (fair value is deemed to equal cost) and subsequently measured at amortised cost using the effective interest rate method, less the allowance account for losses. No fair value adjustment is made for the effect of time value of money where trade receivables have a short-term profile. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or late payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount of the asset, being the present value of the estimated future cash flow discounted at the original effective interest rate. This provision is recognised through the use of an allowance account for losses. The amount of the loss is included in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for losses. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents are initially measured at fair value and subsequently carried at amortised cost. For the purposes of the statement of financial position, cash and cash equivalents comprise cash-on-hand and deposits held on call with banks. 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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position. Bank overdrafts are repayable on demand.

Assets classified as held-for-sale

Assets (or disposal groups) are classified as held-for-sale if the carrying amount will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets (or disposal groups) are available for immediate sale in its present condition and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

Immediately prior to being classified as held-for-sale the carrying amount of assets and liabilities are measured in accordance with the applicable standard. After classification as held-for-sale it is measured at the lower of the carrying value and fair value less costs to sell. An impairment loss is recognised in the statement of comprehensive income for any initial and subsequent write-down of the asset and disposal group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in the statement of comprehensive income to the extent that it is not in excess of the cumulative impairment loss previously recognised.

Tax

The current and deferred tax charge is computed on the basis of reported income before tax for the year under the laws and regulations of the countries in which the respective Group companies are registered, using substantively enacted tax rates in the countries where the Group companies operate and generate taxable income. Tax comprises current tax, deferred tax, capital gains tax and dividend and withholding taxes.

Current tax

The current tax charge is the expected tax payable on taxable income for the year, and any adjustments to tax payable in respect of prior years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax is charged or credited to other comprehensive income or directly to equity if the tax relates to items that are credited or charged, in the same or different period, to other comprehensive income or directly to equity respectively.

Deferred tax

Deferred tax is provided in full, using the liability method, at currently enacted or substantively enacted tax rates in operation at year end, that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Full provision is made for all temporary differences between the tax base of an asset or liability and its statement of financial position carrying value.

No deferred tax asset or liability is recognised in those circumstances, other than a business combination, where the initial recognition of an asset or liability has no impact on accounting profit or taxable income.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to other comprehensive income or directly to equity if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income or directly to equity respectively.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividend and withholding taxes

Dividend withholding tax is payable by Aspen Pharmacare Holdings Ltd shareholders on any dividend that is paid by the Company, at the applicable rate. The amount is not attributable to the Company and is therefore not reflected in taxes paid by the Company. If a withholding tax is payable by any Company in the Group, the withholding tax is recognised as part of the tax charge in the statement of comprehensive income.

Capital gains tax

The capital gains tax is reflected separately so that the tax arising on disposals can be readily identified from the current tax charge arising from normal trading activities notwithstanding the fact that this charge is not statutorily a separate tax.

Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares are deducted from share capital.

Treasury shares

Equity shares in Aspen held by any Group company are classified as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. The consideration paid, including any directly attributable incremental costs (net of taxes), is deducted from Group equity until the shares are cancelled, reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to equity holders of the parent.

Accounting policies continued

for the year ended 30 June 2015

Compound financial instruments

Where financial instruments are issued that contain both liability and equity elements, their component parts are classified separately as liabilities or equity on initial recognition, in accordance with the substance of the contractual arrangements.

For purposes of statement of financial position presentation, such instruments comprise two components:

- a financial liability (a contractual arrangement to deliver cash or other financial assets); and
- an equity instrument (a call option granting the holder the right, for a specified period of time, to convert into Aspen ordinary shares).

Accordingly, such liability and equity elements are presented separately on the statement of financial position.

The sum of the carrying values assigned to the liability and equity components on initial recognition equals the fair value ascribed to the instrument as a whole. No gain or loss arises from recognising and presenting the components of the instrument separately. The liability component is measured initially by discounting the stream of future cash flows at the prevailing market rate for a similar liability that does not have an associated equity component, and is carried on an amortised cost basis until extinguished on redemption or conversion. The carrying value of the equity instrument represented by the option to convert the instrument into ordinary shares is determined by deducting the initial carrying value of the financial liability from the fair value of the compound instrument as a whole. The equity component of a compound financial instrument is not re-measured subsequently to initial recognition except on conversion or expiry.

The cumulative deferred incentive bonuses are compound financial instruments. Refer to note 16 of the Group Annual Financial Statements.

Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

Fees paid on the establishment of selected loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment against the loan for liquidity services and amortised over the period of the facility to which it relates.

The entity presents separately current and non-current borrowings on the face of the statement of financial position. A liability is classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after year end.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are expensed in the statement of comprehensive income in the period in which they are incurred.

Employee benefits

Short-term obligations

Remuneration of employees is charged to the statement of comprehensive income. Short-term employee benefits are those that are expected to be settled completely within 12 months after the end of the reporting period in which the services have been rendered. Short-term employee obligations are measured on an undiscounted basis and are charged to the statement of comprehensive income as the related service is provided. An accrual is recognised for accumulated leave, incentive bonuses and other employee benefits when the Group has a legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

Pension benefits

The Group operates or contributes to defined contribution plans and defined benefit plans for its employees in certain countries in which it operates.

Defined contribution plans – pension

A defined contribution plan is a provident fund under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees relating to employee service in the current and prior financial years. For defined contribution plans, the Group pays contributions to publicly or privately held pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations. The payments made to provident funds are expensed as incurred and are included in staff costs. Refer to notes 21 and 30 of the Group Annual Financial Statements.

Defined benefit plans – pension

A defined benefit plan is a pension plan that is not a defined contribution plan. It defines the amount of pension benefits that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group's net obligation in respect of defined benefit pension plans is actuarially calculated separately for each plan by deducting the fair value of plan assets from the present value of the gross obligation for retirement benefit obligations. The gross obligation is determined by estimating the future benefit attributable to employees in return for services rendered to date.

This future benefit is discounted to determine its present value, using discount rates based on government bonds, that have maturity dates approximating the terms of the Group's obligations and which are denominated in the currency in which the benefits are expected to be paid. Independent actuaries perform the calculation annually using the projected unit credit method.

Past service costs are recognised immediately in the statement of comprehensive income.

Actuarial gains and losses arising from experience adjustments and changes to actuarial assumptions are recognised in other comprehensive income as remeasurements in the period in which they arise.

Other non-current employee benefits

Some Group companies provide other non-current benefits to their employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to a given age or the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Defined benefit plans – post-retirement medical aid obligations

In terms of Group policy post-retirement medical aid benefits are not provided for any employees, with the exception of certain South African employees who joined the Group before 28 February 2000. The Group has honoured its contractual commitment in respect of post-retirement medical aid obligations to these employees and pensioners employed before the change in policy.

The present value of the expected future post-retirement medical aid obligation is quantified to the extent that service has been rendered, and is reflected on the statement of financial position as a liability. Valuations of these obligations are carried out by independent actuaries on an annual basis using the projected unit credit method. Post-retirement medical aid obligations are accounted for using the same accounting methodologies as described for the defined benefit plans – pension.

Termination benefits

In accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, termination benefits are payable whenever an employee's employment is terminated before normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after year end are discounted to present value.

Accounting policies continued

for the year ended 30 June 2015

Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in trade and other payables when the entity is contractually obliged or where there is a past practice that has created a constructive obligation to settle the liability and at least one of the following conditions is met:

- there is a formal plan and amounts to be paid are determined before the time of issuing the Annual Financial Statements; or
- past practice has created a valid expectation by employees that they will receive a bonus and the amount can be determined prior to issuing the Annual Financial Statements.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Share-based payment expenses

The Group has equity-settled and cash-settled share-based compensation plans.

Share options, share appreciation rights, deferred incentive bonuses and phantom shares are granted to management and key employees. The schemes in operation are classified as equity-settled share-based compensation plans, except for the South African Management Deferred Incentive Bonus Scheme which is a compound financial instrument with both an equity and cash-settled portion as well as the Aspen International Phantom Share Scheme, which is a cash-settled scheme, under which the entity receives services from employees in exchange for cash based on changes in the Aspen share price.

When instruments are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital.

The Aspen Share Incentive Trusts regulate the operation of the share incentive schemes and are consolidated into the Annual Financial Statements. Refer to note 16 of the Group Annual Financial Statements for details on the schemes.

Equity-settled schemes

The equity-settled schemes (Aspen Share Incentive Scheme, Aspen Share Appreciation Plan and South African Management Deferred Incentive Bonus Scheme) allows certain employees the option or rights to acquire ordinary shares in Aspen Holdings. Such equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at grant date of the equity-settled share-based payment is charged as employee costs, with a corresponding increase in equity, on a straight-line basis over the period that the employee becomes unconditionally entitled to the options, rights or shares, based on management's estimate of the shares that will vest and adjusted for the effect of non-market vesting conditions. These share options, rights and equity portion of the deferred incentive bonus are not subsequently revalued.

Fair value is determined using the binomial pricing model where applicable. The expected life used in the models has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations such as volatility, dividend yield and the vesting period. The fair value takes into account the terms and conditions on which the incentives are granted and the extent to which the employees have rendered services to the reporting date.

Cash-settled schemes

For cash-settled share awards, the services received from employees are measured at fair value and recognised in the statement of comprehensive income as an expense over the vesting period with recognition of a corresponding liability in trade and other payables. The fair value of the liability is remeasured at each reporting date and at the date of settlement, with changes in fair value recognised in the statement of comprehensive income.

Compound financial instrument share scheme

The Group has entered into a share-based payment agreement whereby the employee has the right to choose either settlement in cash or settlement in equity. The entity has thus granted a compound financial instrument, which includes a debt component and an equity component.

On measurement date management has measured the fair value of the debt component first. Thereafter, the fair value of the equity instrument was measured, taking into consideration the fact that the employee forfeits the right to receive cash in order to obtain the shares.

The services received from the employees in respect of each component (debt and equity) shall be accounted for separately at each reporting date. The debt component will be accounted for as a cash-settled share-based payment arrangement. The debt component shall therefore be measured at fair value at each reporting date, with changes in fair value recognised in the statement of comprehensive income over the period that the employee provides services to the Group.

Environmental liabilities

Provisions for environmental restoration are recognised when:

- the Group has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

The environmental liabilities are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Unfavourable and onerous contracts

Unfavourable and onerous contracts are recognised when, as a result of events before or at the year end date, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. On measurement of unfavourable and onerous contracts, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability. The amount recognised is management's best estimate of the expenses required to settle the obligation.

A provision for unfavourable and onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. A provision for unfavourable and onerous contracts is recognised when the Group has entered into binding legal agreements for the supply of products to vendors at below market value and/or cost to manufacture.

Deferred revenue

Deferred revenue is stated separately on the statement of financial position and is recognised in the statement of comprehensive income over the period of the agreement. The amount expected to be realised within 12 months from year end date is shown as current and the amounts expected to be realised 12 months after year end date is shown as non-current on the statement of financial position.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest rate method.

Directors' and prescribed officers' emoluments

The directors' and prescribed officers' emoluments disclosed in note 30 of the Group Annual Financial Statements represent the emoluments paid to, or receivable by, directors and prescribed officers in their capacity as director, prescribed officer or any other capacity. All amounts in respect of the financial year reported on are presented, including bonuses not accrued for in the Group Annual Financial Statements. This disclosure is provided in terms of the JSE Listings Requirements.

Impairment

The Group reviews the carrying value of its tangible and intangible assets (except for inventories) annually and if events occur which call into question the carrying value of the assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's fair value less cost to sell and value-in-use. In assessing value-in-use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

Accounting policies continued

for the year ended 30 June 2015

In addition, IAS 36 – *Impairment of Assets* requires that:

- the recoverable amounts of intangible assets not yet available for use are assessed for impairment annually, irrespective of whether there is an indication that they may be impaired;
- the recoverable amounts of intangible assets with indefinite useful lives are assessed for impairment annually, irrespective of whether there is an indication that they may be impaired; and
- goodwill acquired in a business combination is tested for impairment annually.

Impairment losses recognised for goodwill are not reversed in subsequent financial years. Non-financial assets other than goodwill that have been impaired in past financial years are reviewed for possible reversal of impairment at each reporting date.

The Group assesses at each year end date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment testing of trade receivables is described in note 39.7 of the Group Annual Financial Statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue, net of trade discounts, distribution fees paid to independent wholesalers and excluding value added tax, comprises the total invoice value of goods, co-marketing fees, royalties and licensing fees. In the determination of revenue, all intra-group transactions are excluded.

Sales are recorded when significant risks and rewards of ownership of the goods are transferred to the buyer based on the date goods are delivered to customers, the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the entity. Revenue arising from co-marketing and royalty agreements is recognised on the accrual basis in accordance with the substance of the relevant agreements. Up-front payments received under licensing and other agreements are recognised as deferred revenue and released to the statement of comprehensive income over the period of the agreement.

Other income and investment income

Rental income received under operating leases is accounted for on a straight-line basis over the period of the lease.

Investment income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group. When a receivable is impaired, the Group reduces the carrying value to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues to unwind the discount as investment income.

Dividends are recognised when the right to receive payment is established.

Headline earnings per share

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

An itemised reconciliation of the adjustments to profit attributable to equity holders of the parent is provided in note 34 of the Group Annual Financial Statements.

Normalised headline earnings

Normalised headline earnings are headline earnings adjusted for specific non-trading items being transaction costs and other acquisition and disposal related gains or losses, restructuring costs and settlement of product related litigation costs and significant once-off tax provision charges or credits arising from the resolution of prior year tax matters.

Segmental reporting

Reporting segments

The Group has four main reportable segments that comprise the structure used by the chief operating decision-maker (Group Chief Executive) to make key operating decisions and assess performance. The Group's reportable segments are operating segments that are differentiated by geographical areas with each segment having different market dynamics and market strategies.

The Group evaluates the performance of its reportable segments based on operating profit before amortisation adjusted for specific non-trading items. The Group accounts for inter-segment revenue and transfers as if the revenue and the transfers were entered into under the same terms and conditions as would have been entered into in a market-related transaction.

The financial information of the Group's reportable segments is reported to the chief operating decision-maker for purposes of allocating resources to the segment and assessing its performance.

Each of the reportable segments is managed by a segment manager.

In addition to the main reportable segments, the Group also includes a geographical analysis of revenue. The following geographies have been identified for purposes of entity-wide disclosure:

- Europe and The Commonwealth of Independent States comprising Russia and the former Soviet Republics ("CIS");
- South Africa;
- Asia Pacific;
- Latin America (excluding hyperinflationary economy);
- SSA;
- Hyperinflationary economy; and
- Rest of the world.

The entity-wide analysis included in the segmental analysis for the year ended 30 June 2014 was restated to separately disclose the hyperinflationary economy.

Distributions to shareholders

Capital distributions to ordinary shareholders and ordinary dividends are only accounted for in the Annual Financial Statements in the year in which the capital distributions or dividends are approved by the Company's shareholders.

Comparative figures

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the Annual Financial Statements.

Convenience translation from Rand to USD

The presentation currency of the Group is Rand.

Supplementary unaudited US Dollar information is provided for convenience only. Refer to page 142.

Accounting policies continued

for the year ended 30 June 2015

New standards, amendments and interpretations

The following standards, amendments and interpretations are effective for the first time for the year ended 30 June 2015:

Standards, amendments and interpretations	Description	Effective date	Effect on the Group
Amendments to *IFRS 10 – Consolidated Financial Statements, IFRS 12 and IAS 27 for investment entities*	The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make.	Financial years beginning on or after 1 January 2014.	Not applicable to the Group's Annual Financial Statements.
Amendments to *IAS 32 – Financial Instruments: Presentation*	The IASB has issued amendments to the application guidance in IAS 32, that clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.	Financial years beginning on or after 1 January 2014.	The amendment had no material impact on the Group.
Amendment to *IAS 39 – Novation of derivatives*	The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in *IFRS 9 – Financial Instruments.*	Financial years beginning on or after 1 January 2014.	The amendment had no material impact on the Group.
IASB issues narrow-scope amendments to IAS 36 – Impairment of Assets	These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost to sell.	Financial years beginning on or after 1 January 2014.	The amendment had no material impact on the Group.
Amendment to *IAS 19 – Employee Benefits*	These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.	Financial years beginning on or after 1 July 2014.	The amendment had no material impact on the Group.

The following accounting standards, amendments and interpretations are not mandatory for the year ended 30 June 2015 and have been published prior to the date of signature of this report:

Standards, amendments and interpretations	Description	Effective date	Effect on the Group
IFRS 9 – *Financial Instruments (2009)*	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.	Financial years beginning on or after 1 January 2018.	The Group will apply this amendment from financial years beginning on or after 1 January 2018.
IFRS 9 – *Financial Instruments* (2010)	The IASB has updated IFRS 9, to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from *IAS 39 – Financial Instruments: Recognition and Measurement,* without change, except for financial liabilities that are designated at fair value through profit or loss.	Financial years beginning on or after 1 January 2018.	The Group will apply this amendment from financial years beginning on or after 1 January 2018.

Standards, amendments and interpretations	Description	Effective date	Effect on the Group
Amendments to *IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures on Sale or Contribution of Assets*	The IASB has issued this amendment to eliminate the inconsistency between IFRS 10 and IAS 28. If the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business', then the full gain or loss will be recognised by the investor. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	Financial years beginning on or after 1 January 2016.	The Group will apply this amendment from financial years beginning on or after 1 January 2016.
Amendments to *IFRS 10 – Consolidated financial statements and IAS 28 – Investments in Associates and Joint Ventures* on applying the consolidation exemption	The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.	Financial years beginning on or after 1 January 2016.	The Group will apply this amendment from financial years beginning on or after 1 January 2016.
Amendments to *IFRS 11 – Joint Arrangements* on acquisition of an interest in a joint operation	This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.	Financial years beginning on or after 1 January 2016.	The Group will apply this amendment from financial years beginning on or after 1 January 2016.
Amendments to IAS 1 – *Presentation of Financial Statements* disclosure initiative	In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.	Financial years beginning on or after 1 January 2016.	The Group will apply this amendment from financial years beginning on or after 1 January 2016.
Amendment to *IAS 16 – Property, Plant and Equipment* and *IAS 38 – Intangible Assets,* on depreciation and amortisation	In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.	Financial years beginning on or after 1 January 2016.	The Group will apply this amendment from financial years beginning on or after 1 January 2016.
IFRS 14 – Regulatory Deferral Accounts	The IASB has issued IFRS 14, an interim standard on the accounting for certain balances that arise from rate-regulated activities. Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.	Financial years beginning on or after 1 January 2016.	Not applicable to the Group's Annual Financial Statements.
Amendments to *IAS 16 – Property, Plant and Equipment* and *IAS 41 – Agriculture* on bearer plants	In this amendment to IAS 16 the IASB has scoped in bearer plants, but not the produce on bearer plants and explained that a bearer plant not yet in the location and condition necessary to bear produce is treated as a self-constructed asset. In this amendment to IAS 41, the IASB has adjusted the definition of a bearer plant include examples of non-bearer plants and remove current examples of bearer plants from IAS 41.	Financial years beginning on or after 1 January 2016.	Not applicable to the Group's Annual Financial Statements.

Accounting policies continued

for the year ended 30 June 2015

Standards, amendments and interpretations	Description	Effective date	Effect on the Group
IFRS 15 – Revenue from Contracts with Customers	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or services transfer to a customer.	Financial years beginning on or after 1 January 2017.	The Group will apply this standard to financial years beginning on or after 1 January 2017.
Amendments to *IAS 27 – Separate Financial Statements* on equity accounting	In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.	Financial years beginning on or after 1 January 2016.	The Group will apply this standard to financial years beginning on or after 1 January 2016.
Amendment to *IFRS 9 – Financial Instruments,* on general hedge accounting	The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following: • The own credit risk requirements for financial liabilities. • Classification and measurement (C&M) requirements for financial assets. • C&M requirements for financial assets and financial liabilities. • The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting). The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.	Financial years beginning on or after 1 January 2018.	The Group will apply this standard to financial years beginning on or after 1 January 2018.

Improvements to IFRS

This is a collection of amendments to IFRS. These amendments are the result of conclusions the International Standards Board reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRS. Some amendments involve consequential amendments to other IFRS.

The following improvements were issued in December 2013 and were effective for the first time for the 30 June 2015 year end:

- *IFRS 2 – Share-Based Payments;*
- *IFRS 3 – Business Combinations;*
- *IFRS 8 – Operating Segments;*
- *IFRS 13 – Fair Value Measurement;*
- *IAS 16 – Property, Plant and Equipment;*
- *IAS 38 – Intangible Assets;* and
- *IAS 24 – Related Party Disclosures.*

The following improvements were issued in September 2014 and are effective for financial years beginning on or after 1 January 2016:

- *IFRS 5 – Non-current Assets Held For Sale and Discontinued Operations;*
- *IFRS 7 – Financial Instruments: Disclosures;*
- *IAS 19 – Employee Benefits;* and
- *IAS 34 – Interim Financial Reporting.*

Significant judgements and estimates

The Group is often required to make estimates and assumptions regarding the future. The estimates will, by definition, rarely equal the actual results achieved. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities are discussed below. Estimates and judgements are continually re-assessed and are based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Depreciation, amortisation rates and residual values

The Group depreciates or amortises its assets over their estimated useful lives, as more fully described in the accounting policies for property, plant and equipment and intangible assets. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Significant judgement is applied by management when determining the residual values for property, plant and equipment and intangible assets. In the event of contractual obligations in terms of which a termination consideration is payable to the Group, management will apply a residual value to the intangible asset. When determining the residual value for property, plant and equipment the following factors are taken into account:

- external residual value information (if available); and
- internal technical assessments for complex plant and machinery.

Refer to notes 1 and 3 of the Group Annual Financial Statements and notes 1 and 2 of the Company Annual Financial Statements.

Indefinite useful life intangible assets

Judgement is applied when assessing whether an intangible asset has a finite or an indefinite useful life.

Significant judgement is needed by management when determining the classification of intangible assets as indefinite useful life assets. The following factors are taken into account when this classification is made:

- the ability to use the asset efficiently. Historical product sales, volume and profitability trends as well as the expected uses for the asset further evident from budgets, future growth and plans to invest in each of the assets over the long term are taken into account when this is being assessed;
- estimates of useful lives of similar assets – historical trends, market sentiment and/or the impact of any competitive activity will be taken into account;
- the strategy (2016 budget, specific marketing plans, specific enhancement plans and the identification of new markets) for obtaining maximum economic benefit from the asset;
- rates of technical, technological or commercial obsolescence in the industry are very slow and evident in the fact that most of the reinvestment in technology is mainly expansion rather than replacement due to obsolescence;
- the stability of the industry and economy in which the asset will be deployed;
- expected actions by competitors and potential competitors;
- the willingness and ability of the entity to commit resources to maintain the performance of the asset;
- the period of the entity's control over the asset and any legal or other restriction on its ability to use the asset;
- redundancy of a similar medication due to changes in market preferences; and
- development of new drugs treating the same disease.

Refer to note 3 of the Group Annual Financial Statements and note 2 of the Company Annual Financial Statements.

Significant judgements and estimates continued

Impairment of assets

Property, plant and equipment, goodwill and intangible assets are assessed for impairment at least annually, as more fully described in the accounting policy in respect of impairment and note 42 of the Group Annual Financial Statements. The future cash flows are assessed, taking into account forecast market conditions and the expected lives of these assets. The present value of these cash flows is compared to the current net asset value.

Refer to notes 1, 2 and 3 of the Group Annual Financial Statements and note 1 and 2 of the Company Annual Financial Statements.

Valuation of derivative financial instruments

The valuation of derivative financial instruments is based on the market rates and conditions at year end. The net market value of all forward exchange contracts at year end was calculated by comparing the forward exchange contracted rates to the equivalent year end market foreign exchange rates. The present value of these net market values was then discounted using the appropriate currency specific discount curve. The fair value of publicly traded derivatives is based on quoted market prices at year end. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. The value of these derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from the value at which they are reflected on the statement of financial position.

Refer to notes 11 and 26 of the Group Annual Financial Statements.

Environmental liabilities

An actuarial valuation is carried out periodically for the environmental liabilities of the Group. Refer to notes 7 and 22 of the Group Annual Financial Statements.

Allowance account for losses

The Group insures private market customers where possible and provision is made for the uninsured balance of long outstanding debtors where it considers the recoverability to be doubtful.

A significant degree of judgement is applied by management when considering whether a debtor is recoverable or not.

The following factors are taken into account when considering whether a debtor is impaired:
- default of payments;
- history of the specific customer with the Group;
- indications of financial difficulties of the specific customer;
- credit terms specific to the customer; and
- general economic conditions.

Refer to note 10 of the Group Annual Financial Statements.

Calculation of share-based payment expense

The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management. The calculation of the share-based payment expense in respect of share options, share appreciation rights, deferred incentive bonus and phantom share schemes is based on the valuation of instruments at award date, determined with the use of the binomial model. This model requires the use of several assumptions, among which the expected volatility of the Aspen share price, expected dividend yield and assumptions regarding percentages of instruments expected to vest. These assumptions are reviewed on an annual basis to take account of changes in circumstances.

Refer to note 16 of the Group Annual Financial Statements.

Recognition of deferred tax assets in respect of assessed losses

Deferred tax assets have been recognised for the carry forward amount of unused tax losses relating to the Group's operations where, among other things, tax losses can be carried forward indefinitely and there is evidence that it is probable that sufficient taxable profits will be available in the future to utilise all tax losses carried forward. Deferred tax assets are not recognised for carry forward of unused tax losses when it cannot be demonstrated that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised.

The likelihood of a deferred tax asset being recognised is based on the future profitability of the underlying business. In determining whether a business will have future taxable profits to utilise against assessed losses, management will take into account budgets as well as updated forecasts for future periods.

Refer to note 8 of the Group Annual Financial Statements.

Determination of net realisable value of inventories

Net realisable value is the estimate of the selling price of inventories in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Management is required to exercise considerable judgement in the determination of this estimate, specifically relating to the forecasting of demand.

Management is also required to exercise significant judgement in estimating the provision for obsolete stock. Such judgement would take into account the following:
- change in technology;
- regulatory requirements; and
- stock nearing expiry dates.

Refer to note 9 of the Group Annual Financial Statements.

Accounting for compound financial instruments

Transactions involving compound financial instruments are accounted for under *IFRS 2 – Share-Based Payment, IAS 32 – Financial Instruments: Presentation* and *IAS 39 – Financial Instruments: Recognition and Measurement*. The effect of this is that the difference between the issue price of ordinary issued shares and the market value at the date of the transaction is charged to the statement of comprehensive income. The determination of market value requires the use of judgement.

Refer to note 16 of the Group Annual Financial Statements.

Significant judgements and estimates continued

Retirement and other employee benefits

An updated actuarial valuation is carried out at the end of each financial year for the defined benefit plan, other long-term employee plans and post-employment liabilities of the Group. Key assumptions used to determine the net assets and liabilities of these obligations are set out in note 21 of the Group Annual Financial Statements.

Fair value determination in business combinations

IFRS 3 – Business Combinations requires all assets, liabilities and contingent liabilities to be measured at fair value when accounting for business combinations. Aspen makes use of various valuation methodologies in determining these fair values, including the use of reputable independent valuers. Valuations are inherently subjective, and require the use of judgement. Judgement is applied in determining the allocation of goodwill to different cash generating units. The allocation is done based on the expected benefit arising from synergies due to the business combinations.

Initial accounting for business combinations determined provisionally

The initial accounting for specific business acquisitions were accounted for on a provisional basis in 2015 and will be finalised in the 2016 financial year.

The following business acquisitions were treated as provisional in the 2015 financial year:
- Kama;
- Mono-Embolex business; and
- Florinef and Omcilon business.

The following specific business acquisitions were accounted for on a provisional basis in 2014 and were finalised in the 2015 financial year:
- API business;
- MSD business;
- GSK thrombosis business;
- Latin American infant nutritionals business; and
- South African infant nutritionals business.

Refer to note 40 of the Group Annual Financial Statements.

Determination of average translation rates

Income and expenditure transactions are translated using the average rate of exchange for the year. Management considers the average rate to approximate the actual rates prevailing on the dates on which these transactions occur.

Determination of hyperinflationary functional and translation rates

The Venezuelan economy is regarded as a hyperinflationary economy in terms of IFRS. Significant judgement has been applied in determining the functional rate used for this hyperinflationary economy.

There are three regulated exchange rates which are applicable in Venezuela:
- Official CENCOEX (the official rate of exchange for the importation of essential goods including infant nutritionals and pharmaceuticals) rate of VEF6,3 per US Dollar for the importation of essential goods including infant nutritionals and pharmaceutical medicines which was reconfirmed in terms of an announcement made by government in February 2015;
- SICAD 1 introduced in March 2013 at an initial rate of VEF12,0 per US Dollar and currently trading at VEF13,5 per US Dollar; and
- SIMADI introduced in February 2015 at an initial rate of VEF170,0 per US Dollar and currently trading at VEF198,0 per US Dollar.

During the 12 months to 30 June 2015 the Group received approximately USD18 million from Venezuela for transactions that were settled at the official CENCOEX rate of 6,3 VEF per US Dollar, and has approximately USD47 million of intergroup liabilities pending approval for future settlement at the official CENCOEX rate. At 30 June 2015 the Group had USD70 million (US Dollar equivalent at the 6,3 official CENCOEX rate) of net monetary assets in its Venezuelan entities, of which the large majority is cash.

The Group has not used the SICAD 1 or SIMADI mechanisms to settle any transactions and does not anticipate using either the SICAD 1 or SIMADI mechanisms to settle any transactions. Accordingly, the Group has concluded it is appropriate to apply the official CENCOEX rate of 6,30 VEF per US Dollar to report the Venezuelan business' financial position, results of operations and cash flows for the year ended 30 June 2015, since the nature of the operations in Venezuela (the importation and distribution of pharmaceutical and infant nutritionals products) qualifies for the most preferential rates permitted by law. For the year ended 30 June 2014 the Group applied a rate of 8,5 VEF per US Dollar which was higher than the official CENCOEX rate. The higher rate was used as there was considerable uncertainty, at the time, regarding the risk of a potential devaluation of the official CENCOEX rate. The announcement by the Venezuelan government in February 2015 which confirmed no change to the official CENCOEX rate eliminated this uncertainty. If circumstances change such that the Group concludes it would no longer be appropriate to use the official rate, or if a devaluation of the official CENCOEX rate occurs, it could result in a significant charge to the Group's results.

Joint arrangements

Aspen holds 50% of the issued share capital of NZ New Milk. The Group has joint control over the arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities. The arrangement is classified as a joint venture of the Group.

Fair value determination

The carrying values of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

Non-current assets

	Notes	2015 R'million	2014 R'million
Property, plant and equipment	1	**7 916,5**	7 150,8
Goodwill	2	**5 026,0**	6 641,8
Intangible assets	3	**40 522,1**	35 698,9
Investment in joint venture	4	**61,5**	–
Available-for-sale financial assets	5	**54,8**	0,1
Other non-current receivables	6	**291,2**	298,8
Contingent environmental indemnification assets	7	**676,9**	727,1
Deferred tax assets	8	**1 131,2**	817,1
		55 680,2	51 334,6

	Land and buildings R'million	Plant and equipment R'million	Computer equipment R'million	Office equipment and furniture R'million	Capital work-in-progress R'million	Total R'million
1. Property, plant and equipment						
2015						
OWNED						
Carrying value						
Cost	3 708,0	3 683,1	279,6	384,3	2 470,8	**10 525,8**
Accumulated depreciation	(623,8)	(1 606,0)	(182,5)	(148,3)	–	**(2 560,6)**
Accumulated impairment losses	(48,4)	(27,3)	(0,9)	(0,9)	–	**(77,5)**
Carrying value at the end of the year	3 035,8	2 049,8	96,2	235,1	2 470,8	**7 887,7**
Movement in property, plant and equipment						
Carrying value at the beginning of the year	3 108,3	2 237,5	81,6	225,4	1 476,9	**7 129,7**
Acquisition of subsidiaries and businesses	36,7	1,5	–	0,7	–	**38,9**
Additions – replacement	1,2	32,0	3,6	18,4	152,1	**207,3**
Additions – expansion	135,9	56,0	21,3	47,6	1 110,4	**1 371,2**
Additions – borrowing costs capitalised	–	–	–	–	78,1	**78,1***
Disposals	(67,5)	(20,2)	(0,1)	(3,2)	–	**(91,0)**
Depreciation	(135,5)	(311,2)	(44,0)	(50,7)	–	**(541,4)**
Reclassification between categories	66,2	222,5	17,5	3,4	(314,4)	**(4,8)**
Reclassification from/(to) intangible assets	–	–	9,5	–	(5,8)	**3,7**
Reclassification to assets held-for-sale	–	(94,9)	–	–	–	**(94,9)**
Impairment losses	(4,1)	(15,9)	–	(0,5)	(2,5)	**(23,0)**
Reversal of impairment losses	–	–	–	–	12,0	**12,0**
Currency translation movements	(105,4)	(57,5)	6,8	(6,0)	(36,0)	**(198,1)**
	3 035,8	2 049,8	96,2	235,1	2 470,8	**7 887,7**

** Borrowing costs capitalised represent financing costs arising on the construction of qualifying assets. The average effective interest rate for the year was 7,1% (2014: 6,7%).*

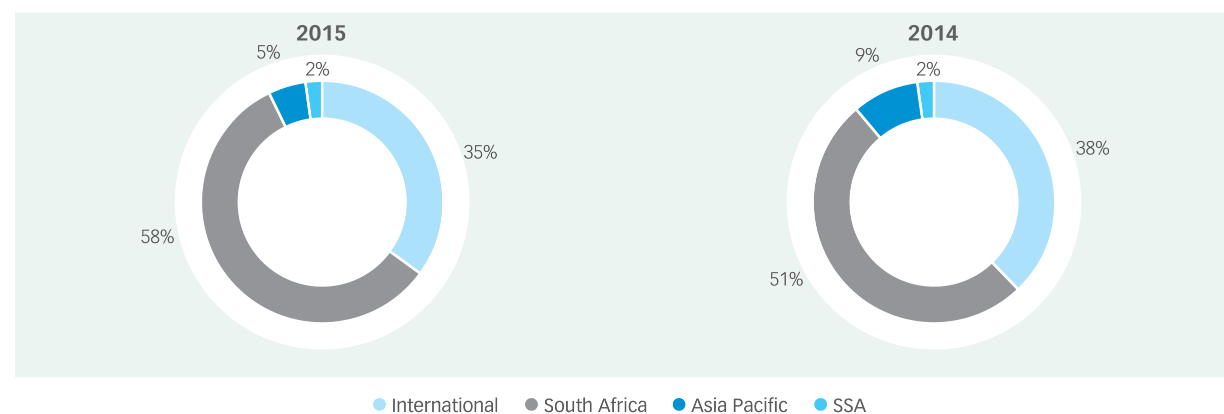
	Land and buildings R'million	Plant and equipment R'million	Computer equipment R'million	Office equipment and furniture R'million	Capital work-in-progress R'million	Total R'million
1. Property, plant and equipment continued						
2015						
LEASED						
Carrying value						
Cost	41,5	–	33,1	4,5	–	**79,1**
Accumulated depreciation	(27,4)	–	(20,3)	(1,5)	–	**(49,2)**
Accumulated impairment losses	(1,1)	–	–	–	–	**(1,1)**
Carrying value at the end of the year	13,0	–	12,8	3,0	–	**28,8**
Movement in property, plant and equipment						
Carrying value at the beginning of the year	8,0	–	12,2	0,9	–	**21,1**
Reclassification between categories	1,7	–	3,1	–	–	**4,8**
Additions – replacement	3,0	–	–	3,1	–	**6,1**
Additions – expansion	4,0	–	4,2	–	–	**8,2**
Depreciation	(3,2)	–	(6,7)	(1,0)	–	**(10,9)**
Currency translation movements	(0,5)	–	–	–	–	**(0,5)**
	13,0	–	12,8	3,0	–	**28,8**
Total owned and leased	3 048,8	2 049,8	109,0	238,1	2 470,8	**7 916,5**
2014						
OWNED						
Carrying value						
Cost	3 671,3	3 640,8	223,4	330,9	1 482,9	**9 349,3**
Accumulated depreciation	(507,5)	(1 382,3)	(140,7)	(104,9)	–	**(2 135,4)**
Accumulated impairment losses	(55,5)	(21,0)	(1,1)	(0,6)	(6,0)	**(84,2)**
Carrying value at the end of the year	3 108,3	2 237,5	81,6	225,4	1 476,9	**7 129,7**
Movement in property, plant and equipment						
Carrying value at the beginning of the year	1 756,6	1 515,6	49,2	50,9	952,8	**4 325,1**
Acquisition of subsidiaries and businesses	829,2	517,9	9,5	113,0	300,8	**1 770,4**
Additions – replacement	4,5	30,1	5,1	4,0	264,5	**308,2**
Additions – expansion	18,6	133,3	25,2	71,3	765,4	**1 013,8**
Additions – borrowing costs capitalised	–	–	–	–	14,5	**14,5***
Disposals	(96,3)	(10,7)	(0,4)	(0,5)	–	**(107,9)**
Depreciation	(94,9)	(273,4)	(29,2)	(27,5)	–	**(425,0)**
Reclassification between categories	562,8	247,2	18,4	5,3	(838,8)	**(5,1)**
Reclassification to intangible assets	–	–	–	–	(7,2)	**(7,2)**
Impairment losses	–	(0,5)	–	–	(0,1)	**(0,6)**
Reversal of impairment losses	5,8	3,0	–	–	–	**8,8**
Currency translation movements	122,0	73,0	2,5	7,9	25,0	**230,4**
Hyperinflation adjustment	–	2,0	1,3	1,0	–	**4,3**
	3 108,3	2 237,5	81,6	225,4	1 476,9	**7 129,7**

** Borrowing costs capitalised represent financing costs arising on the construction of qualifying assets. The average effective interest rate for the year was 7,1% (2014: 6,7%).*

Non-current assets continued

	Land and buildings R'million	Plant and equipment R'million	Computer equipment R'million	Office equipment and furniture R'million	Capital work-in-progress R'million	Total R'million
1. Property, plant and equipment continued						
2014						
LEASED						
Carrying value						
Cost	31,4	–	32,9	2,0	–	**66,3**
Accumulated depreciation	(22,0)	–	(20,7)	(1,1)	–	**(43,8)**
Accumulated impairment losses	(1,4)	–	–	–	–	**(1,4)**
Carrying value at the end of the year	8,0	–	12,2	0,9	–	**21,1**
Movement in property, plant and equipment						
Carrying value at the beginning of the year	8,3	–	8,2	1,0	–	**17,5**
Reclassification between categories	0,2	–	4,9	–	–	**5,1**
Additions – expansion	1,9	–	4,4	0,6	–	**6,9**
Depreciation	(2,9)	–	(5,3)	(0,7)	–	**(8,9)**
Currency translation movements	0,5	–	–	–	–	**0,5**
	8,0	–	12,2	0,9	–	**21,1**
Total owned and leased	3 116,3	2 237,5	93,8	226,3	1 476,9	**7 150,8**
2013						
OWNED						
Carrying value						
Cost	2 093,3	2 423,2	140,9	116,7	964,7	**5 738,8**
Accumulated depreciation	(258,1)	(888,1)	(90,7)	(65,3)	–	**(1 302,2)**
Accumulated impairment losses	(78,6)	(19,5)	(1,0)	(0,5)	(11,9)	**(111,5)**
Carrying value at the end of the year	1 756,6	1 515,6	49,2	50,9	952,8	**4 325,1**
LEASED						
Carrying value						
Cost	27,6	–	25,2	2,4	–	**55,2**
Accumulated depreciation	(18,0)	–	(17,0)	(1,4)	–	**(36,4)**
Accumulated impairment losses	(1,3)	–	–	–	–	**(1,3)**
Carrying value at the end of the year	8,3	–	8,2	1,0	–	**17,5**
Total owned and leased	1 764,9	1 515,6	57,4	51,9	952,8	**4 342,6**

Property, plant and equipment (carrying values)



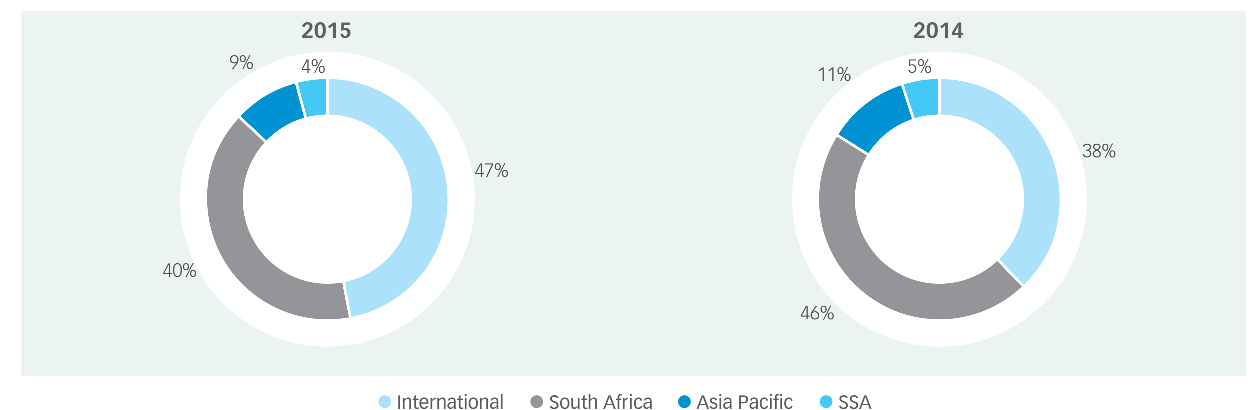
International South Africa Asia Pacific SSA

	2015 R'million	2014 R'million
1. Property, plant and equipment continued		
The breakdown of the land and buildings amount is as follows		
Land	**703,7**	802,0
Buildings	**2 345,1**	2 314,3
	3 048,8	3 116,3
Depreciation rates		
The estimated remaining useful life information for 2015 was as follows		
Buildings (including leasehold improvements)	**Up to 50 years**	
Plant and equipment	**Up to 25 years**	
Computer equipment	**Up to 10 years**	
Office equipment and furniture	**Up to 10 years**	

The Group has reviewed the residual values and useful lives of the assets. No material adjustment resulted from such review in the current year.

The estimation of useful lives of property, plant and equipment is based on historical performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. These depreciation rates represent management's current best estimate of the useful lives of these assets.

Depreciation



International South Africa Asia Pacific SSA

	2015 R'million	2014 R'million
The depreciation charge was classified as follows in the statement of comprehensive income		
Cost of sales	**419,4**	346,6
Administrative expenses	**132,9**	87,3
	552,3	433,9
Capital commitments		
Capital commitments, excluding potential capitalised borrowing costs, include all projects for which specific Board approval has been obtained up to the reporting date. Projects still under investigation for which specific Board approvals have not yet been obtained are excluded from the following		
Authorised and contracted for	**600,8**	425,7
Authorised but not yet contracted for	**2 405,4**	2 652,9
	3 006,2	3 078,6

Non-current assets continued

	2015 R'million	2014 R'million
1. Property, plant and equipment continued		
Funding		
Capital expenditure will be financed from funds generated out of normal business operations, existing borrowing facilities and specific project financing.		
Other disclosures		
Carrying value of assets committed as security for debt (refer to note 18)	**12,8**	12,2
Expenditure capitalised in the construction of qualifying assets – excluding borrowing costs (included in capital work-in-progress)	**37,8**	65,0
Net impairment of property, plant and equipment (included in other operating expenses and other operating income)		
The net impairment of property, plant and equipment can be split as follows		
International	**2,7**	0,1
Asia Pacific	**–**	(5,8)
South Africa	**8,3**	(2,5)
	11,0	(8,2)
The recoverable amount of property, plant and equipment has been determined based on either fair value less costs to sell or value-in-use calculations.		
2. GOODWILL		
Carrying value at the beginning of the year	**6 641,8**	5 973,2
Acquisition of subsidiaries and businesses	**159,1**	495,1
Reclassification to assets held-for-sale	**(1 372,6)**	–
Disposal of goodwill related to the sale of intangible assets	**–**	(341,0)
Currency translation movements	**(402,3)**	514,5
	5 026,0	6 641,8

For the purposes of impairment testing, goodwill is allocated to the smallest cash generating unit. Impairment testing in respect of goodwill is performed at each reporting date by comparing the recoverable amount based on value-in-use of the cash generating unit to the carrying value. Refer to note 42 for detail.

Reclassification to assets held-for-sale

On 20 May 2015, certain of Aspen's wholly owned Australian subsidiaries (collectively "Aspen Australia") entered into an agreement with Strides (Australia) Pharma Pty Limited in terms of which Aspen Australia divested a portfolio of approximately 130 products for a consideration of approximately AUD217 million. The portfolio of products in this transaction comprised a generic pharmaceutical business together with certain branded pharmaceutical assets. Goodwill amounting to AUD146 million related to the divested portfolio has been reclassified to assets held-for-sale.

Disposal of goodwill related to the sale of intangible assets

In the prior year the Group disposed of certain non-core intangible assets in Aspen Asia Pacific. The sale of these intangible assets can be classified as a disposal group as defined in *IFRS 5 – Non-current Assets Held-for-sale and Discontinued Operations*. The goodwill disposed of formed part of the same disposal group as the intangible assets disposed of. The sale of this goodwill was taken into account when the profit on the sale of these intangible assets was calculated.

	Intellectual property R'million	Development costs R'million	Product participation and other contractual rights R'million	Drug master files R'million	Computer software R'million	Total R'million
3. Intangible assets						
2015						
Carrying value						
Cost	**39 005,6**	**1 233,4**	**2 647,0**	**67,0**	**735,6**	**43 688,6**
Accumulated amortisation	**(1 790,5)**	**(159,3)**	**(272,9)**	**(62,3)**	**(241,9)**	**(2 526,9)**
Accumulated impairment losses	**(571,0)**	**(63,5)**	**(0,6)**	**(2,2)**	**(2,3)**	**(639,6)**
Carrying value at the end of the year	**36 644,1**	**1 010,6**	**2 373,5**	**2,5**	**491,4**	**40 522,1**
Movement in intangible assets						
Carrying value at the beginning of the year	**31 861,7**	**978,3**	**2 467,8**	**3,7**	**387,4**	**35 698,9**
Acquisition of subsidiaries and businesses	**2 132,3**	**–**	**–**	**–**	**–**	**2 132,3**
Additions – expansion	**175,6**	**214,3**	**0,3**	**–**	**258,4**	**648,6**
Additions – replacement	**–**	**–**	**–**	**–**	**0,6**	**0,6**
Development costs capitalised	**–**	**175,4**	**–**	**–**	**–**	**175,4**
Disposals	**(58,7)**	**–**	**(46,9)**	**–**	**(53,2)**	**(158,8)**
Amortisation	**(351,5)**	**(37,9)**	**(21,5)**	**(1,2)**	**(74,9)**	**(487,0)**
Reclassification between categories	**211,7**	**(211,9)**	**–**	**–**	**0,2**	**–**
Reclassification from/(to) property, plant and equipment	**–**	**0,7**	**–**	**–**	**(4,4)**	**(3,7)**
Reclassification to assets classified as held-for-sale	**(1 266,8)**	**(14,1)**	**(76,5)**	**–**	**–**	**(1 357,4)**
Impairment losses	**(122,7)**	**(60,6)**	**–**	**–**	**–**	**(183,3)**
Currency translation movements	**4 062,5**	**(33,6)**	**50,3**	**–**	**(22,7)**	**4 056,5**
	36 644,1	**1 010,6**	**2 373,5**	**2,5**	**491,4**	**40 522,1**
2014						
Carrying value						
Cost	33 913,9	1 124,5	2 716,9	67,0	560,6	38 382,9
Accumulated amortisation	(1 625,4)	(125,1)	(248,5)	(61,1)	(170,3)	(2 230,4)
Accumulated impairment losses	(426,8)	(21,1)	(0,6)	(2,2)	(2,9)	(453,6)
Carrying value at the end of the year	31 861,7	978,3	2 467,8	3,7	387,4	35 698,9
Movement in intangible assets						
Carrying value at the beginning of the year	15 732,6	637,4	2 419,1	7,1	136,8	18 933,0
Acquisition of subsidiaries and businesses	18 236,9	–	42,8	–	–	18 279,7
Additions – expansion	31,0	188,4	–	–	269,7	489,1
Additions – replacement	–	–	–	–	0,6	0,6
Development costs capitalised	–	210,7	–	–	–	210,7
Disposals	(150,3)	(6,6)	–	–	–	(156,9)
Amortisation	(302,6)	(25,8)	(21,6)	(3,4)	(36,5)	(389,9)
Reclassification between categories	17,3	(17,5)	–	–	0,2	–
Reclassification from property, plant and equipment	–	–	–	–	7,2	7,2
Reclassification to assets classified as held-for-sale	(3 050,8)	–	–	–	–	(3 050,8)
Impairment losses	(89,9)	(23,4)	–	–	–	(113,3)
Currency translation movements	1 437,5	13,3	27,5	–	8,8	1 487,1
Hyperinflation adjustment	–	1,8	–	–	0,6	2,4
	31 861,7	978,3	2 467,8	3,7	387,4	35 698,9

Non-current assets continued

	Intellectual property R'million	Develop-ment costs R'million	Product participation and other contractual rights R'million	Drug master files R'million	Computer software R'million	Total R'million
3. Intangible assets continued						
2013						
Carrying value						
Cost	17 571,3	754,6	2 639,3	67,0	268,3	21 300,5
Accumulated amortisation	(1 465,7)	(98,4)	(219,6)	(57,7)	(128,9)	(1 970,3)
Accumulated impairment losses	(373,0)	(18,8)	(0,6)	(2,2)	(2,6)	(397,2)
Carrying value at the end of the year	15 732,6	637,4	2 419,1	7,1	136,8	18 933,0

All intangible assets were acquired from third parties, except for development costs that are both internally generated and outsourced to third party development companies.

	2015 R'million	2014 R'million
Indefinite useful life intangible assets		
An indefinite useful life intangible asset is an intangible asset where there is no foreseeable limit to the period over which the asset is expected to generate inflows for the Group.		
Carrying value of indefinite useful life intangible assets (included in intellectual property)	32 777,7	27 756,7
Indefinite useful life intangible assets as a percentage of total intangible assets	81%	78%

Intellectual property which is classified as an indefinite useful life intangible asset, will reflect a historical actual trend and a projected future trend of continuing positive contribution in the market in which it is sold or applied, where such asset forms part of the historical intangible asset base. Where such intangible assets constitute a new acquisition, a projected trend of continuing positive contribution must be demonstrated with reference to factors such as:
- high barriers to market entry for competitors;
- a low probability for accelerated growth in the competitor base in the foreseeable future;
- management's commitment to continue to invest in the intangible assets' base;
- low probability of a significant change in the operating and regulatory environment which would negatively impact future supply of the intangible assets; and
- its estimated indefinite life cycle and hence future growth prospects for the intangible assets.

A number of brands have been classified as indefinite useful life intangible assets, with the most material being the global brands (refer to note 42 for list of the key brands). These brands had a carrying value of R31,8 billion at the end of June 2015 (2014: R26,9 billion).

Refer to note 42 for detail on impairment testing of indefinite useful life intangible assets.

		2015 R'million	2014 R'million
3. Intangible assets continued			
Impairment of intangible assets (included in other operating expenses)			
Impairment of intangible assets can be split as follows			
(1)	South Africa	32,3	23,8
	International	151,0	89,5
(2)	Classic brands in Aspen Global	114,9	62,4
(3)	GSK OTC brands in Aspen Global	–	27,1
(4)	Various development costs in Brazil	36,1	–
		183,3	113,3

The carrying value of intangible assets impaired have been determined based on either fair value less costs to sell or value-in-use calculations.

South Africa

(1) In both the current and prior year, the impairments related to old product development projects which were no longer technically or commercially feasible and fully written-off. The value of the impairment was determined using fair value less costs to sell.

International

(2) This related to certain GSK classic prescription brands distributed in Australia for which the outlook on profitability and revenue evolution has declined. The carrying value of intangible assets was determined based on value-in-use calculations. The following assumptions were used:
- period covered by the forecasts and budgets of 10 years (2014: 10 years);
- growth in revenue per annum varying between -2% and 0% (2014: varying between -41% and 29%);
- gross profit percentage per annum equal to an average of 75% (2014: varying between 53% and 91%);
- growth rate to extrapolate cash flows beyond period covered by mentioned forecasts and budgets of -1% (2014: -1%); and
- annual post-tax discount rate applied to cash flows of 8% (2014: 8%).

(3) In the prior year the impairment primarily related to a product distributed in Brazil that experienced supply issues, reducing the profitability outlook. The carrying value of intangible assets was determined based on value-in-use calculations. The following assumptions were used:
- period covered by the forecasts and budgets of 10 years;
- growth in revenue per annum of between 1% and 6%;
- gross profit percentage per annum of 70%;
- growth rate to extrapolate cash flows beyond period covered by mentioned forecasts and budgets of -5%; and
- annual post-tax discount rate applied to cash flows of 11%.

(4) The impairment relates to development projects which were no longer commercially feasible and fully written-off. The value of the impairment was determined using fair value less costs to sell.

Non-current assets continued

	2015 R'million	2014 R'million
3. Intangible assets continued		
Capital commitments		
Capital commitments include all projects for which specific Board approval has been obtained up to the reporting date. Projects still under investigation for which specific Board approval has not yet been obtained are excluded from the following		
Authorised and contracted for	82,6	51,5
Authorised but not yet contracted for	220,4	314,2
	303,0	365,7

Funding

Capital expenditure will be financed from funds generated out of normal business operations, existing borrowing facilities and specific project financing.

Other disclosures

No intangible assets have been pledged as security for borrowings.

	2015 R'million	2014 R'million
4. Investment in joint venture		
NZ New Milk	61,5	–

On 31 October 2014, the Company acquired a 50% shareholding in NZ New Milk, a producer of infant nutritionals incorporated in Auckland, New Zealand. The company is a private company and no quoted market price is available for its shares. In terms of a supply agreement concluded between Aspen Global and NZ New Milk, long-term supply of infant nutritionals for distribution by Aspen in Australia will be secured. In accordance with *IFRS 11 – Joint Arrangements*, this investment is classified as a joint venture and will be equity accounted. No equity accounted earnings have been recognised in the statement of comprehensive income due to the immateriality of the amount.

	2015 R'million	2014 R'million
5. Available-for-sale financial assets		
Unlisted equity securities	54,7	–
Marketable equity securities	0,1	0,1
	54,8	0,1

Unlisted equity securities

Aspen Global entered into a licence agreement with TesoRx, a speciality pharmaceutical company, in terms whereof TesoRx licensed the rights to TSX-002, an innovative unmodified oral Testosterone replacement therapy in selected international territories for a staggered consideration based upon the achievements of future milestones. Aspen USA acquired a minority shareholding in TesoRx. This asset is carried at fair value.

This available-for-sale financial asset is classified as a "level 3" asset in the fair value measurement hierarchy.

Marketable equity securities

Marketable equity securities are fair valued annually at the close of business on 30 June. For investments traded in active markets, fair value is determined by reference to stock exchange quoted bid prices.

	2015 R'million	2014 R'million
6. Other non-current receivables		
Employee benefits – reimbursive rights	221,4	273,8
Enterprise development loans	69,8	25,0
Avid Brands SA (Pty) Limited	–	2,1
Current portion included in trade and other receivables	–	(2,1)
	291,2	298,8
The balance is split as follows		
Financial instruments	69,8	25,0
Non-financial instruments	221,4	273,8
	291,2	298,8

Employee benefits – reimbursive rights

As part of the GSK thrombosis business acquisition in the prior year, Aspen acquired certain non-current employee related liabilities (which have been included in retirement and other employee benefits on the statement of financial position). As part of the agreement GSK is responsible for pre-acquisition liabilities. The value of the non-current employee related liabilities acquired are based on independent valuations and as such an equal and opposite asset was recognised.

GSK will reimburse Aspen as and when the liabilities are paid out to employees who qualify for the benefits.

Enterprise development loans

Various agreements have been entered into with several BBBEE beneficiaries whereby loan funding has been advanced by Aspen. These loans have various terms ranging from three to five years and all the loans will be repaid at the end of their respective terms.

	2015 R'million	2014 R'million
The repayment profile of these loans are as follows		
Year ending 30 June 2017	25,0	25,0
Year ending 30 June 2018	22,3	–
Year ending 30 June 2019	6,0	–
Year ending 30 June 2020	16,5	–
	69,8	25,0

The loans bear interest at the South African prime rate plus margins ranging from minus 2% to plus 1% (2014: South African prime rate plus 1%).

All the loans are secured by either immovable property, specified movable assets or cession of specified book debts.

Avid Brands SA (Pty) Limited

In the prior year an agreement existed with Avid Brands SA (Pty) Limited, in terms of which the Group disposed of certain intellectual property and inventories. The loan bore interest at the South African prime rate minus 1% on the balance of the intellectual property and was secured by the value of the intellectual property disposed to them. The amount of R2,1 million was settled in the current financial year.

Other disclosures

Management considers the credit risk associated with these non-current receivables to be low.

Non-current assets continued

	2015 R'million	2014 R'million
7. Contingent environmental liabilities and indemnification assets		
Carrying value at the beginning of the year	**727,1**	–
Acquisition of subsidiary	**–**	680,1
Currency translation movements	**(50,2)**	47,0
Balance at the end of the year	**676,9**	727,1

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

8. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 28% (2014: 28%).

	2015 R'million	2014 R'million
Deferred tax balance		
Deferred tax liabilities – opening balance	**1 351,1**	600,5
Deferred tax assets – opening balance	**(817,1)**	(369,2)
Net deferred tax liabilities – opening balance	**534,0**	231,3
Statement of comprehensive income credit – prior year adjustment	**(105,8)**	(0,2)
Statement of comprehensive income (credit)/charge – included in tax	**(69,7)**	211,3
Charged to equity	**1,8**	13,2
Acquisition of subsidiaries and businesses	**56,2**	82,8
Currency translation movements	**121,6**	(4,4)
Balance at the end of the year	**538,1**	534,0
Balance split as follows		
Deferred tax liabilities	**1 669,3**	1 351,1
Deferred tax assets	**(1 131,2)**	(817,1)
Balance at the end of the year	**538,1**	534,0
The statement of comprehensive income (credit)/charge comprises		
Property, plant and equipment	**70,8**	158,9
Intangible assets	**4,4**	(18,9)
Inventories	**(169,4)**	179,8
Trade and other receivables	**(33,5)**	88,8
Unfavourable and onerous contracts	**27,7**	(44,7)
Retirement and other employee benefits	**(65,3)**	(10,1)
Trade and other payables	**(1,3)**	(55,4)
Leave pay	**(2,4)**	0,8
Royalties received in advance	**(5,6)**	(3,1)
Tax claims in respect of share schemes	**–**	(7,3)
Tax losses	**(49,3)**	(88,3)
Other	**48,4**	10,6
	(175,5)	211,1

	2015 R'million	2014 R'million
8. Deferred tax continued		
Deferred tax balance comprises		
Property, plant and equipment	**304,5**	244,6
Intangible assets	**1 264,6**	1 137,3
Inventories	**(300,3)**	(137,5)
Trade and other receivables	**57,6**	99,9
Unfavourable and onerous contracts	**(164,5)**	(268,5)
Retirement and other employee benefits	**(110,3)**	(48,5)
Trade and other payables	**(297,2)**	(311,7)
Leave pay	**(21,1)**	(19,8)
Royalties received in advance	**(5,6)**	(25,6)
Tax claims in respect of share schemes	**–**	(0,8)
Tax losses	**(195,2)**	(153,4)
Other	**5,6**	17,9
Balance at the end of the year	**538,1**	534,0

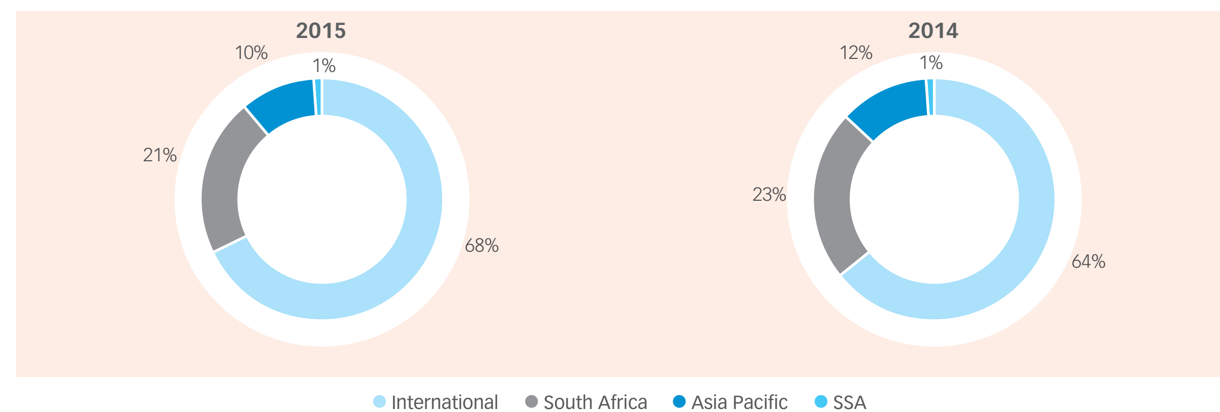
Current assets

	Notes	2015 R'million	2014 R'million
Inventories	9	**10 791,5**	10 275,2
Trade and other receivables	10	**10 320,6**	9 626,8
Current tax assets		**39,4**	30,4
Derivative financial instruments	11	**30,2**	4,0
Cash and cash equivalents	12	**8 665,6**	8 225,6
Total operating current assets		**29 847,3**	28 162,0
Assets classified as held-for-sale	13	**2 889,8**	3 050,8
		32 737,1	31 212,8

9. Inventories

	2015 R'million	2014 R'million
Carrying values		
Raw materials	**1 980,9**	1 747,9
Work-in-progress	**4 536,1**	4 736,4
Finished goods	**4 033,2**	3 582,0
Consumables	**241,3**	208,9
	10 791,5	10 275,2
Key ratios relating to inventories		
Inventories as a percentage of revenue	**30%**	35%
Inventories as a percentage of cost of sales	**57%**	65%

Inventories (carrying values)



	2015 R'million	2014 R'million
Impairment of inventories (included in cost of sales)		
The impairment can be split as follows		
Write down of inventories recognised as an expense	**376,7**	234,8
Movement in the provision for impairment	**(42,4)**	(1,0)
	334,3	233,8
The write down can be split as follows		
International	**149,4**	34,2
Asia Pacific	**3,5**	46,6
South Africa	**223,8**	151,7
SSA	**–**	2,3
	376,7	234,8

The write down relates mainly to expired pharmaceutical product inventories. Due to the finite shelf life of pharmaceutical products they are more susceptible to impairment.

9. Inventories continued

	2015 R'million	2014 R'million
Reconciliation of provision for impairment		
Balance at the beginning of the year	**733,7**	320,3
Raised during the year	**313,2**	207,7
Utilised during the year	**(355,6)**	(208,7)
Acquisition of subsidiaries and businesses	**–**	393,2
Currency translation movements	**(1,3)**	21,2
	690,0	733,7

Management is required to use significant judgement in estimating the provision for impairment of inventories. Refer to page 44 for detail.

Other disclosures

All inventories above are at cost, except for raw materials of R0,6 billion in the prior year which were carried at net realisable value.

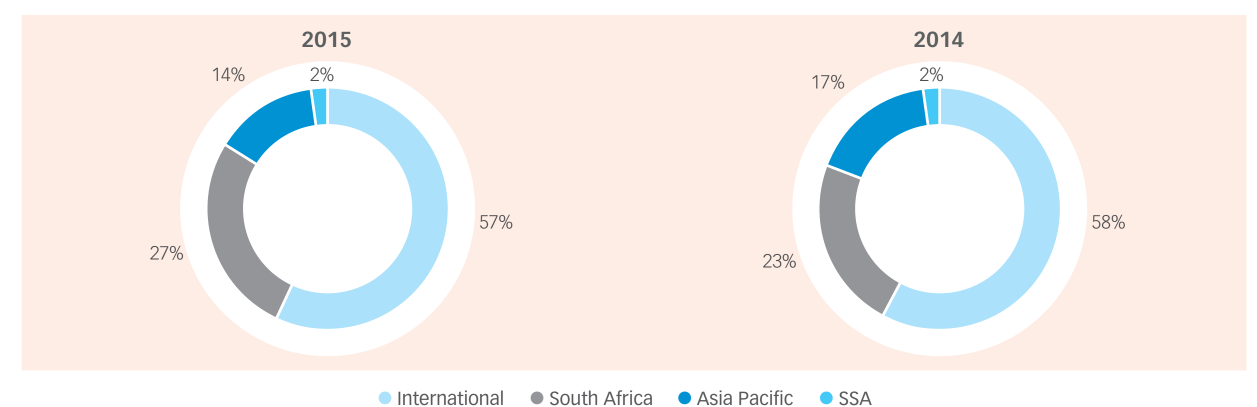
Inventories to the value of R1,4 billion (2014: R1,3 billion) have been pledged as security for the 10-year interest free loan from MSD. Refer to note 24.

10. Trade and other receivables

	2015 R'million	2014 R'million
Financial instruments		
Trade receivables	**8 060,3**	7 700,5
Allowance account for losses	**(140,4)**	(163,5)
Net trade receivables	**7 919,9**	7 537,0
Other	**675,5**	729,1
Total financial instruments*	**8 595,4**	8 266,1
Non-financial instruments		
Indirect taxes	**662,0**	539,0
Prepayments	**483,5**	410,7
Other	**579,7**	411,0
Total non-financial instruments	**1 725,2**	1 360,7
Total trade and other receivables	**10 320,6**	9 626,8
Key ratios relating to trade receivables		
Allowance account for losses as a percentage of trade receivables	**1,7%**	2,1%
Net trade receivables as a percentage of revenue	**22%**	26%

** This amount is classified as "Loans and receivables" in terms of IAS 39 – Financial Instruments: Recognition and Measurement.*

Net trade receivables



Current assets continued

	2015 Gross R'million	2015 Allowance account for losses R'million	2014 Gross R'million	2014 Allowance account for losses R'million
10. Trade and other receivables continued				
Age analysis of trade and other receivables (financial instruments only)				
Fully performing	**6 787,4**	**–**	6 467,5	–
Past due by one to 60 days	**1 400,0**	**(28,7)**	1 213,1	(29,6)
Past due by 61 to 90 days	**150,7**	**(7,9)**	273,7	(2,0)
Past due by 91 to 120 days	**174,3**	**(10,2)**	127,8	(14,4)
Past due by more than 120 days	**223,4**	**(93,6)**	347,5	(117,5)
	8 735,8	**(140,4)**	8 429,6	(163,5)

The trade and other receivables which are fully performing relate to customers that have a good track record with the Group in terms of recoverability.

The total amount of trade and other receivables are exposed to credit risk, except for certain fully performing and past due balances which were covered by credit guarantee insurance to the value of R1,1 billion (2014: R1,5 billion).

Amounts past their due dates, not provided for, are considered by the Group to be recoverable.

One debtor's balance (2014: one debtor's balance) constitutes a significant concentration of credit risk to an amount of R1,6 billion (2014: R0,9 billion). This balance constitutes 19,8% (2014: 12,3%) of the total gross trade receivables.

There is no other single customer that represents more than 10% of total gross trade receivables for the years ended 30 June 2015 and 2014.

	2015 R'million	2014 R'million
Impairment of trade and other receivables (included in administrative expenses)		
The impairment charge can be split as follows		
Bad debts written-off	**1,0**	2,6
Movement in the allowance account for losses	**(14,3)**	6,5
	(13,3)	9,1
Reconciliation of allowance account for losses		
Balance at the beginning of the year	**163,5**	92,2
Raised during the year	**25,4**	21,2
Utilised during the year	**(39,7)**	(14,7)
Acquisition of subsidiaries and businesses	**–**	57,5
Currency translation movements	**(8,8)**	7,3
	140,4	163,5

Receivables are reviewed for impairment on an individual basis and significant judgement is applied by management in determining whether a trade receivable is impaired or not. A number of factors are taken into account when this assessment is made, refer to page 40 for detail.

	2015 R'million	2014 R'million
10. Trade and other receivables continued		
Currency analysis of trade and other receivables (financial instruments only)		
Australian Dollar	**856,5**	1 141,5
Brazilian Real	**192,0**	196,3
Canadian Dollar	**5,4**	59,0
Chilean Peso	**99,8**	41,6
Colombian Peso	**38,8**	28,7
Euro	**2 183,0**	1 521,9
Mexican Peso	**294,7**	394,3
New Zealand Dollar	**53,5**	51,1
Philippine Peso	**41,1**	53,5
Pound Sterling	**455,2**	1 336,1
South African Rand	**2 083,6**	1 806,9
Russian Ruble	**175,1**	48,3
Tanzanian Shilling	**66,2**	65,0
US Dollar	**1 431,8**	1 222,8
Venezuelan Bolivares Fuertes	**241,1**	84,4
Other currencies	**377,6**	214,7
	8 595,4	8 266,1
Other disclosures		
The Group holds no collateral over any trade and other receivables.		
Trade and other receivables are predominantly non-interest bearing.		
11. Derivative financial instruments		
Balance at the beginning of the year	**4,0**	82,7
Fair value gains/(losses) on derivative financial instruments (included in finance costs)	**8,9**	(79,2)
Fair value gains/(losses) on derivative financial instruments (included in other comprehensive income)	**16,6**	–
Currency translation movements	**0,7**	0,5
	30,2	4,0
The balance can be split as follows		
Forward exchange contracts	**13,6**	4,0
Interest rate swaps	**16,6**	–
	30,2	4,0

This balance consists of derivatives where hedge accounting was not applied.

The net market value of all forward exchange contracts at year end was calculated by comparing the forward exchange contracted rates to the equivalent of year end market foreign exchange rates. The present value of these net market values was then discounted using the appropriate currency-specific discount curve.

The fair value of interest rate swaps is calculated as the present value of estimated future cash flows discounted using the appropriate yield curve.

The forward exchange contracts and interest rate swaps were classified as "level 2" assets in the fair value measurement hierarchy.

Current assets continued

	2015 R'million	2014 R'million
12. Cash and cash equivalents		
Bank balances	7 179,5	6 429,0
Short-term bank deposits	1 447,8	1 723,6
Cash-in-transit*	33,5	63,7
Cash-on-hand	4,8	9,3
	8 665,6	8 225,6

Comprises receipts from customers only banked after year end.

General disclosures

The maturity profile of all cash and cash equivalent balances is less than three months.

The average effective interest rate on interest bearing cash and cash equivalents is 2,3% (2014: 2,4%).

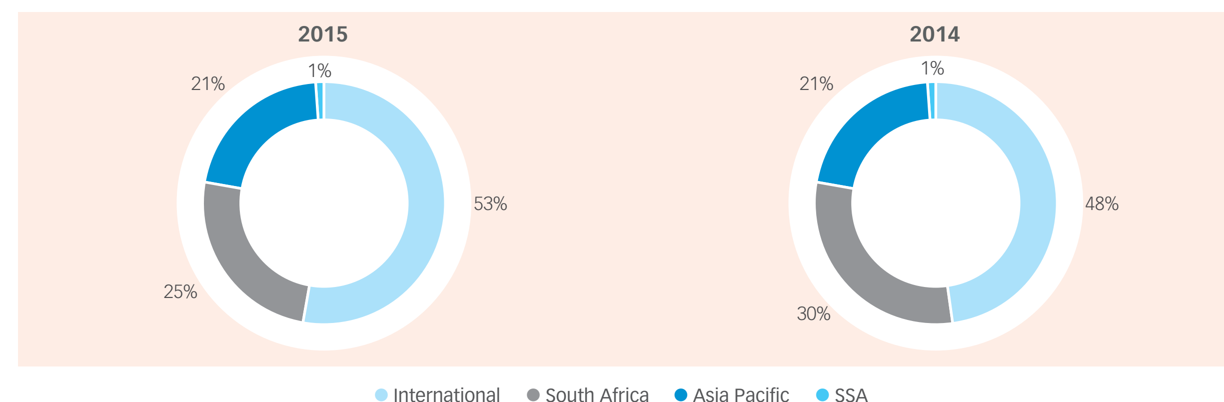
The total amount of cash and cash equivalents is exposed to credit risk, and is placed with high-quality financial institutions.

Total cash and cash equivalents is classified as "Loans and receivables" in terms of *IAS 39 – Financial Instruments: Recognition and Measurement.*

Currency analysis of cash and cash equivalents

	2015 R'million	2014 R'million
Australian Dollar	1 517,4	1 500,3
Brazilian Real	115,4	116,5
Chilean Peso	37,5	46,6
Colombian Peso	30,5	22,1
Euro	1 566,1	1 292,0
Mexican Peso	28,2	27,0
Philippine Peso	66,8	70,6
Pound Sterling	71,3	153,0
South African Rand	2 193,9	2 458,3
Tanzanian Shilling	44,1	82,4
US Dollar	1 962,2	2 109,6
Venezuelan Bolivares Fuertes	770,2	235,3
Other currencies	262,0	111,9
	8 665,6	8 225,6

Cash and cash equivalents



	2015 R'million	2014 R'million
13. Assets classified as held-for-sale		
Balance at the beginning of the year	3 050,8	–
Disposals	(3 050,8)	–
Reclassification from assets	2 889,8	3 050,8
Property, plant and equipment	94,9	–
Goodwill	1 372,6	–
Intangible assets	1 357,4	3 050,8
Inventories	64,9	–
	2 889,8	3 050,8

Disposals

On 10 September 2014, Aspen Global entered into an agreement with Mylan in terms of which Aspen Global disposed of its rights to commercialise the fondaparinux products (being Arixtra and the authorised generic thereof) in the United States to Mylan. The transaction completed on 25 September 2014. Aspen Global has retained all of its remaining rights to the intellectual property and to the commercialisation of Arixtra worldwide other than in the United States.

Reclassification from assets

The balance is split as follows	2015 R'million	2014 R'million
(1) Divestment of generics business and certain branded products to Strides entities	2 658,6	–
(2) Divestment of a portfolio of products in South Africa to Litha	231,2	–
(3) Divestment of fondaparinux products to Mylan	–	3 050,8
	2 889,8	3 050,8

(1) Divestment of generics business and certain branded products to Strides entities

On 21 May 2015, certain of Aspen's wholly owned Australian subsidiaries (collectively "Aspen Australia") entered into an agreement with Strides (Australia) Pharma Pty Limited in terms of which Aspen Australia divested a portfolio of approximately 130 products for a consideration of approximately AUD217 million. The portfolio of products in this transaction comprised a generic pharmaceutical business together with certain branded pharmaceutical assets. In a separate transaction, Aspen Global entered into an agreement with Strides Pharma Global Pte Limited in terms of which Aspen Global divested a portfolio of six branded prescription products for a consideration of approximately USD79 million. Both of the above transactions completed on 31 August 2015.

(2) Divestment of a portfolio of products in South African to Litha

On 11 May 2015, Pharmacare, the Group's primary South African trading company, concluded a set of agreements with Litha (a wholly owned South African subsidiary of Endo International Plc) in terms of which Pharmacare divested a portfolio of products from its pharmaceutical division for a consideration of approximately R1,6 billion. The portfolio of products comprises injectables and established brands. The approval of this transaction by the South African competition authorities was obtained on 4 August 2015 but the completion remains subject to certain conditions. This transaction completed on 30 September 2015.

(3) Divestment of fondaparinux products to Mylan

In the prior year, Aspen Global entered into an agreement with Mylan in terms of which Aspen Global disposed of its rights to commercialise the fondaparinux products it acquired from GSK (being Arixtra and the authorised generic thereof) in the United States to Mylan. The transaction completed on 25 September 2014.

No gains or losses on remeasurement were recognised in the statement of comprehensive income in the current financial year.

Shareholders' equity

	Notes	2015 R'million	2014 R'million
Share capital	14	**3 075,5**	3 932,7
Treasury shares	15	**(68,7)**	(64,8)
Non-distributable reserves		**6 633,9**	5 865,4
Share-based compensation reserve	16	**39,1**	36,9
Retained income		**24 458,9**	19 104,0
Non-controlling interests	17	**22,8**	1,9
		34 161,5	28 876,1

14. Share capital

	2015 R'million	2014 R'million
Authorised		
717 600 000 (2014: 717 600 000) ordinary shares of no par value	**–**	–
Issued		
456 348 537 (2014: 456 341 037) ordinary shares of no par value	**3 075,5**	3 932,7

	Million	Million
Shares in issue at the beginning of the year	**456,3**	455,7
Shares issued – share schemes	**–***	0,6
Shares in issue at the end of the year	**456,3**	456,3

**7 500 shares were issued in 2015.*

The unissued shares have been placed under the control of the directors until the forthcoming annual general meeting.

All shares are fully paid up, and no amounts are outstanding in terms of shares issued during the year.

15. Treasury shares

	2015 R'million	2014 R'million
Balance at the beginning of the year	**(64,8)**	(59,4)
Treasury shares purchased	**(22,7)**	(22,3)
Deferred incentive bonus shares exercised	**18,8**	16,9
	(68,7)	(64,8)

	Million	Million
Number of treasury shares at the beginning of the year	**0,4**	0,5
Treasury shares purchased	**0,1**	0,1
Deferred incentive bonus shares exercised	**(0,2)**	(0,2)
Number of treasury shares at the end of the year	**0,3**	0,4

16. Share-based compensation reserve

	2015 R'million	2014 R'million
During the year the following share-based payment expenses were recognised in the statement of comprehensive income regarding share-based arrangements that existed		
Equity settled – recognised directly in equity		
Aspen South African Management Deferred Incentive Bonus Scheme	**23,2**	19,0
Aspen Share Incentive Scheme and Aspen Share Appreciation Plan	**1,6**	2,8
Cash settled – recognised in trade and other payables		
Aspen South African Management Deferred Incentive Bonus Scheme	**2,2**	4,2
Aspen International Phantom Share Scheme	**23,8**	21,5
	50,8	47,5

The movements in the share-based compensation reserve are presented in the statement of changes in equity on page 14.

The Group currently operates the following share-based payment schemes:

Aspen Share Incentive Scheme

Share options were granted to management and key employees in terms of this scheme. The scheme was adopted by shareholders in January 1999. An amendment to the trust deed was approved by shareholders on 18 January 2000, in terms of which share options offered and taken up were released in five equal annual tranches, commencing on the second anniversary of an offer date and expiring after eight years. The scheme is equity-settled. The last tranche in terms of this scheme was awarded in September 2007.

In October 2009, the South African Management Deferred Incentive Bonus Scheme was adopted and now operates under the terms and conditions of this scheme.

Aspen Share Appreciation Plan

Share appreciation rights are granted to management and key employees in terms of this scheme. The Aspen Share Appreciation Plan was adopted in October 2005. The maximum period of rights awarded in terms of this plan is five years and vesting takes place three years from the allocation date. Share appreciation rights are no longer awarded. The scheme is equity settled. Refer to note 16.2 for detail of rights issued in terms of this scheme.

Aspen Share Incentive Scheme and Aspen Share Appreciation Plan are collectively referred to as "the legacy schemes".

Aspen South African Management Deferred Incentive Bonus Scheme

In October 2009, the Aspen Board, acting through its Remuneration & Nomination Committee, proposed that the remuneration structure of management and key employees be amended. As part of this change in the remuneration structure the award of share appreciation rights under the Aspen Share Appreciation Plan was discontinued and replaced by the Aspen South African Management Deferred Incentive Bonus Scheme. The deferred incentive bonus is payable in cash or shares, at the election of the employee. There is a three-year vesting period. The employee to whom the reward is made must remain in the employ of Aspen at the time of vesting. The deferred incentive bonus amount is calculated based on the performance of the Aspen Group company which employs the relevant employee and individual performance targets. Refer to note 16.3 for detail of shares issued in terms of this scheme.

Election of cash

Should an employee elect to receive cash at the time of the award, the cash amount will be payable to the employee three years after the date of the award, provided that the employee is still employed by Aspen at that date. Notional interest at Aspen's overnight call rate will be added to the deferred incentive bonus amount at the end of the three-year period.

Election of shares

Should an employee elect to receive shares at the time of the award, the deferred incentive bonus amount granted is increased by 10%. These shares will be issued in terms of the Aspen Share Incentive Scheme and held by the Aspen Share Incentive Trust until the three-year vesting period has expired. Employees will, on vesting date, receive an amount equal to any dividends/capital distributions that were paid to the Trust during the vesting period.

Shareholders' equity continued

16. Share-based compensation reserve continued

Aspen South African Management Deferred Incentive Bonus Scheme continued

Accounting treatment

The Group has entered into a share-based payment agreement whereby the employee has the right to choose either settlement in cash or settlement in equity. The entity has thus granted a compound financial instrument, which includes a debt and an equity component.

On measurement date management measures the fair value of the debt component first. Thereafter, the fair value of the equity instrument is measured, taking into consideration the fact that the employee forfeits the right to receive cash in order to obtain the shares.

The services received from the employees in respect of each component (debt and equity) will be accounted for separately at each reporting date. The debt component will be accounted for as a cash-settled share-based payment arrangement. The debt component will therefore be measured at fair value at each reporting date, with changes in fair value recognised in the statement of comprehensive income for the period.

The equity component will be accounted for as an equity-settled share-based payment arrangement. The fair value of the services will be measured at the fair value of the equity instruments on grant date. The services will then be recognised over the vesting period, with a corresponding increase in equity. Shares lapsed or cancelled will be held in the Trust for future grants.

Aspen International Phantom Share Scheme

In order to incentivise the management of Aspen's international operations in the medium term, a phantom share scheme exists for selected international employees. Awards are linked to the performance of the employee, the businesses and growth in the Aspen share price. Due to regulatory restrictions in respect of transfer and ownership of Aspen shares to offshore employees, the scheme is operated on a phantom basis, which is designed to give an employee the same economic benefit as ownership of shares. The phantom shares entitle eligible employees to receive a cash bonus based initially on a predetermined value and thereafter on changes in the Aspen share price. This scheme is cash-settled.

General

At the December 2012 annual general meeting the Company's shareholders approved amendments to the terms of these legacy share schemes operated by the Group thereby limiting the maximum number of shares that can be issued in terms of these schemes to 45 477 945 or 10% of the Company's issued share capital (down from 64 741 611 or 14% of the Company's issued share capital), and the maximum number of shares issued to any single employee is limited to 4 800 000 shares (down from 6 474 161 shares). Since this amendment was approved, 1 569 134 shares have been issued in terms of these legacy schemes, representing 0,3% of the Company's issued share capital. From the date of inception of these schemes in 2001, 39 070 829 shares have been issued under the schemes comprising 8,56% of issued share capital. This constitutes an average dilution rate of less than 1% per year.

Should an employee resign from the Group prior to the vesting date as indicated above, the shares or cash will not be issued and will be forfeited.

Should an employee be retrenched or retire, all shares or cash will become due to the employee.

Should an employee become deceased, all the shares or cash will vest in the estate of the deceased.

It is Group policy that all directors and employees should not deal in shares or exercise share options and/or share appreciation rights of the Company for the periods from half year end and year end to 24 hours after publication of the half-year and year end results or when the Company is trading under cautionary announcement.

The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management, refer to page 41 for detail.

16. Share-based compensation reserve continued

16.1 Aspen Share Incentive Scheme

Award price (R)	Expiry date	Options outstanding on 30 June 2014 '000#	Exercised during the year '000*	**Options outstanding on 30 June 2015 '000#**
32,89	Sept 2014	8	8	**–**
35,09	Sept 2015	3	–	**3**
		11	8	**3**

** Options exercised during the year resulted in 7 500 shares (2014: 0,1 million shares) being issued yielding proceeds of R0,2 million (2014: R2,6 million).*
 # The total number of shares were vested at 30 June 2015 and 30 June 2014.

The weighted average share price at which shares were exercised during the year was R343,60 (2014: R271,50).

The total number of shares that will be issued on the assumption that all share options are exercised on the earliest possible date is 2 800 shares at a consideration of R0,1 million.

16.2 Aspen Share Appreciation Rights Plan

Award price (R)	Expiry date	Rights outstanding on 30 June 2014 '000*	**Rights outstanding on 30 June 2015 '000***	Fair value at measurement date (R)	Share price at measurement date (R)	Volatility %	Dividend yield %	Risk-free rate %
89,93	Sept 2016	89	**89**	33,08	91,00	33,9	1,9	8,8
142,20	Sept 2017	60	**60**	51,74	145,00	33,1	1,4	7,3
		149	**149**					

** The total number of rights were not vested at 30 June 2015 and 30 June 2014.*

The fair value was determined with the use of a binomial model. Volatility was based on historical data, taking into account the expected life of the appreciation rights.

The maturity profile of the share appreciation rights at year end was as follows

	Number of rights '000
2015	89
2016	60
	149

Shareholders' equity continued

16. Share-based compensation reserve continued

16.3 Aspen South African Management Deferred Incentive Bonus Scheme

Award price (R)	Expiry date	Shares out-standing on 30 June 2014 '000#	Awarded during the year '000	Released during the year '000	Lapsed/ cancelled during the year '000*	**Shares out-standing on 30 June 2015 '000#**	Fair value at award date (R)	Share price at award date (R)
89,68	Oct 2014	191	–	190	1	**–**	83,88	94,00
156,00	Oct 2015	126	–	5	2	**119**	125,89	144,94
264,13	Oct 2016	98	–	3	2	**93**	224,50	262,50
338,44	Oct 2017	–	77	1	1	**75**	290,90	336,50
		415	77^	199	6	**287**		

The total number of shares were not vested at 30 June 2015 and 30 June 2014.
* Lapsed or cancelled shares, held by the Aspen Share Incentive Scheme Trust, are re-allocated to future grants.
^ During the year the Group bought 64 144 shares (2014: 83 273 shares) that will be held in the Aspen Share Incentive Scheme Trust until vesting date. These shares are accounted for as treasury shares in the Group Annual Financial Statements.

The fair value was determined by reference to the share price on the award date.

	2015 R'million	2014 R'million
For accounting purposes the deferred incentive bonus has been split into an equity and a liability component. Refer to the accounting policy on page 32 for more detail.		
Cumulative share-based payment amount (included in the statement of changes in equity)	**40,7**	36,3
Opening balance	**36,3**	34,2
For the year	**23,2**	19,0
Released in the year	**(18,8)**	(16,9)
Bonus provision – liability component (included in other payables in the statement of financial position)	**5,4**	8,2
Opening balance	**8,2**	8,6
For the year	**2,2**	4,2
Released in the year	**(5,0)**	(4,8)
Notional interest on liability component	**–**	0,3
	46,1	44,5

16. Share-based compensation reserve continued

16.4 Aspen International Phantom Share Scheme

Award price (R)	Expiry date	Shares out-standing on 30 June 2014 '000#	Awarded during the year '000	Exercised during the year '000	Lapsed/ cancelled during the year '000	**Shares out-standing on 30 June 2015 '000#**
89,93	Oct 2014	43	–	42	1	**–**
142,20	Oct 2015	40	–	–	2	**38**
236,67	Oct 2016	50	–	–	1	**49**
326,84	Oct 2017	–	74	–	2	**72**
		133	74	42	6	**159**

The total number of shares were not vested at 30 June 2015 or 30 June 2014.

The fair value was determined by reference to the share price on the grant date. The closing share price on measurement date was R360,00 (2014: R298,89).

The liability included in trade and other payables on the statement of financial position relating to the Aspen International Phantom Share Scheme is R34,8 million (2014: R25,7 million).

17. Non-controlling interests

	2015 R'million	2014 R'million
Balance at the beginning of the year	**1,9**	5,1
Losses for the year	**(2,0)**	(2,1)
Acquisition of subsidiary (non-controlled interest in Kama)	**16,4**	–
Acquisition of non-controlling interests	**2,1**	–
Contribution by non-controlling shareholders	**4,7**	–
Non-controlling interests portion of currency translation movements	**–**	(1,8)
Dividends paid	**(0,3)**	(0,2)
Hyperinflation adjustment	**–**	0,9
	22,8	1,9

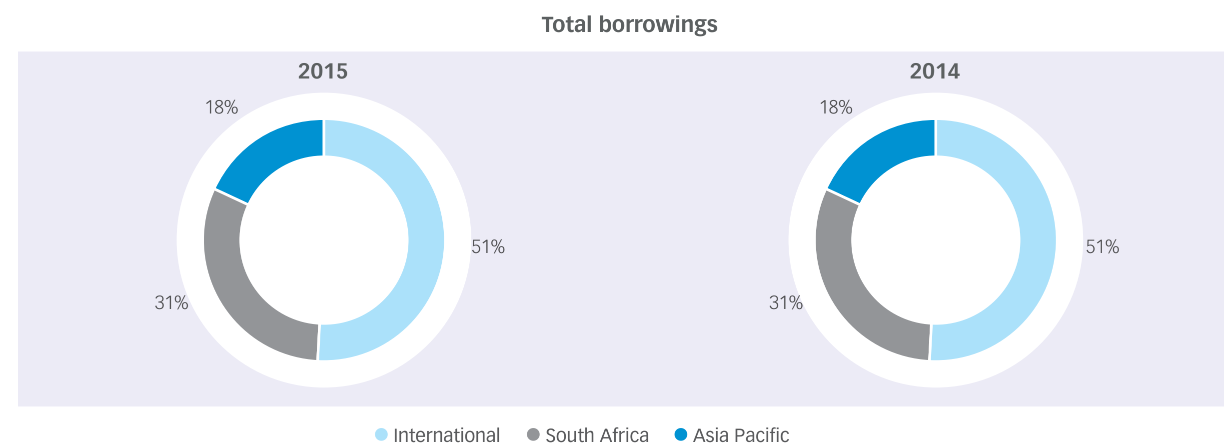
Non-current liabilities

	Notes	2015 R'million	2014 R'million
Borrowings	18	25 491,6	29 915,5
Deferred payables	19	–	416,6
Deferred revenue	20	126,6	132,2
Deferred tax liabilities	8	1 669,3	1 351,1
Retirement and other employee benefits	21	470,8	497,6
Contingent environmental liabilities	7	676,9	727,1
Environmental liabilities	22	74,1	79,6
Unfavourable and onerous contracts	23	2 112,3	2 638,7
Other non-current financial liabilities	24	1 855,7	1 870,9
		32 477,3	37 629,3

18. Borrowings

	2015 R'million	2014 R'million
Non-current borrowings		
Finance lease and instalment credit liabilities	5,5	6,2
Unsecured loans	25 486,1	29 909,3
	25 491,6	29 915,5
Current borrowings		
Finance lease and instalment credit liabilities	7,4	6,0
Bank overdrafts	1 806,6	2 063,8
Unsecured loans	11 408,2	6 005,5
	13 222,2	8 075,3
Total borrowings		
Finance lease and instalment credit liabilities	12,9	12,2
Bank overdrafts	1 806,6	2 063,8
Unsecured loans	36 894,3	35 914,8
	38 713,8	37 990,8

Total borrowings



Definitions

JIBAR – Johannesburg Inter-bank Acceptance Rate
LIBOR – London Inter-bank Offer Rate
SAFEX – South African futures exchange
BBSY – Bank Bill Swap Yield

18. Borrowings continued

Currency analysis and maturity profile of total borrowings

	2015 Within 1 year R'million	2015 Between 1 – 5 years R'million	2015 Total R'million	2014 Within 1 year R'million	2014 Between 1 – 5 years R'million	2014 Total R'million
Finance lease and instalment credit liabilities						
Rand	7,4	5,5	12,9	6,0	6,2	12,2
	7,4	5,5	12,9	6,0	6,2	12,2
Bank overdrafts						
Rand	1 806,6	–	1 806,6	2 063,8	–	2 063,8
	1 806,6	–	1 806,6	2 063,8	–	2 063,8
Unsecured loans						
(1) US Dollar syndicated term loan	2 717,7	17 446,5	20 164,2	1 858,6	17 966,5	19 825,1
(2) US Dollar term loan	–	3 038,0	3 038,0	–	2 657,5	2 657,5
US Dollar – capital raising fees	(104,2)	(100,0)	(204,2)	(91,1)	(180,4)	(271,5)
(3) Australian Dollar	2 812,6	984,4	3 797,0	–	4 074,4	4 074,4
Australian Dollar – capital raising fees	(12,4)	(6,4)	(18,8)	–	(40,4)	(40,4)
(4) Rand syndicated term loan	326,0	4 135,0	4 461,0	326,2	5 460,8	5 787,0
(5) Rand – other	5 678,7	–	5 678,7	3 921,9	–	3 921,9
Rand – capital raising fees	(10,2)	(11,4)	(21,6)	(10,1)	(29,1)	(39,2)
	11 408,2	25 486,1	36 894,3	6 005,5	29 909,3	35 914,8
Total borrowings	13 222,2	25 491,6	38 713,8	8 075,3	29 915,5	37 990,8

(1) US Dollar syndicated term loan

The loan comprises	Amount USD'million	Date obtained	Term	Interest terms
Facility A loan	645,0	October 2013	Three years repayable October 2016	Three-month LIBOR + margin of 2,4% payable quarterly
Facility B loan	493,2	October 2013	Five-year amortising loan with the first quarterly capital repayment made in October 2014	Three-month LIBOR + margin of 2,5% payable quarterly
Facility C1 loan	287,5	December 2013	Three years repayable December 2016	Three-month LIBOR + margin of 2,4% payable quarterly
Facility C2 loan	233,7	December 2013	Five-year amortising loan with the first quarterly capital repayment made in December 2014	Three-month LIBOR + margin of 2,5% payable quarterly

The repayment profile is set out below

	Facility A loan USD'million	Facility B loan USD'million	Facility C1 loan USD'million	Facility C2 loan USD'million	Total USD'million
Year ending 30 June 2016	–	151,8	–	71,9	223,7
Year ending 30 June 2017	645,0	151,8	287,5	71,9	1 156,2
Year ending 30 June 2018	–	151,8	–	71,9	223,7
Year ending 30 June 2019	–	37,8	–	18,0	55,8
	645,0	493,2	287,5	233,7	1 659,4

Non-current liabilities continued

18. Borrowings continued

Currency analysis and maturity profile of total borrowings continued

(2) US Dollar term loan

The loan comprises	Amount USD'million	Date obtained	Term	Interest terms
Facility C loan	100,0	April 2013	Four years repayable April 2017	Three-month LIBOR + margin of 2,2% payable quarterly
Facility D1 loan	150,0	October 2013	Four years repayable October 2017	Three-month LIBOR + margin of 2,5% payable quarterly

The facility C and D1 loans will be repaid in the years ending 30 June 2017 and 30 June 2018 respectively.

(3) Australian Dollar

The loan comprises	Amount AUD'million	Date obtained	Term	Interest terms
Revolving facility A loan	300,0	April 2013	Three years repayable April 2016	Three-month BBSY + margins ranging between 1,6% and 2,1% payable quarterly
Revolving facility B loan	100,0	April 2013	Four years repayable April 2017	Three-month BBSY + margins ranging between 1,8% and 2,2% payable quarterly
Revolving facility D2 loan	5,0	October 2013	Four years repayable October 2017	Three-month BBSY + margin of 2,5% payable quarterly

The revolving facility A, B and D2 loans will be repaid in the years ending 30 June 2016, 30 June 2017 and 30 June 2018 respectively.

(4) Rand syndicated term loan

The loan comprises	Amount R'million	Date obtained	Term	Interest terms
Facility A loan – Pharmacare	1 141,0	October 2013	Five-year amortising loan with the first quarterly capital repayment made in June 2014	Three-month JIBAR + margin of 2,1% payable quarterly
Facility B loan – Pharmacare	1 870,0	October 2013	Three years repayable October 2016	Three-month JIBAR + margin of 1,9% payable quarterly
Facility C loan – Pharmacare	750,0	October 2013	Four years repayable October 2017	Three-month JIBAR + margin of 2,1% payable quarterly
Facility D loan – Pharmacare	450,0	October 2013	Three years repayable October 2016	Three-month JIBAR + margin of 1,9% payable quarterly
Facility A loan – Aspen Holdings	–*	October 2013	Two years repayable October 2015	Three-month JIBAR + margin of 1,7% payable quarterly
Facility B loan – Aspen Holdings	250,0	October 2013	Four years repayable October 2017	Three-month JIBAR + margin of 2,1% payable quarterly

**Aspen Holdings opted to voluntarily prepay the facility A loan during the year ended 30 June 2015.*

18. Borrowings continued

Currency analysis and maturity profile of total borrowings continued

(4) Rand syndicated term loan continued

The repayment profile is set out below

	Pharmacare				Aspen Holdings	
	Facility A loan R'million	Facility B loan R'million	Facility C loan R'million	Facility D loan R'million	Facility B loan R'million	Total R'million
Year ending 30 June 2016	326,0	–	–	–	–	326,0
Year ending 30 June 2017	326,0	1 870,0	–	450,0	–	2 646,0
Year ending 30 June 2018	326,0	–	750,0	–	250,0	1 326,0
Year ending 30 June 2019	163,0	–	–	–	–	163,0
	1 141,0	1 870,0	750,0	450,0	250,0	4 461,0

(5) Rand – other

The loan comprises	Amount R'million	Date obtained	Term	Interest terms
Various term loans	1 500,0	Various	Ranging between three and six months	SAFEX + margins ranging between 1,3% and 1,4%
	1 200,0	Various	Ranging between three and six months	3 month JIBAR + margins ranging between 1,2% and 1,3%
Various overnight loans	2 278,7	Various	On demand	Overnight call rates ranging between 6,4% and 6,8%
Overnight loans	700,0	Various	On demand	South African prime overdraft rate less rates ranging between 3,0% and 3,1%

	2015			2014		
Interest rate profile of total borrowings	**Total R'million**	**Interest rate %**	**Average effective interest rate %**	Total R'million	Interest rate %	Average effective interest rate %
Finance lease and instalment credit liabilities – fixed rate	**12,9**	**Rates ranging between 4,3% and 11,1%**	**6,7**	12,2	Rates ranging between 3,7% and 8,5%	6,5
Bank overdrafts – floating rate (linked to South African prime overdraft rate)	**1 806,6**	**Rates ranging between prime and prime less 1,0%**	**6,2**	2 063,8	Rates ranging between prime and prime less 1,0%	5,7
Unsecured loans – floating rate	**36 894,3**			35 914,8		
Linked to three-month LIBOR	**23 202,1**	**+ margins ranging between 2,2% and 2,5%**	**2,7**	22 482,5	+ margins ranging between 2,4% and 2,8%	2,7
Linked to three-month BBSY	**3 796,9**	**+ margins ranging between 2,0% and 2,5%**	**4,8**	4 074,4	+ margins ranging between 2,2% and 2,5%	4,7
Linked to SAFEX	**1 500,0**	**+ margin of 1,4%**	**6,9**	1 500,0	+ margin of 1,0%	6,2
Linked to three-month JIBAR	**5 661,0**	**+ margins ranging between 1,3% and 2,1%**	**7,8**	5 992,0	+ margins ranging between 0,9% and 1,4%	7,1
Linked to South African prime overdraft rate	**700,0**	**Less margin ranging between 3,0% and 3,1%**	**6,2**	200,0	Less margin of 3,5%	5,5
Linked to overnight call rate	**2 278,9**	**Overnight call**	**6,6**	2 016,9	Overnight call	6,2
Capital raising fees#	**(244,6)**	**–**	**–**	(351,0)	–	–
Total borrowings	**38 713,8**			37 990,8		

 # Capital raising fees relate to the unsecured loans above but have been shown separately as they are non-interest bearing.

Non-current liabilities continued

18. Borrowings continued

Security given

Finance lease and instalment credit liabilities are secured by property, plant and equipment with a net book value of R12,8 million.

Default and breaches

There were no defaults or breaches of the contractual terms of the borrowings during the year. Refer to note 39 for detail.

	2015 R'million	2014 R'million
Finance lease liabilities: minimum lease payments		
Not later than one year	8,0	6,7
Later than one year but not later than five years	5,8	6,4
	13,8	13,1
Future finance charges on finance leases	(0,9)	(0,9)
	12,9	12,2

The Group had the following undrawn borrowing facilities at year end:

- South African facilities of R1,4 billion; and
- an Australian Dollar denominated facility of AUD50,0 million.

These facilities may only be drawn to the extent that any banking covenants are not likely to be breached for the ensuing 12-month period.

All facilities negotiated are reviewed annually.

19. Deferred payables

	2015 R'million	2014 R'million
Balance at the beginning of the year	650,8	–
Acquisition of subsidiaries and businesses	–	718,7
Repayments	(340,8)	(85,9)
Notional interest	12,5	10,4
Currency translation movements	73,8	7,6
	396,3	650,8
Balance is split as follows		
Non-current	–	416,6
Current	396,3	234,2
	396,3	650,8

As part of the GSK thrombosis business combination in the prior year, Aspen Global concluded a transaction with MSD by which they agreed to pay a deferred consideration for Arixtra.

The amount initially recognised in respect of the deferred payable was determined by discounting the expected future payments to their present value using an appropriate discount rate on initial recognition. The liabilities are subsequently recognised at amortised cost with interest being calculated at a fixed rate.

There were no defaults or breaches of the contractual terms of the deferred payables.

The fair value is estimated by discounting expected future cash flows using an appropriate market-related discount rate and approximates the carrying value.

	2015 USD'million	2014 USD'million
19. Deferred payables continued		
Repayment profile is set out below		
Year ended 30 June 2015	–	22,0
Year ending 30 June 2016	32,6	39,0
	32,6	61,0
20. Deferred revenue		
Balance at the beginning of the year	141,3	148,5
Amounts receivable for capital expenditure projects	330,0	–
Recognised in the statement of comprehensive income#	(9,2)	(9,1)
Currency translation movements	2,0	1,9
	464,1	141,3
# This amount is included in other operating income on the statement of comprehensive income.		
Balance is split as follows		
Non-current	126,6	132,2
Current	337,5	9,1
	464,1	141,3
The balance is split as follows		
(1) Capital expenditure projects – Aspen Oss	328,1	–
(2) Rights for the commercialisation of selected Aspen products to GSK	136,0	141,3
	464,1	141,3

1) During the year the Group recognised USD27 million in deferred revenue related to specific capital expenditure projects that need to be undertaken at the Aspen Oss site. Once these projects have been completed, this balance will be released to the statement of comprehensive income in line with the average amortisation of each project so as to approximately match the useful life of the underlying assets.

2) The Group sold its rights for the commercialisation of selected Aspen products to GSK. The amount will be released to the statement of comprehensive income over the term of the contract.

21. Retirement and other employee benefits

The Group operates or contributes to defined contribution plans, defined benefit plans and other long-term plans in certain countries in which it operates.

Defined contribution plans

Contributions by the Group and in some cases the employees are made for funds set up in South Africa, Australia, Malaysia, Taiwan, Ireland, the Netherlands, Brazil, Tanzania, Kenya and Uganda while no contributions are made for plans established in other geographic areas.

Total contributions paid to the various funds by the Group amounted to R316,1 million for the current financial year (2014: R254,6 million). The Group has no further payment obligations once the contributions have been paid. The payments made are expensed as incurred in the statement of comprehensive income and are included in staff costs.

Non-current liabilities continued

21. Retirement and other employee benefits continued

Defined benefit plans

Contributions by the Group and in some cases by the employees are made for funds set up in South Africa, Germany, the Philippines, Mexico, France, Tanzania and Kenya while no contributions are made for plans established in other geographic areas.

Provisions for pension and medical aid obligations are established for benefits payable in the form of retirement, disability, surviving dependant pensions and medical benefits. The benefits offered vary according to the legal, fiscal and economic conditions of each country.

Long-term employee benefits

Some group companies provide other non-current benefits to its employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to a given age or the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries. These benefits are payable in Germany and France.

	Last actuarial valuation done	Full/ interim valuation	Valuation method adopted	Principal actuarial assumptions: Discount rate	Medical inflation rate	Salary increase rate
France	June 2015	Full	Projected unit credit	2,3% (2014: 2,5%)	N/A	2,5% (2014: 2,8%)
Germany	June 2015	Full	Projected unit credit	2,6% (2014: 3,0%)	N/A	3,0% (2014: 3,0%)
Kenya	June 2015	Full	Projected unit credit	13,2% (2014: 12,9%)	N/A	12,0% (2014: 12,0%)
Mexico	December 2014	Full	Projected unit credit	7,4% (2014: 8,3%)	N/A	5,0% (2014: 5,0%)
The Philippines	June 2015	Full	Projected unit credit	5,6% (2014: 5,6%)	N/A	6,0% (2014: 6,0%)
South Africa	June 2015	Full	Projected unit credit	9,5% (2014: 9,4%)	8,4% (2014: 8,4%)	N/A
Tanzania	June 2015	Full	Projected unit credit	16,7% (2014: 16,4%)	N/A	7,1% (2014: 9,0%)

These plans have been assessed by independent qualified actuaries and have been found to be in a sound financial position.

Weighted average assumptions used in performing actuarial valuations determined in consultation with independent actuaries.

Assumptions regarding future mortality experience are set out based on advice, published statistics and experience in each territory.

21. Retirement and other employee benefits continued

	South Africa 2015 R'million	South Africa 2014 R'million	Non-South African businesses# 2015 R'million	Non-South African businesses# 2014 R'million	Total 2015 R'million	Total 2014 R'million
Amounts recognised in the statement of financial position						
Present value of retirement and other employee benefits	**39,2**	35,9	**431,6**	461,7	**470,8***	497,6*
Deferred tax	**(0,7)**	(10,1)	**(29,1)**	(36,2)	**(29,8)**	(46,3)
	38,5	25,8	**402,5**	425,5	**441,0**	451,3
Retirement and other employee benefits comprise						
Unfunded present value of retirement and other employee benefits	**50,2**	45,5	**538,3**	573,6	**588,5**	619,1
Fair value of plan assets	**(11,0)**	(9,6)	**(106,7)**	(111,9)	**(117,7)**	(121,5)
	39,2	35,9	**431,6**	461,7	**470,8**	497,6
The movement in the liability recognised in the statement of financial position is as follows						
At the beginning of the year	**45,5**	37,1	**573,6**	162,5	**619,1**	199,6
Current service costs	**1,5**	1,3	**41,6**	13,7	**43,1**	15,0
Benefits paid	**(0,2)**	(1,5)	**(8,4)**	(3,4)	**(8,6)**	(4,9)
Contributions paid to the plan by employer	**–**	–	**(1,7)**	–	**(1,7)**	–
Net interest expense	**4,3**	3,4	**13,8**	5,7	**18,1**	9,1
Remeasurements recognised in other comprehensive income	**(0,9)**	5,2	**5,4**	28,3	**4,5**	33,5
Actuarial losses from changes in demographic assumptions	**–**	–	**(16,8)**	(1,1)	**(16,8)**	(1,1)
Actuarial (losses)/gains from changes in financial assumptions	**(0,9)**	5,2	**22,2**	29,4	**21,3**	34,6
Remeasurements recognised in the statement of comprehensive income	**–**	–	**(26,0)**	–	**(26,0)**	–
Acquisition of subsidiaries and businesses	**–**	–	**–**	335,8	**–**	335,8
Currency translation movements	**–**	–	**(60,0)**	31,0	**(60,0)**	31,0
	50,2	45,5	**538,3**	573,6	**588,5**	619,1
The movement in the fair value of plan assets recognised in the statement of financial position is as follows						
At the beginning of the year	**9,6**	10,4	**111,9**	95,2	**121,5**	105,6
Benefits paid	**–**	(1,3)	**(0,8)**	–	**(0,8)**	(1,3)
Net interest income	**0,8**	0,9	**–**	–	**0,8**	0,9
Remeasurements – actual return on plan assets	**0,6**	(0,4)	**(0,5)**	1,1	**0,1**	0,7
Currency translation movements	**–**	–	**(3,9)**	15,6	**(3,9)**	15,6
	11,0	9,6	**106,7**	111,9	**117,7**	121,5

 # Non-South African businesses are made up of Germany, the Philippines, France, Mexico, Kenya and Tanzania.

** Included in this amount is an obligation of R221,4 million (2014: R273,8 million) for which the Group has a reimbursive right. Refer to note 6 for more detail.*

Non-current liabilities continued

21. Retirement and other employee benefits continued

	South Africa		Non-South African businesses#		Total	
	2015 R'million	2014 R'million	**2015 R'million**	2014 R'million	**2015 R'million**	2014 R'million
Fair value of plan assets						
The assets of the pension funds are invested as follows						
Group insurance annuity policy – South African money market	**11,0**	9,6	**–**	–	**11,0**	9,6
European government bonds	**–**	–	**106,7**	111,9	**106,7**	111,9
	11,0	9,6	**106,7**	111,9	**117,7**	121,5
The pension fund assets are measured at fair value at valuation date. The fair value of cash and other assets has been determined by performing market valuations and other valuation techniques at the end of each reporting period.						
Amounts recognised in the statement of comprehensive income (included in staff costs)						
Current service costs	**1,5**	1,3	**41,6**	13,7	**43,1**	15,0
Interest cost	**3,5**	2,5	**13,8**	5,7	**17,3**	8,2
Remeasurements recognised in the statement of comprehensive income	**–**	–	**(26,0)**	–	**(26,0)**	–
Contributions paid to the plan by employer	**–**	–	**(1,7)**	–	**(1,7)**	–
	5,0	3,8	**27,7**	19,4	**32,7**	23,2
The charge was classified as follows in the statement of comprehensive income						
Cost of sales	**–**	–	**18,6**	15,6	**18,6**	15,6
Selling and distribution expenses	**2,9**	2,3	**5,9**	1,3	**8,8**	3,6
Administrative expenses	**2,1**	1,5	**3,2**	2,5	**5,3**	4,0
	5,0	3,8	**27,7**	19,4	**32,7**	23,2
Remeasurements (amounts recognised in other comprehensive income)						
Actuarial losses from changes in demographic assumptions	**–**	–	**(16,8)**	(1,1)	**(16,8)**	(1,1)
Actuarial (losses)/gains from changes in financial assumptions	**(0,9)**	5,2	**22,2**	29,4	**21,3**	34,6
Actual return on plan assets	**(0,6)**	0,4	**0,5**	(1,1)	**(0,1)**	(0,7)
Gross remeasurements	**(1,5)**	5,6	**5,9**	27,2	**4,4**	32,8
Tax effect on remeasurements	**–**	(1,6)	**1,1**	(5,9)	**1,1**	(7,5)
Remeasurements net of tax	**(1,5)**	4,0	**7,0**	21,3	**5,5**	25,3

#Non-South African businesses are made up of Germany, the Philippines, France, Mexico, Kenya and Tanzania.

21. Retirement and other employee benefits continued

Sensitivity analysis

The assumed discount rate, medical inflation rate and salary increase rate would have a significant effect on the amounts reported for retirement and other employee benefits. The effect of a 1% change in the above rates would be as follows

	Discount rate		Medical inflation rate		Salary increase rate	
	Increase R'million	**Decrease R'million**	**Increase R'million**	**Decrease R'million**	**Increase R'million**	**Decrease R'million**
Effect on retirement and other employee benefits	**(42,3)**	**68,9**	**12,5**	**(3,3)**	**13,6**	**(8,6)**

	2015 R'million	2014 R'million	2013 R'million	2012 R'million	2011 R'million
At 30 June					
Present value of retirement and other employee benefits	**588,5**	619,1	199,6	150,1	28,5
Fair value of plan assets	**(117,7)**	(121,5)	(105,6)	(83,7)	(9,7)
Deficit	**470,8**	497,6	94,0	66,4	18,8

Key risks associated with retirement and other employee benefits

(1) *Inflation risk:* the risk that future inflation is higher than expected.
(2) *Medical inflation risk:* the risk that future contributions to the medical aid scheme increase faster than assumed.
(3) *Longevity:* the risk that continuation members live longer than expected and hence the subsidy is payable for longer than expected.
(4) *Investment risk:* the risk that the return earned by the assets is lower than expected and hence the assets are insufficient.
(5) *Salary risk:* the risk that future salaries are higher than expected.

22. Environmental liabilities

	2015 R'million	2014 R'million
Balance at the beginning of the year	**79,6**	–
Acquisition of subsidiary	**–**	74,5
Currency translation movements	**(5,5)**	5,1
	74,1	79,6

The environmental liabilities relate to the estimated cost of remediating soil contamination at the Boxtel site in the Netherlands. The remediation at Boxtel will be managed and funded by the Group and the amount of EUR5,5 million is based on an estimate by an independent expert.

Non-current liabilities continued

	2015 R'million	2014 R'million
23. Unfavourable and onerous contracts		
Balance at the beginning of the year	2 974,0	–
Acquisition of subsidiaries	(34,8)	3 007,0
Release to the statement of comprehensive income	(307,8)	(225,8)
Currency translation movements	(203,6)	192,8
	2 427,8	2 974,0
Balance is split as follows		
Non-current	2 112,3	2 638,7
Current	315,5	335,3
	2 427,8	2 974,0

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*.

An unfavourable contract is principally based on the difference between the market price and the contract selling price.

	Onerous and unfavourable contracts Aspen Oss	Unfavourable contracts Aspen NDB
Key assumptions		
Carrying value (R'million)	2 263,0	164,8
Period covered	10 years	5 years
Market operating margin (%)	11%	11%
Related capital expenditure per annum	Between EUR4 million and EUR45 million	–
Post tax discount rate (%)	10%	10%

	2015 R'million	2014 R'million
24. Other financial liabilities		
Balance at the beginning of the year	2 004,4	–
Acquisition of subsidiaries	6,1	1 796,4
Repayments	(154,9)	–
Notional interest	160,5	119,1
Currency translation movements	(5,6)	89,0
	2 010,5	2 004,5
Balance is split as follows		
Non-current	1 855,7	1 870,9
Current	154,8	133,6
	2 010,5	2 004,5
The balance is split as follows		
(1) Ten-year interest-free loan	1 391,6	1 337,5
(2) Deferred consideration payable to MSD	618,9	667,0
	2 010,5	2 004,5

(1) As part of the API business combination in the prior year, Aspen acquired inventories to the value of R3,3 billion, a portion of which was funded by way of a 10-year, interest-free loan from MSD. In accordance with *IAS 39 – Financial instruments: Recognition and Measurement* this loan will be recognised at its fair value, being the discounted value of the settlement payment at the end of the loan term. The discount rate used in valuing this loan was 8%. This loan was obtained in October 2013 and is repayable at the end of the 10-year period.

(2) The total purchase consideration for the API business was USD600 million. USD533 million of the consideration was paid on 2 January 2014 and the balance of this consideration is repayable in five equal annual instalments commencing at the end of the first year after the acquisition date.

The amount initially recognised in respect of the financial liabilities was determined by discounting the future payments to their present value using an appropriate discount rate on initial recognition. The liabilities are subsequently recognised at amortised cost with interest being calculated at a fixed rate.

	2015 USD'million	2014 USD'million
The repayment profile is set out below		
Year ended 30 June 2015	–	13,5
Year ending 30 June 2016	13,5	13,5
Year ending 30 June 2017	13,5	13,5
Year ending 30 June 2018	13,5	13,5
Year ending 30 June 2019	13,5	13,5
	54,0	67,5

The fair value of both the 10-year interest-free loan and the deferred consideration payable to MSD is estimated by discounting expected future cash flows using an appropriate market-related discount rate and approximates the carrying value.

Current liabilities

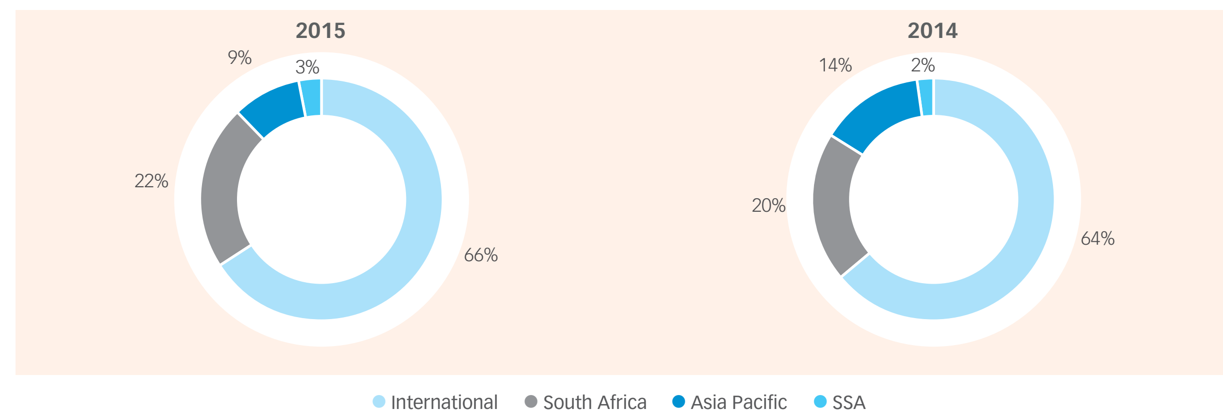
	Notes	2015 R'million	2014 R'million
Trade and other payables	25	6 785,2	6 884,0
Borrowings	18	13 222,2	8 075,3
Deferred payables	19	396,3	234,2
Deferred revenue	20	337,5	9,1
Current tax liabilities		554,3	361,8
Derivative financial instruments	26	12,7	8,7
Unfavourable and onerous contracts	23	315,5	335,3
Other current financial liabilities	24	154,8	133,6
		21 778,5	16 042,0

25. Trade and other payables

	2015 R'million	2014 R'million
Financial instruments		
Trade payables	3 429,2	3 592,2
Accrued expenses	1 060,5	1 028,5
Interest accrued	79,3	54,9
Other	558,1	892,1
Total financial instruments*	5 127,1	5 567,7
Non-financial instruments		
Indirect taxes	292,1	234,6
Leave pay	345,8	348,1
Bonuses	196,3	159,2
Other	823,9	574,4
Total non-financial instruments	1 658,1	1 316,3
Total trade and other payables	6 785,2	6 884,0

* *This amount is classified as "Financial liabilities at amortised cost" in terms of* IAS – 39 Financial Instruments: Recognition and Measurement.

Trade payables



International · South Africa · Asia Pacific · SSA

25. Trade and other payables continued

	2015 R'million	2014 R'million
Currency analysis of trade and other payables (financial instruments only)		
Australian Dollar	604,3	999,9
Brazilian Real	67,2	48,6
Chilean Peso	8,7	23,7
Colombian Peso	34,9	40,8
Euro	1 272,7	1 177,0
Kenyan Shilling	29,8	24,1
Mexican Peso	305,3	222,7
Philippine Peso	36,8	63,8
Pound Sterling	51,3	13,7
South African Rand	845,0	851,1
Tanzanian Shilling	15,3	11,6
US Dollar	1 604,2	1 975,7
Venezuelan Bolivares Fuertes	118,7	53,5
Other currencies	132,9	61,5
	5 127,1	5 567,7
Age analysis of trade and other payables (financial instruments only)		
Not past due date	3 893,1	4 137,2
Past due by 1 to 30 days	607,6	847,9
Past due by 31 to 150 days	496,3	409,3
Past due by 151 days to 1 year	60,6	144,5
Past due by more than 1 year	69,5	28,8
	5 127,1	5 567,7

All trade and other payables are predominantly non-interest bearing.

No individual vendor represents more than 10% of the Group's trade payables.

26. Derivative financial instruments

	2015 R'million	2014 R'million
Balance at the beginning of the year	8,7	4,2
Fair value losses on derivative financial instruments (included in finance costs)	9,8	6,8
Fair value gains on derivative financial instruments (included in other comprehensive income)	(5,6)	(3,0)
Currency translation movements	(0,2)	0,7
	12,7	8,7
The balance is split as follows		
Forward exchange contracts	5,2	6,5
Interest rate swaps	7,5	2,2
	12,7	8,7

Interest rate swaps and forward exchange contracts are classified as "level 2" liabilities in the fair value measurement hierarchy.

The fair value of interest rate swaps is calculated as the present value of estimated future cash flows discounted using the appropriate yield curve.

The net market value of all forward exchange contracts at year end was calculated by comparing the forward exchange contracted rates to the equivalent of year end market foreign exchange rates. The present value of these net market values was then discounted using the appropriate currency-specific discount rate.

Statement of comprehensive income

	2015 R'million	2014 R'million
27. Revenue		
Sale of goods		
International	**18 395,3**	12 679,8
South Africa	**8 553,4**	7 355,5
Asia Pacific	**8 032,7**	8 373,1
SSA	**849,3**	826,8
Other revenue		
Royalties – International	**137,3**	45,0
– South Africa	**0,4**	0,9
Co-marketing fees – Asia Pacific	**74,6**	144,1
– South Africa	**48,8**	89,9
Licensing fees – International	**34,8**	–
	36 126,6	29 515,1
Revenue by segment		
International	**18 567,4**	12 724,9
South Africa	**8 602,6**	7 446,3
Asia Pacific	**8 107,3**	8 517,1
SSA	**849,3**	826,8
	36 126,6	29 515,1

	2015 R'million	2014 R'million
28. Operating profit		
Operating profit has been arrived at after crediting		
Profit on the sale of intangible assets	**83,8**	570,5
Profit on the sale of property, plant and equipment	**93,6**	–
After charging		
Loss on the sale of property, plant and equipment	**–**	1,6
Auditors' remuneration	**36,4**	32,7
Audit fees	**32,2**	29,7
– Current year	**30,8**	29,9
– Prior year under/(over)-provision	**1,4**	(0,2)
Other services – tax consulting	**3,4**	0,6
Other services – accounting consulting	**0,7**	2,0
Other services	**0,1**	0,4
Net impairment charges	**515,3**	348,0
Impairment of intangible assets (included in other operating expenses)	**183,3**	113,3
Impairment charge – inventories (included in cost of sales)	**334,3**	233,8
Impairment of property, plant and equipment (included in other operating expenses)	**23,0**	0,6
Reversal of impairment of property, plant and equipment (included in other operating expenses)	**(12,0)**	(8,8)
Trade receivables – (reversal of impairment)/impairment charge for bad and doubtful debts (included in administrative expenses)	**(13,3)**	9,1
Repairs and maintenance expenditure on property, plant and equipment	**523,4**	433,8
Research and development costs	**4,9**	4,1
Operating lease rentals	**82,5**	133,0
Land and buildings	**63,7**	119,8
Plant and equipment	**8,0**	9,7
Office equipment, computer equipment and furniture	**10,8**	3,5
Restructuring costs	**131,8**	42,1
Transaction costs	**85,5**	339,4
Monetary adjustment relating to hyperinflation	**19,4**	80,9

Statement of comprehensive income continued

	2015 R'million	2014 R'million
29. Expenses by nature		
Depreciation of property, plant and equipment	**552,3**	433,9
Amortisation of intangible assets	**487,0**	389,9
Impairment charges	**527,3**	348,0
Repairs and maintenance expenditure on property, plant and equipment	**523,4**	433,8
Personnel costs and other staff-related costs	**6 577,3**	4 695,9
Share-based payment expense – employees	**50,8**	47,5
Changes in inventories of finished goods and work-in-progress	**(293,6)**	(683,3)
Purchases of finished goods	**9 277,6**	7 355,7
Other production expenses	**1 757,3**	971,6
Raw materials and consumables used	**2 013,5**	3 867,3
Transport and warehousing costs	**1 422,4**	969,8
Advertising and marketing expenses	**966,4**	665,2
Legal and consulting fees	**791,9**	469,3
Royalties paid	**16,4**	15,5
Property costs	**225,1**	133,0
Regulatory expenses	**239,7**	139,1
Transaction costs	**85,5**	339,4
Restructuring costs	**131,8**	42,1
Other	**2 867,4**	2 149,0
	28 219,5	22 782,7
Classified as		
Cost of sales	**18 872,4**	15 793,2
Selling and distribution expenses	**5 614,4**	4 401,3
Administrative expenses	**2 817,5**	1 652,5
Other operating expenses	**915,2**	935,7
	28 219,5	22 782,7
30. Directors and employees		
Staff costs		
Wages and salaries	**5 112,2**	3 905,8
Defined contribution plan expenses	**316,1**	254,6
Defined benefit plan expenses	**32,7**	23,2
Medical aid contributions	**119,3**	111,3
Other long-term benefits	**0,9**	11,1
Termination benefits	**14,2**	6,5
Share-based payment expense – options and appreciation rights	**1,5**	2,8
Share-based payment expense – deferred incentive bonus	**25,4**	23,2
Share-based payment expense – phantom share scheme	**23,8**	21,5
Other company contributions	**236,9**	125,3
	5 883,0	4 485,3
Amount included in cost of sales	**3 438,6**	2 440,6
Wages and salaries	**3 081,1**	2 168,0
Benefits	**357,5**	272,6
Amount included in selling and distribution expenses	**1 222,2**	1 022,7
Wages and salaries	**1 027,3**	902,2
Benefits	**194,9**	120,5
Amount included in administrative expenses	**1 222,2**	1 022,0
Wages and salaries	**1 003,7**	835,6
Benefits	**218,5**	186,4
Total number of employees at year end	**10 331**	10 119
Full-time employees	**9 089**	8 461
Part-time employees	**1 242**	1 658

30. Directors and employees continued

Directors emoluments

	Fees R'million	Remuneration R'million	Retirement and medical aid benefits R'million	Performance bonus R'million	Share-payment expense R'million	Total R'million
2015						
Non-executive directors						
Roy Andersen	**0,6**	–	–	–	–	**0,6**
Rafique Bagus	**0,2**	–	–	–	–	**0,2**
John Buchanan	**0,7**	–	–	–	–	**0,7**
Judy Dlamini	**0,9**	–	–	–	–	**0,9**
Kuseni Dlamini	**0,3**	–	–	–	–	**0,3**
Abbas Hussain	**0,1**	–	–	–	–	**0,1**
Maureen Manyama	**0,3**	–	–	–	–	**0,3**
Chris Mortimer	**0,3**	–	–	–	–	**0,3**
David Redfern	**0,1**	–	–	–	–	**0,1**
Sindi Zilwa	**0,5**	–	–	–	–	**0,5**
Total (A)	**4,0**	–	–	–	–	**4,0**
Executive directors						
Gus Attridge	–	**5,2**	**0,6**	**5,7**	**1,9**	**13,4**
Stephen Saad	–	**6,3**	**0,7**	**7,0**	**2,4**	**16,4**
Total (B)	–	**11,5**	**1,3**	**12,7**	**4,3**	**29,8**
Total emoluments (A+B)						**33,8**
Less: paid by subsidiary companies (C)						**(6,9)**
Total emoluments paid by the Company (A+B+C)						**26,9**
2014						
Non-executive directors						
Roy Andersen	0,6	–	–	–	–	0,6
Rafique Bagus	0,3	–	–	–	–	0,3
John Buchanan	0,7	–	–	–	–	0,7
Judy Dlamini	0,9	–	–	–	–	0,9
Kuseni Dlamini	0,3	–	–	–	–	0,3
Abbas Hussain	0,3	–	–	–	–	0,3
Chris Mortimer	0,2	–	–	–	–	0,2
Sindi Zilwa	0,5	–	–	–	–	0,5
Total (A)	3,8	–	–	–	–	3,8
Executive directors						
Gus Attridge	–	4,8	0,6	5,4	1,9	12,7
Stephen Saad	–	5,8	0,7	6,5	2,3	15,3
Total (B)	–	10,6	1,3	11,9	4,2	28,0
Total emoluments (A+B)						31,8
Less: paid by subsidiary companies (C)						(6,2)
Total emoluments paid by the Company (A+B+C)						25,6

A legal opinion obtained by the Company has confirmed that there are no individuals who can be considered as prescribed officers of the Company.

Statement of comprehensive income continued

	2015 R'million	2014 R'million
31. Investment income		
Interest on bank balances and short-term deposits	**363,0**	245,7
Revenue authorities	**12,4**	29,8
Other	**7,3**	2,6
	382,7	278,1
32. Financing costs		
Interest paid	**1 832,2**	1 295,9
Non-current borrowings	**756,1**	400,6
Bank overdrafts and current borrowings	**1 057,7**	885,9
Revenue authorities	**18,2**	2,9
Other	**0,2**	6,5
Capital raising fees released – transactions	**142,0**	154,7
Notional interest on financial instruments	**174,6**	131,4
Net foreign exchange losses/(gains)	**479,4**	(80,7)
Foreign exchange gain on settlement of transaction funding liability	**–**	(248,9)
Fair value losses on derivative financial instruments	**0,9**	86,0
Net hyperinflationary (gains)/losses	**(334,5)**	8,0
	2 294,6	1 346,4

Financing costs above exclude financing costs of R78,1 million which have been capitalised during 2015 to capital work-in-progress (2014: R14,5 million). Refer to note 1 for detail.

	2015 R'million	2014 R'million
33. Tax		
Current tax – current year	**1 378,2**	1 068,4
– prior year	**53,9**	29,8
Deferred tax – current year	**(69,7)**	211,3
– prior year	**(105,8)**	(0,2)
Capital gains tax	**8,5**	14,0
Withholding tax	**73,5**	27,7
Total tax charge	**1 338,6**	1 351,0
Tax rate reconciliation	**%**	%
Effective tax rate	**20,5**	21,3
Capital and exempt income	**–**	0,9
Prior year adjustments	**0,8**	(0,5)
Foreign rates of tax	**4,6**	6,0
Disallowable expenses	**(1,4)**	(2,6)
Effect of share-based payment expense – employees	**(0,2)**	0,1
Non-deductible amortisation of intangible assets	**(0,6)**	(0,5)
Other disallowable expenses	**(0,6)**	(2,2)
Capital gains tax	**(0,1)**	(0,2)
Foreign tax credit	**6,1**	4,8
Tax losses incurred in the current year	**(0,5)**	(1,1)
Strategic project allowances	**0,4**	0,2
Withholding tax	**(1,1)**	(0,4)
Other	**(1,3)**	(0,4)
Tax at the statutory rate	**28,0**	28,0

Unutilised tax benefits	**R'million**	R'million
Opening balance	**(47,2)**	(34,1)
Adjustments related to prior years of assessment	**(199,6)**	–
Transfer to deferred tax	**66,3**	–
Expired losses	**–**	31,4
Current losses incurred	**–**	(43,8)
Other	**0,8**	(0,7)
Tax losses available to reduce future taxable income	**(179,7)**	(47,2)

Statement of comprehensive income continued

34. Earnings per share

Basic earnings per share

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

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

	2015 R'million	2014 R'million
Profit attributable to equity holders of the parent	5 201,4	5 007,6
Weighted average number of shares in issue ('000)*	456 347	456 116
Earnings per share (cents)	1 139,8	1 097,9

** After deduction of weighted treasury shares.*

Diluted earnings per share

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares, namely share options and share appreciation rights. A calculation is performed to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to the outstanding share options and appreciation rights. Fair value is calculated as the average share price for the year for share options. The closing price is used for share appreciation rights, as these are classified as contingently issuable shares in terms of *IAS 33 – Earnings Per Share*. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The difference is added to the denominator as an issue of ordinary shares for no consideration. No dilutive adjustments have been made to earnings.

	2015 R'million	2014 R'million
Profit attributable to equity holders of the parent	5 201,4	5 007,6
Weighted average number of shares for diluted earnings per share ('000)	456 453	456 219
Adjustment for share options and share appreciation rights ('000)	106	103
Weighted average number of shares in issue ('000)*	456 347	456 116
Diluted earnings per share (cents)	1 139,5	1 097,6

** After deduction of weighted treasury shares.*

34. Earnings per share continued

Headline earnings per share

Reconciliation of headline earnings

	2015 R'million	2014 R'million
Profit attributable to equity holders of the parent	5 201,4	5 007,6
Adjusted for**		
(Profit)/loss on the sale of property, plant and equipment	(65,4)	1,1
– Gross amount	(93,6)	1,6
– Tax effect	28,2	(0,5)
Impairment of property, plant and equipment	18,0	0,5
– Gross amount	23,0	0,6
– Tax effect	(5,0)	(0,1)
Reversal of impairment of property, plant and equipment	(10,2)	(6,3)
– Gross amount	(12,0)	(8,8)
– Tax effect	1,8	2,5
Impairment of intangible assets	162,3	112,6
– Gross amount	183,3	113,3
– Tax effect	(21,0)	(0,7)
Profit on the sale of intangible assets	(58,4)	(479,8)
– Gross amount	(83,8)	(570,5)
– Tax effect	25,4	90,7
Headline earnings	5 247,7	4 635,7
Weighted average number of shares in issue ('000)*	456 347	456 116
Headline earnings per share (cents)	1 149,9	1 016,3

** After deduction of weighted treasury shares.*
*** None of the headline earnings adjustments include non-controlling interests.*

Statement of comprehensive income continued

	2015 R'million	2014 R'million
34. Earnings per share continued		
Diluted headline earnings per share		
Diluted headline earnings per share is calculated on the same basis used for calculating diluted earnings per share, other than headline earnings being the numerator.		
Headline earnings	**5 247,7**	4 635,7
Weighted average number of shares for diluted headline earnings per share ('000)	**456 453**	456 219
Adjustment for share options and share appreciation rights ('000)	**106**	103
Weighted average number of shares in issue ('000)*	**456 347**	456 116
Diluted headline earnings per share (cents)	**1 149,7**	1 016,1
Normalised headline earnings per share		
Normalised headline earnings per share is calculated by dividing the normalised headline earnings by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by a subsidiary of Aspen and held as treasury shares.		
Reconciliation of normalised headline earnings		
Headline earnings	**5 247,7**	4 635,7
Adjusted for**		
Restructuring costs	**98,6**	29,4
– Gross amount	**131,8**	42,1
– Tax effect	**(33,2)**	(12,7)
Transaction costs	**217,2**	435,9
– Gross amount	**227,5**	494,1
– Tax effect	**(10,3)**	(58,2)
Net foreign exchange gains from hedging of business acquisitions (gross amount)	**–**	1,7
Foreign exchange gain on settlement of transaction funding liability (gross amount)	**–**	(248,9)
Normalised headline earnings	**5 563,5**	4 853,8
Weighted average number of shares in issue ('000)*	**456 347**	456 116
Normalised headline earnings per share (cents)	**1 219,1**	1 064,2
Normalised diluted headline earnings per share		
Normalised diluted headline earnings per share is calculated on the same basis used for calculating diluted earnings per share, other than normalised headline earnings being the numerator.		
Normalised headline earnings	**5 563,5**	4 853,8
Weighted average number of shares for diluted headline earnings per share ('000)	**456 453**	456 219
Adjustment for share options and share appreciation rights ('000)	**106**	103
Weighted average number of shares in issue ('000)*	**456 347**	456 116
Diluted normalised headline earnings per share (cents)	**1 218,9**	1 063,9

**After deduction of weighted treasury shares.*
***None of the normalised headline earnings adjustments include non-controlling interests.*

35. Cash dividend and capital distribution

A capital distribution of 216 cents per share was declared after year end (2014: capital distribution of 188 cents per share).

The capital distribution will be accounted for in the statement of changes in equity for the year ending 30 June 2016, in accordance with *IAS 10 – Events after Balance Sheet Date*. The capital distribution of 188 cents was declared after the year ended 30 June 2014. This capital distribution has been accounted for in the statement of changes in equity for the year ended 30 June 2015 in accordance with *IAS 10 – Events after Balance Sheet Date*.

	2015 R'million	2014 R'million
36. Other comprehensive income, net of tax		
Components of other comprehensive income		
Net investment hedge profit in Aspen Asia Pacific	**–**	23,9
Net gains from cash flow hedging in respect of business acquisitions	**–**	75,1
Currency translation gains	**916,0**	1 829,3
Cash flow hedges recognised	**22,2**	3,0
Remeasurement of retirement and other employee benefits	**(5,5)**	(25,3)
Other comprehensive income	**932,7**	1 906,0

	Other comprehensive income, net of tax		Attributable to	
	Gross R'million	Tax R'million	Non-controlling interests R'million	Equity holders of the parent R'million
Tax and non-controlling interests on other comprehensive income				
2015				
Currency translation gains	**916,0**	**–**	**–**	**916,0**
Cash flow hedges recognised	**22,2**	**–**	**–**	**22,2**
Remeasurement of retirement and other employee benefits	**(4,5)**	**(1,0)**	**–**	**(5,5)**
	933,7	**(1,0)**	**–**	**932,7**
2014				
Net investment hedge profit in Aspen Asia Pacific	23,9	–	–	23,9
Net gains from cash flow hedging in respect of business acquisitions	75,1	–	–	75,1
Currency translation gains	1 829,3	–	(1,8)	1 831,1
Cash flow hedges recognised	3,0	–	–	3,0
Remeasurement of retirement and other employee benefits	(32,8)	7,5	–	(25,3)
	1 898,5	7,5	(1,8)	1 907,8

Other disclosures

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37. Commitments

Operating lease commitments

The Group rents buildings under non-current, non-cancellable operating leases and also rents offices, warehouses, parking and other equipment under operating leases that are cancellable at various short-term notice periods by either party.

	2015 R'million	2014 R'million
Minimum future lease payments – operating leases		
Land and buildings	276,1	241,2
Plant and equipment	0,8	2,5
Motor vehicles	12,7	–
Office equipment, computer equipment and furniture	13,9	9,3
	303,5	253,0
The future minimum operating lease payments are as follows		
Less than one year	76,6	59,3
Between one and five years	204,1	180,5
Later than five years	22,8	13,2
	303,5	253,0

Operating leases comprise a number of individually insignificant leases.

These leasing arrangements do not impose any significant restrictions on the Group.

Finance lease commitments

Finance leases comprise a number of individually insignificant leases, refer to note 18 for finance lease liabilities.

38. Contingent liabilities

	2015 R'million	2014 R'million
There are contingent liabilities in respect of		
Contingent consideration for acquired products	72,9	–
Contingency relating to product litigation	31,6	27,6
Customs guarantee	13,8	14,8
Indirect tax contingent liabilities	19,9	36,1
Contingencies arising from labour cases	5,1	2,8
Other contingent liabilities	3,3	5,7
	146,6	87,0
Guarantees to financial institutions		
Material guarantees given by Group companies for indebtedness of subsidiaries to financial institutions		
Pharmacare	12 822,7	11 298,7
Aspen Holdings	290,0	1 290,0
FCC	300,0	300,0
	13 412,7	12 888,7

Other disclosures continued

39. Financial risk management

39.1 Introduction

The Group does not trade in financial instruments, but in the ordinary course of business operations, the Group is exposed to a variety of financial risks arising from the use of financial instruments. These risks include:

- market risk (comprising interest rate risk and foreign currency risk);
- liquidity risk;
- credit risk; and
- capital risk.

The Group has developed a comprehensive risk management process to facilitate, control and monitor these risks. This process includes formal documentation of policies, including limits and reporting structures. The Audit & Risk Committee has the overall responsibility for the establishment and oversight of the Group's risk management framework.

A treasury risk management approach is used across the Group. The treasury function makes recommendations to the Treasury Committee which discusses and approves funding decisions within its mandate, referring decisions to higher authorities as specified in the approvals framework. Aspen Global independently manages its own treasury function and that of its subsidiaries. At a business unit level, treasury considerations are built into monthly cash flow reporting and debt or funding ratios. Borrowings are grouped into currency-denominated debt pools that match the related cash flows to mitigate against currency mismatches. The Audit & Risk Committee provides principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, capital risk, use of derivative financial instruments and investing excess liquidity.

Risk management and measurement relating to each of these risks is discussed under the headings below. The Group's objective in using derivative financial instruments for hedging purposes is to reduce the uncertainty over future cash flows arising from foreign currency and interest rate exposures.

39.2 Financial instruments by category

The carrying value of financial instruments by category is as follows

	Loans and receivables R'million	At fair value through profit or loss R'million	At fair value through other comprehensive income R'million	At amortised cost R'million	Total R'million
June 2015					
Financial assets					
Available-for-sale financial assets	–	0,1	54,7	–	54,8
Other non-current receivables	69,8	–	–	–	69,8
Trade and other receivables	8 595,4	–	–	–	8 595,4
Forward exchange contracts (gross settled)	–	13,6	–	–	13,6
Interest rate swaps (net settled)	–	16,6	–	–	16,6
Cash and cash equivalents	8 665,6	–	–	–	8 665,6
Total financial assets	17 330,8	30,3	54,7	–	17 415,8
Financial liabilities					
Unsecured loans	–	–	–	36 894,3	36 894,3
Finance lease and instalment credit liabilities	–	–	–	12,9	12,9
Bank overdrafts	–	–	–	1 806,6	1 806,6
Deferred payables	–	–	–	396,3	396,3
Other financial liabilities	–	–	–	2 010,5	2 010,5
Trade and other payables	–	–	–	5 127,1	5 127,1
Forward exchange contracts (gross settled)	–	5,2	–	–	5,2
Interest rate swaps (net settled)	–	7,5	–	–	7,5
Non-derivative financial liabilities – financial guarantees	–	13 412,7	–	–	13 412,7
Total financial liabilities	–	13 425,4	–	46 247,7	59 673,1

39. Financial risk management continued

39.2 Financial instruments by category continued

The carrying value of financial instruments by category is as follows

	Loans and receivables R'million	At fair value through profit or loss R'million	At amortised cost R'million	Total R'million
June 2014				
Financial assets				
Available-for-sale financial assets	–	0,1	–	0,1
Other non-current receivables	25,0	–	–	25,0
Trade and other receivables	8 266,1	–	–	8 266,1
Forward exchange contracts (gross settled)	–	4,0	–	4,0
Cash and cash equivalents	8 225,6	–	–	8 225,6
Total financial assets	16 516,7	4,1	–	16 520,8
Financial liabilities				
Unsecured loans	–	–	35 914,8	35 914,8
Finance lease and instalment credit liabilities	–	–	12,2	12,2
Bank overdrafts	–	–	2 063,8	2 063,8
Deferred payables	–	–	650,8	650,8
Other financial liabilities	–	–	2 004,4	2 004,4
Trade and other payables	–	–	5 567,7	5 567,7
Interest rate swaps (net settled)	–	2,2	–	2,2
Forward exchange contracts (gross settled)	–	6,5	–	6,5
Non-derivative financial liabilities – financial guarantees	–	12 888,7	–	12 888,7
Total financial liabilities	–	12 897,4	46 213,7	59 111,1

39.3 Market risk management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The market risks that the Group is primarily exposed to include foreign currency risk and interest rate risk. Market risk is managed by identifying and quantifying risks on the basis of current and future expectations and ensuring that all trading occurs within defined parameters. This involves the review and implementation of methodologies to reduce risk exposure. The reporting on the state of the risk and risk practices to executive management is part of this process. The processes set up to measure, monitor and mitigate these market risks are described below. There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk since the previous period.

39.4 Foreign currency risk

The Group's transactions are predominantly entered into in the respective functional currency of the individual operations. However, the Group's operations utilise various foreign currencies (currencies other than the operations' functional currencies) in respect of sales, purchases and borrowings and consequently the Group is exposed to exchange rate fluctuations that have an impact on cash flows. These operations are exposed to foreign currency risk in connection with contracted payments in currencies not in their individual functional currency. The translation of foreign operations to the presentation currency of the Group (translation risk), as well as economic risk, is not taken into account when considering foreign currency risk. The Aspen Board defines the Group's appetite for economic risk.

Foreign currency risks are managed through the Group's financing policies and selective use of forward exchange contracts.

Other disclosures continued

39. Financial risk management continued

39.4 Foreign currency risk continued

Forward exchange contracts

Forward exchange contracts are utilised to reduce foreign currency exposure arising from imports and exports. All forward exchange contracts are supported by underlying commitments or transactions which have already occurred.

At 30 June 2015 and 2014 the Group had forward exchange contracts denominated in various currencies in respect of firm commitments.

Hedge accounting – 2014

Net investment hedge in Aspen Asia Pacific

Aspen Global entered into forward exchange contracts to hedge the foreign currency risk arising from changes in the US Dollar/Australian Dollar spot exchange rate associated with the net investment in Aspen Asia Pacific.

The forward exchange contracts were designated as a net investment hedge. The forward exchange contracts were not outstanding at 30 June 2014.

The hedged cash flow took place prior to 30 June 2014. The fair value gains on the forward exchange contracts of R23,9 million were deferred in equity in accordance with the application of net investment hedge accounting.

The fair value movements deferred in equity will remain in equity until the investment is disposed of or if the net investment is impaired, at which time it will affect the statement of comprehensive income.

Cash flow hedging in respect of the GSK thrombosis business acquisition

The Group entered into various forward exchange contracts as part of the GSK thrombosis business combination. A summary of the forward exchange contracts entered into are as follows

Arixtra/Fraxiparine brands

Aspen Global entered into forward exchange contracts to hedge the foreign currency risk arising from changes in the US Dollar/Pound Sterling spot rate associated with the acquisition of the Arixtra/Fraxiparine brands for GBP505 million.

The forward exchange contracts were designated as a cash flow hedge. The fair value gains on the forward exchange contracts of R115,9 million were deferred in equity in accordance with the application of cash flow hedge accounting.

The fair value movements deferred in equity will remain in equity until the brands are disposed of or if the brands are impaired, at which time it will affect the statement of comprehensive income.

Aspen NDB

(1) A forward exchange contract was entered into to hedge the foreign currency risk arising from changes in the Euro/South African Rand spot exchange rates. This was for the purchase of the manufacturing site to the value of EUR113 million.
(2) A forward exchange contract was entered into to hedge the foreign currency risk arising from changes in the Pound Sterling/South African Rand spot exchange rates. This was for the part funding of the inventories purchased to the value of GBP25 million.
(3) A forward exchange contract was entered into to hedge the foreign currency risk arising from changes in the Pound Sterling/Euro spot exchange rates. This was for the part funding of the inventories purchased to the value of GBP75 million.

These forward exchange contracts were designated as a cash flow hedge. The fair value losses on the forward exchange contracts of R40,8 million were deferred in equity in accordance with the application of cash flow hedge accounting.

The fair value movements deferred in equity will remain in equity until the investment is disposed of or if the investment is impaired, at which time it will affect the statement of comprehensive income.

39. Financial risk management continued

39.4 Foreign currency risk continued

The tables below reflects the fair values of outstanding forward exchange contracts at year end

	Foreign amount million	Forward cover value R'million	Marked to market value R'million	Cumulative fair value gain/(loss) in statement of comprehensive income R'million
June 2015				
Imports*				
Australian Dollar	**0,6**	**5,8**	**5,8**	**–**
Swiss Franc	**3,4**	**44,7**	**45,6**	**0,9**
Euro	**1 767,0**	**2 390,1**	**2 367,0**	**(23,1)**
Pound Sterling	**71,4**	**143,2**	**145,8**	**2,6**
Russian Ruble	**4 734,4**	**85,1**	**85,0**	**(0,1)**
Japanese Yen	**31,6**	**3,2**	**3,2**	**–**
US Dollar	**52,3**	**640,4**	**646,6**	**6,2**
		3 312,5	**3 299,0**	**(13,5)**
Exports*				
Australian Dollar	**(299,9)**	**(230,9)**	**(231,4)**	**0,5**
Euro	**(0,4)**	**(6,2)**	**(6,1)**	**(0,1)**
US Dollar	**(2,1)**	**(26,1)**	**(25,7)**	**(0,4)**
		(263,2)	**(263,2)**	**–**
June 2014				
Imports*				
Australian Dollar	0,4	3,5	3,6	0,1
Swiss Franc	6,7	82,1	83,0	0,9
Euro	104,6	335,3	333,7	(1,6)
Pound Sterling	1,5	24,0	27,2	3,2
Japanese Yen	20,1	2,1	2,1	–
US Dollar	94,9	584,5	579,8	(4,7)
		1 031,5	1 029,4	(2,1)
Exports*				
Euro	(0,2)	(2,3)	(2,4)	(0,1)
US Dollar	(3,7)	(39,1)	(39,6)	(0,5)
		(41,4)	(42,0)	(0,6)

* *Includes forward exchange contracts that represent imports and exports being managed on a net basis.*

Definitions

Marked to market value

Foreign notional amount translated at the market forward rate at 30 June.

Forward cover value

Foreign notional amount translated at the contracted rate.

Other disclosures continued

39. Financial risk management continued

39.4 Foreign currency risk continued

The maturity profiles of the foreign exchange contracts at year end (including those contracts for which the underlying transactions were recorded but payment not reflected by year end) are summarised as follows

	Marked to market value	
	2015 R'million	2014 R'million
July	2 142,0	433,2
August	221,8	84,5
September	150,2	125,7
October	120,2	116,5
November	153,1	94,0
December	111,4	76,3
January	20,1	7,4
February	67,7	4,9
March	21,7	4,4
April	5,3	13,3
May	22,3	27,2
	3 035,8	987,4

Exposure to currency risk

Sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the statement of comprehensive income of an instantaneous 10% strengthening or weakening in the Rand against all other currencies, from the rate applicable at 30 June, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

The Group is mainly exposed to fluctuations in foreign exchange rates in respect of the Rand, US Dollar, Euro, Brazilian Real, Mexican Peso, Venezuelan Bolivares Fuertes, Kenyan Shilling, Pound Sterling, Australian Dollar and Tanzanian Shilling. The analysis considers the impact of changes in foreign exchange rates on the statement of comprehensive income, excluding currency translation movements resulting from the translation of Group entities that have a functional currency different from the presentation currency, into the Group's presentation currency (and recognised in the foreign currency translation reserve), which amounted to a direct credit to other comprehensive income of R916,0 million at 30 June 2015 (2014: R1 831,1 million).

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular interest rates, remain constant and was performed on the same basis for 2014.

39. Financial risk management continued

39.4 Foreign currency risk continued

Exposure to currency risk continued

Sensitivity analysis continued

A change in the foreign exchange rates to which the Group is exposed at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

	Change in exchange rate	Weakening in functional currency	
	%	2015 R'million	2014 R'million
Denominated:Functional currency			
Rand:US Dollar	10	71,7	62,9
Rand:Euro	10	41,3	20,1
Rand:Pound Sterling	10	6,3	5,4
US Dollar:Pound Sterling	10	32,1	137,7
US Dollar:Australian Dollar	10	20,3	62,0
US Dollar:Euro	10	(152,1)	15,6
Brazilian Real:US Dollar	10	(6,4)	(0,4)
Tanzanian Shilling:US Dollar	10	(6,6)	(3,9)
Tanzanian Shilling:Kenyan Shilling	10	(2,0)	(1,8)
Mexican Peso:US Dollar	10	61,9	71,2
Venezuelan Bolivares Fuertes:US Dollar	10	(57,8)	(78,7)
Other exposures	10	57,6	3,2
		66,3	293,3

A 10% strengthening in the Rand against the above currencies at 30 June would have an equal and opposite effect on profit before tax, on the basis that all other variables remain constant.

The following significant exchange rates against the Rand applied at year end

	Spot rate		Average rate	
	2015	2014	2015	2014
Australian Dollar	9,38	10,06	9,48	9,55
Brazilian Real	3,91	4,83	4,26	4,56
Euro	13,54	14,54	13,61	14,20
Mexican Peso	0,78	0,82	0,80	0,80
Pound Sterling	19,08	18,17	18,01	17,10
US Dollar	12,15	10,63	11,47	10,44
Venezuelan Bolivar Fuertes	1,93	1,25	1,93	1,25

Other disclosures continued

39. Financial risk management continued

39.5 Interest rate risk

Exposure to interest rate risk on financial assets and liabilities is monitored on a continuous and proactive basis. The debt of the Group is structured on a combination of floating and fixed interest rates. The benefits of fixing or capping interest rates on the Group's various financing activities are considered on a case-by-case and project-by-project basis, taking the specific and overall risk profile into consideration.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows

	Carrying value	
	2015 R'million	2014 R'million
Variable rate instruments		
Other non-current receivables	**(69,8)**	(25,0)
Trade and other receivables	**(11,8)**	(2,1)
Cash and cash equivalents	**(5 756,3)**	(6 746,6)
Financial assets (A)	**(5 837,9)**	(6 773,7)
Borrowings	**23 801,2**	26 405,1
Trade and other payables	**10,7**	10,6
Financial liabilities (B)	**23 811,9**	26 415,7
Variable rate exposure (A+B)	**17 974,0**	19 642,0
Fixed rate instruments		
Financial assets – Cash and cash equivalents (A)	**(428,8)**	(116,9)
Financial liabilities – Borrowings (B)	**15 157,2**	11 936,8
Fixed rate exposure (A+B)	**14 728,4**	11 819,9
Interest profile (variable:fixed rate as a percentage of total interest bearing)	**55:45**	62:38

Interest rate swaps

The following interest rate derivative contracts were in place

(1) Australian Dollar revolving facility A loan

Aspen Asia Pacific has entered into interest rate swaps to hedge the cash flow interest rate risk of certain borrowing amounts. Details of the pay fixed rate, receive floating rate swap is as follows

	Outstanding contract amount R'million	Fixed interest rate %	Expiry date	Fair value losses R'million
Australian Dollar revolving facility A loan	**2 812,6**	**2,8% (three-month BBSY)**	**25 March 2016**	**7,7**

The interest rate swap was designated in a cash flow hedge relationship. The nature of the risks being hedged (interest rate risk) is the variability of the quarterly interest payments on the hedged loan, attributable to movements in the three-month BBSY rate. Gains and losses recognised in the hedging reserve in equity at 30 June 2015 will be continuously released to the statement of comprehensive income as the interest (finance costs) on the loan is recognised in the statement of comprehensive income.

The maturity profile of the gross contract amount for the Australian Dollar revolving facility A loan interest rate swap at 30 June 2015 is less than one year.

39. Financial risk management continued

39.5 Interest rate risk continued

Interest rate swaps continued

(2) US Dollar syndicated term loan – Facility A & Facility C1

Aspen Global has entered into interest rate swaps to hedge the cash flow interest rate risk of certain borrowing amounts. Details of the pay fixed rate, receive floating rate swap are as follows

	Outstanding contract amount R'million	Fixed interest rate %	Expiry date	Fair value gains R'million
US Dollar syndicated term loan – Facility A and Facility C1	**11 331,7**	**0,3% (three-month LIBOR)**	**25 August 2015**	**(3,3)**

The interest rate swap was designated in a cash flow hedge relationship. The nature of the risks being hedged (interest rate risk) is the variability of the quarterly interest payments on the hedged loan, attributable to movements in the three-month LIBOR rate. Gains and losses recognised in the hedging reserve in equity at 30 June 2015 will be continuously released to the statement of comprehensive income as the interest (finance costs) on the loan is recognised in the statement of comprehensive income.

The maturity profile of the gross contract amount for the US Dollar syndicated term loan – Facility A and Facility C1 interest rate swap at 30 June 2015 is less than one year.

(3) Rand syndicated term loan – Facility C loan – Pharmacare

Pharmacare has entered into interest rate swaps to hedge the cash flow interest rate risk of certain borrowing amounts. Details of the pay fixed rate, receive floating rate swap are as follows

	Outstanding contract amount R'million	Fixed interest rate %	Expiry date	Fair value gains R'million
Rand syndicated term loan – Facility C loan – Pharmacare	**750,0**	**6,3% (three-month JIBAR)**	**29 September 2017**	**(12,8)**

The interest rate swap was designated in a cash flow hedge relationship. The nature of the risks being hedged (interest rate risk) is the variability of the quarterly interest payments on the hedged loan, attributable to movements in the three-month JIBAR rate. Gains and losses recognised in the hedging reserve in equity at 30 June 2015 will be continuously released to the statement of comprehensive income as the interest (finance costs) on the loan is recognised in the statement of comprehensive income.

The maturity profile of the gross contract amount for the Rand syndicated term loan – Facility C loan – Pharmacare interest rate swap at 30 June 2015 is between one and five years.

Other disclosures continued

39. Financial risk management continued

39.5 Interest rate risk continued

Interest rate swaps continued

(4) Rand syndicated term loan – Facility B loan – Aspen Holdings

Aspen Holdings has entered into interest rate swaps to hedge the cash flow interest rate risk of certain borrowing amounts. Details of the pay fixed rate, receive floating rate swap are as follows

	Outstanding contract amount R'million	Fixed interest rate %	Expiry date	Fair value gains R'million
Rand syndicated term loan – Facility B loan – Aspen Holdings	250,0	6,3% (three-month JIBAR)	29 September 2017	(4,3)

The interest rate swap was designated in a cash flow hedge relationship. The nature of the risks being hedged (interest rate risk) is the variability of the quarterly interest payments on the hedged loan, attributable to movements in the three-month JIBAR rate. Gains and losses recognised in the hedging reserve in equity at 30 June 2015 will be continuously released to the statement of comprehensive income as the interest (finance costs) on the loan is recognised in the statement of comprehensive income.

The maturity profile of the gross contract amount for the Rand syndicated term loan – Facility B loan – Aspen Holdings interest rate swap at 30 June 2015 is between one and five years.

An increase of 100 basis points in each of the individual interest rate categories at 30 June would have decreased profit before tax by the following

	2015 R'million	2014 R'million
Three-month LIBOR	101,7	101,2
Three-month BBSY	6,2	23,3
Three-month JIBAR, SAFEX and South African prime overdraft rate	96,0	77,4
	203,9	201,9

A decrease of 100 basis points will have an equal and opposite effect on profit before tax.

Changes in market interest rates also affect equity (hedging reserve) through the impact of such changes on the fair values of the interest rate swaps designated in effective hedge relationships and the extent of the hedge effectiveness. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

An increase of 1% in the yield curve at 30 June 2015 would result in a decrease of R31,4 million (2014: R101,6 million) in the fair value of the derivative liabilities in the statement of comprehensive income. A decrease of 1% in the yield curve will have an equal and opposite effect on the derivative liabilities in the statement of comprehensive income.

39. Financial risk management continued

39.6 Liquidity risk

Liquidity risk is the risk that an entity in the Group will not be able to meet its obligations as they become due. The Group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The Group finances its operations through a mixture of retained earnings, short-term and long-term bank funding. Adequate banking facilities and reserve borrowing capacities are maintained. The Group has sufficient undrawn borrowing facilities, which could be utilised to settle obligations. Refer to note 18 for detail.

The Group manages liquidity risk through forecasting and monitoring cash flow requirements on a daily basis.

The following are the undiscounted contractual maturities of financial assets and liabilities

	Undiscounted cash flows				
	On demand R'million	< One year R'million	One – five years R'million	> Five years R'million	Total R'million
June 2015					
Financial assets					
Available-for-sale financial assets	–	–	0,1	54,7	54,8
Other non-current receivables (financial instruments only)	–	–	69,8	–	69,8
Trade and other receivables (financial instruments only)	–	8 595,4	–	–	8 595,4
Forward exchange contracts (gross settled)*	–	13,6	–	–	13,6
Gross cash inflows	–	3 299,0	–	–	3 299,0
Gross cash outflows	–	(3 285,4)	–	–	(3 285,4)
Interest rate swaps (net settled)	–	16,6	–	–	16,6
Cash and cash equivalents	7 217,8	1 447,8	–	–	8 665,6
Total financial assets	7 217,8	10 073,4	69,9	54,7	17 415,8
Financial liabilities					
Unsecured loans	(2 978,7)	(6 681,2)	(26 209,9)	–	(35 869,8)
Finance lease and instalment credit liabilities	–	(8,0)	(5,7)	–	(13,7)
Bank overdrafts	(1 806,6)	–	–	–	(1 806,6)
Deferred payables	–	(401,9)	–	–	(401,9)
Other non-current and current liabilities	–	(164,1)	(492,2)	–	(656,3)
Trade and other payables (financial instruments only)	–	(5 127,1)	–	–	(5 127,1)
Forward exchange contracts (gross settled)*	–	(5,2)	–	–	(5,2)
Gross cash inflows	–	(263,2)	–	–	(263,2)
Gross cash outflows	–	258,0	–	–	258,0
Interest rate swaps (net settled)	–	(7,5)	–	–	(7,5)
Total financial liabilities	(4 785,3)	(12 395,0)	(26 707,8)	–	(43 888,1)
Net exposure before financial guarantees	2 432,5	(2 321,6)	(26 637,9)	54,7	(26 472,3)
Non-derivative financial liabilities – financial guarantees	–	(8 697,7)	(4 715,0)	–	(13 412,7)
Net exposure after financial guarantees	2 432,5	(11 019,3)	(31 352,9)	54,7	(39 885,0)

* *For the purpose of the above table foreign currency cash inflows/(outflows) were translated into Rand using the relevant forward rates.*

Other disclosures continued

39. Financial risk management continued

39.6 Liquidity risk continued

	Undiscounted cash flows				
	On demand R'million	< One year R'million	One – five years R'million	> Five years R'million	Total R'million
June 2014					
Financial assets					
Available-for-sale financial assets	–	–	0,1	–	0,1
Other non-current receivables (financial instruments only)	–	2,1	27,3	–	29,4
Trade and other receivables (financial instruments only)	–	8 266,1	–	–	8 266,1
Forward exchange contracts (gross settled)*	–	4,0	–	–	4,0
Gross cash inflows	–	805,3	–	–	805,3
Gross cash outflows	–	(801,3)	–	–	(801,3)
Cash and cash equivalents	6 502,0	1 723,6	–	–	8 225,6
Total financial assets	6 502,0	9 995,8	27,4	–	16 525,2
Financial liabilities					
Unsecured loans	(2 421,9)	(4 795,9)	(31 771,0)	–	(38 988,8)
Finance lease and instalment credit liabilities	–	(3,3)	(3,3)	–	(6,6)
Bank overdrafts	(2 063,8)	–	–	–	(2 063,8)
Deferred payables	–	(318,9)	(350,8)	–	(669,7)
Other non-current and current liabilities	–	(143,5)	(574,0)	(2 719,8)	(3 437,3)
Trade and other payables (financial instruments only)	(26,5)	(5 541,2)	–	–	(5 567,7)
Forward exchange contracts (gross settled)*	–	(6,5)	–	–	(6,5)
Gross cash inflows	–	(182,3)	–	–	(182,3)
Gross cash outflows	–	175,8	–	–	175,8
Interest rate swaps (net settled)	–	(2,2)	–	–	(2,2)
Total financial liabilities	(4 512,2)	(10 811,5)	(32 699,1)	(2 719,8)	(50 742,6)
Net exposure before financial guarantees	1 989,8	(815,7)	(32 671,7)	(2 719,8)	(34 217,4)
Non-derivative financial liabilities – financial guarantees	–	(6 847,7)	(6 041,0)	–	(12 888,7)
Net exposure after financial guarantees	1 989,8	(7 663,4)	(38 712,7)	(2 719,8)	(47 106,1)

** For the purpose of the above table foreign currency cash inflows/(outflows) were translated into Rand using the relevant forward rates.*

39. Financial risk management continued

39.7 Credit risk

Credit risk, or the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations, is managed by the application of credit approvals, limits and monitoring procedures. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary boards.

Credit risk primarily arises from trade and other receivables, other non-current receivables, derivative financial instruments and cash and cash equivalents. The Group's maximum exposure to credit risk is represented by the carrying amount of these financial assets, with the exception of financial guarantees granted by the Group for which the maximum exposure to credit risk is the maximum amount the Group would have to pay if the guarantees are called on.

Trade and other receivables

The Group has policies in place to ensure that sales of products are made to customers with a solid credit history. Ongoing credit evaluations on the financial condition of customers are performed and where appropriate credit guarantee insurance cover is purchased. Trade receivables consist primarily of a large, widespread customer base. The granting of credit is controlled by application and account limits. Trade and other receivables are carefully monitored for impairment. One debtor's balance (2014: one debtor's balance) constitutes a significant concentration of credit risk to an amount of R1,6 billion (2014: R0,9 billion). This balance constitutes 19,8% (2014: 12,3%) of the total gross trade receivables. There are no other single customers representing more than 10% of total gross trade receivables for the years ended 30 June 2015 and 2014.

The Group has made allowance for specific trade debtors which have clearly indicated financial difficulty and the likelihood of repayment has become impaired. More than 95% of the trade receivables balance relates to customers that have a long-standing insurable history with the Group and there has been no default on payments.

Impairment losses are recorded in the allowance account for losses until the Group is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off against the financial asset.

Cash and cash equivalents and derivative financial instruments

Treasury counterparties consist of a diversified group of prime financial institutions. Cash balances are placed and derivative financial instruments are entered into with different financial institutions to minimise risk. The Group does not expect any treasury counterparties to fail to meet their obligations, given their high credit ratings. All cash balances and derivative financial instruments are held with highly reputable banks.

Other non-current assets

The recoverability of other non-current assets is monitored as appropriate.

39.8 Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide sustainable returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of borrowings, other financial liabilities, deferred payables and equity attributable to holders of the parent, comprising share capital, treasury shares, non-distributable reserves and retained income.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain future development of the business. The Board reviews the capital structure on a quarterly basis. As part of the review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations by the Board, the Group will balance overall capital structure through payments of dividends (including capital distributions), new shares issued as well as the issue of new borrowings or the redemption of existing borrowings.

There were no changes to the Group's approach to capital management during the year. The gearing ratio has decreased since the prior year to 51% from 47%.

Other disclosures continued

39. Financial risk management continued

39.8 Capital risk continued

In terms of the Group's funding arrangements with its lenders, the Group was subject to the following financial covenants in the year.

(a) Group covenants
- The capacity to increase interest-bearing debt is restricted to 3,5 times Group earnings before interest, tax, depreciation, non-recurring items and amortisation.
- The Group's net finance charges must be covered by the Group's earnings before interest, tax, depreciation, non-recurring items and amortisation by at least 3 times.
- These covenants are applicable to all term loans in the Group outstanding at 30 June 2015.

(b) Aspen Global covenants
- The capacity to increase interest-bearing debt is restricted to 3,5 times Aspen Global's earnings before interest, tax, depreciation, non-recurring items and amortisation.
- On an annual basis, the cumulative debt service cover ratio will not be less than 1,4 times. Cumulative debt service cover ratio is defined as Aspen Global's free cash flows plus opening cash divided by the aggregate payments of the scheduled capital debt repayments plus total interest paid.

(c) South African covenants
- South Africa's net finance charges must be covered by South Africa's earnings before interest, tax, depreciation, non-recurring items and amortisation by at least 3 times.
- The capacity to increase interest-bearing debt is restricted to 3,45 times South Africa's earnings before interest, tax, depreciation, non-recurring items and amortisation.

(d) Aspen Asia Pacific covenants
- Aspen Asia Pacific's net finance charges (including preference dividends paid) must be covered by Aspen Asia Pacific's earnings before interest, tax, depreciation, non-recurring items and amortisation by at least 3 times.
- Aspen Asia Pacific's net finance charges (excluding preference dividends paid) must be covered by Aspen Asia Pacific's earnings before interest, tax, depreciation, non-recurring items and amortisation by at least 4,5 times.
- The capacity to increase interest-bearing debt is restricted to 3 times Aspen Asia Pacific's earnings before interest, tax, depreciation, non-recurring items and amortisation.
- Aspen Asia Pacific's equity must not be less than AUD500 million.

The Group is entitled to make distributions to its shareholders provided that the lenders of the US Dollar term loan are satisfied, acting reasonably, that specified covenants will be met for a period of 12 months after such a distribution.

At 30 June 2015, all the above covenants were complied with.

40. Acquisitions

2015

Set out below is the provisional accounting for the following business acquisitions:

40.1 Kama

On 1 May 2015, the Company acquired 65% of the issued share capital of Kama, a privately owned company incorporated in Ghana for a purchase consideration of USD4,5 million.

	R'million
Cost of the acquisition	
Purchase consideration paid	54,4
Non-controlling interests	16,4
Fair value of net assets acquired	(46,9)
Goodwill	23,9
Fair value of assets and liabilities acquired	
Property, plant and equipment	38,9
Intangible assets	12,2
Inventories	3,8
Trade and other receivables	3,0
Cash and cash equivalents	0,1
Deferred tax liabilities	(9,4)
Trade and other payables	(1,7)
Fair value of net assets acquired	46,9
Goodwill acquired	23,9
Non-controlling interests	(16,4)
Cash and cash equivalents in acquired company	(0,1)
Cash consideration paid	54,3

The initial accounting for this acquisition, which has been classified as a business combination, has been reported on a provisional basis and will only be finalised in the year ending 30 June 2016.

Post-acquisition revenue included in the statement of comprehensive income was R2 million. The estimation of post-acquisition operating profits is impracticable and not reasonably determinable due to the immediate integration of the business into the existing operations of the Group.

Goodwill

The goodwill arising on the acquisition of Kama recognises:
- the benefit to the business of Aspen's knowledge and expertise; and
- the synergies from the use of Kama as a platform to launch Aspen's existing intellectual property in Ghana.

The total amount of goodwill recognised is not tax deductible.

Other disclosures continued

40. Acquisitions continued

2015 continued

40.2 Florinef and Omcilon business

Aspen Global and Aspen Brazil entered into an agreement with Bristol Myers Squibb Company for the acquisition of the rights to two corticosteroids. Florinef, in certain countries (primarily Japan, the United Kingdom and Brazil) and Omcilon in Brazil, for a consideration of USD41 million. Additional consideration of up to USD6 million is payable in the event of certain regulatory approvals being obtained but it is not possible to ascertain the likelihood of these occurring at this time. The transaction became effective on 1 November 2014.

	R'million
Cost of the acquisition	
Purchase consideration paid	446,5
Fair value of net assets acquired	(433,1)
Goodwill	13,4
Fair value of assets and liabilities acquired	
Intangible assets	446,5
Deferred tax liabilities	(13,4)
Fair value of net assets acquired	433,1
Goodwill acquired	13,4
Cash consideration paid	446,5

The initial accounting for this acquisition, which has been classified as a business combination, has been reported on a provisional basis and will only be finalised in the year ending 30 June 2016.

Post-acquisition revenue included in the statement of comprehensive income was R155 million. The estimation of post-acquisition operating profits is impracticable and not reasonably determinable due to the immediate integration of the business into the existing operations of the Group.

Goodwill

The goodwill arising on the acquisition of the Florinef and Omcilon business recognises:
- the benefit to the products of Aspen's additional promotional focus; and
- the synergies from the consolidation of the acquired business with Aspen's existing business, particularly in Brazil and Japan.

The total amount of goodwill recognised is not tax deductible.

40. Acquisitions continued

2015 continued

40.3 Mono-Embolex business

Aspen Global acquired the rights to Mono-Embolex, an injectable anticoagulant, from Novartis AG for a consideration of USD142 million, effective 20 February 2015.

	R'million
Cost of the acquisition	
Purchase consideration paid	1 660,0
Fair value of net assets acquired	(1 610,2)
Goodwill	49,8
Fair value of assets and liabilities acquired	
Intangible assets	1 660,0
Deferred tax liabilities	(49,8)
Fair value of net assets acquired	1 610,2
Goodwill acquired	49,8
Cash consideration paid	1 660,0

The initial accounting for this acquisition, which has been classified as a business combination, has been reported on a provisional basis and will only be finalised in the year ending 30 June 2016.

Post-acquisition revenue included in the statement of comprehensive income was R308 million. The estimation of post-acquisition operating profits is impracticable and not reasonably determinable due to the immediate integration of the business into the existing operations of the Group.

Goodwill

The goodwill arising on the acquisition of the Mono-Embolex 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 anticoagulant business in Germany; and
- the synergies from the vertical integration with Aspen's existing heparin production capabilities.

The total amount of goodwill recognised is not tax deductible.

Other disclosures continued

40. Acquisitions continued

2014

Set out below is the final accounting for the following business acquisitions:

40.4 Acquisition of the 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 United States for a purchase consideration of EUR31 million (net of cash acquired).

	Preliminary R'million	Adjustments R'million	Final R'million
Cost of the acquisition			
Purchase consideration paid	1 712,7	–	1 712,7
Fair value of net assets acquired	(1 712,7)	–	(1 712,7)
Goodwill	–	–	–
Fair value of assets and liabilities acquired			
Property, plant and equipment	589,1	–	589,1
Intangible assets	506,3	–	506,3
Contingent environmental indemnification assets	680,1	–	680,1
Deferred tax assets	47,0	1,1	48,1
Inventories	3 267,0	(124,9)	3 142,1
Trade and other receivables	392,5	115,4	507,9
Cash and cash equivalents	1 272,5	–	1 272,5
Contingent environmental liabilities	(680,1)	–	(680,1)
Environmental liabilities	(74,5)	–	(74,5)
Unfavourable and onerous contracts	(2 791,1)	34,8	(2 756,3)
Trade and other payables	(349,9)	(20,3)	(370,2)
Other financial liabilities	(1 146,2)	(6,1)	(1 152,3)
Fair value of net assets acquired	1 712,7	–	1 712,7
Cash and cash equivalents in acquired company	(1 272,5)	–	(1 272,5)
Cash consideration paid	440,2	–	440,2

The initial accounting for this business combination was reported on a provisional basis in 2014 and was finalised in the year ended 30 June 2015.

40. Acquisitions continued

2014 continued

40.5 Acquisition of the MSD business

Aspen Global 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.

	Final R'million
Cost of the acquisition	
Purchase consideration paid	5 600,1
Deferred consideration	650,2
Fair value of net assets acquired	(6 062,8)
Goodwill	187,5
Fair value of assets and liabilities acquired	
Intangible assets	6 250,3
Deferred tax liabilities	(187,5)
Fair value of net assets acquired	6 062,8
Goodwill acquired	187,5
Deferred consideration	(650,2)
Cash consideration paid	5 600,1

The initial accounting for this business combination was reported on a provisional basis in 2014 and was finalised in the year ended 30 June 2015 with no adjustment being made to the prior year.

Goodwill

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.

The total amount of goodwill recognised is not tax deductible.

Other disclosures continued

40. Acquisitions continued

2014 continued

40.6 Acquisition of the 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, Aspen Global acquired the Arixtra and Fraxiparine brands and related business worldwide, except in China, Pakistan and India, from GSK for a purchase consideration of GBP505 million.

Aspen NDB

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

	Preliminary R'million	Adjustments R'million	Final R'million
Cost of the acquisition			
Purchase consideration paid	12 045,1	–	12 045,1
Fair value of net assets acquired	(11 909,8)	29,0	(11 880,8)
Goodwill	135,3	29,0	164,3
Fair value of assets and liabilities acquired			
Property, plant and equipment	561,3	–	561,3
Intangible assets	10 533,5	–	10 533,5
Non-current receivables	267,1	–	267,1
Deferred tax assets	424,8	15,3	440,1
Inventories	1 688,3	–	1 688,3
Trade and other receivables	354,1	(44,3)	309,8
Unfavourable and onerous contracts	(215,9)	–	(215,9)
Retirement and other employee benefits	(298,6)	–	(298,6)
Deferred tax liabilities	(310,1)	–	(310,1)
Trade and other payables	(376,0)	–	(376,0)
Other financial liabilities	(718,7)	–	(718,7)
Fair value of net assets acquired	11 909,8	(29,0)	11 880,8
Goodwill acquired	135,3	29,0	164,3
Net gains from cash flow hedging in respect of business acquisitions	(75,1)	–	(75,1)
Cash consideration paid	11 970,0	–	11 970,0

The initial accounting for this business combination was reported on a provisional basis in 2014 and was finalised in the year ended 30 June 2015.

Goodwill

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 businesses, particularly in Europe; and
- the synergies from the vertical integration with the heparin production capabilities at the API business.

40. Acquisitions continued

2014 continued

40.7 Acquisition of the Latin American infant nutritionals business

On 28 October 2013, Aspen Global and its subsidiary companies concluded agreements with Nestlé in respect of the acquisition of certain licence rights to intellectual property, net assets (including an infant nutritionals production facility located in Vallejo, Mexico) and 100% of the issued share capital in the infant nutritionals businesses previously 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.

	Preliminary R'million	Adjustments R'million	Final R'million
Cost of the acquisition			
Purchase consideration paid	1 769,8	(4,3)	1 765,5
Fair value of net assets acquired	(1 755,5)	46,1	(1 709,4)
Goodwill	14,3	41,8	56,1
Fair value of assets and liabilities acquired			
Property, plant and equipment	620,0	–	620,0
Intangible assets	736,2	13,6	749,8
Current tax assets	3,0	–	3,0
Inventories	520,6	–	520,6
Trade and other receivables	465,1	–	465,1
Retirement and other employee benefits	(37,2)	–	(37,2)
Deferred tax liabilities	(2,7)	–	(2,7)
Trade and other payables	(549,5)	(59,7)	(609,2)
Fair value of net assets acquired	1 755,5	(46,1)	1 709,4
Goodwill acquired	14,3	41,8	56,1
Cash consideration paid	1 769,8	(4,3)	1 765,5

The initial accounting for this business combination was reported on a provisional basis in 2014 and was finalised in the year ended 30 June 2015.

Goodwill

The goodwill arising on the acquisition of the Latin American 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.

40.8 Acquisition of the South African infant nutritionals business

Pharmacare concluded agreements with Nestlé in the prior financial year in respect of the acquisition of certain rights to intellectual property licences 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 nutritionals 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.

Other disclosures continued

40. Acquisitions continued
2014 continued
40.8 Acquisition of the South African infant nutritionals business continued

	Preliminary R'million	Adjustments R'million	Final R'million
Cost of the acquisition			
Deferred consideration	20,8	–	20,8
Prepayment set off against the fair value of the assets acquired	394,1	–	394,1
Fair value of net assets acquired	(243,4)	1,2	(242,2)
Goodwill	171,5	1,2	172,7
Fair value of assets and liabilities acquired			
Intangible assets	253,4	–	253,4
Inventories	58,5	(1,2)	57,3
Trade and other receivables	62,3	–	62,3
Deferred tax liabilities	(73,8)	–	(73,8)
Trade and other payables	(57,0)	–	(57,0)
Fair value of net assets acquired	243,4	(1,2)	242,2
Goodwill acquired	171,5	1,2	172,7
Deferred consideration	(20,8)	–	(20,8)
Prepayment set off against the fair value of the assets acquired	(394,1)	–	(394,1)
Cash consideration paid	–	–	–

The initial accounting for this business combination was reported on a provisional basis in 2014 and was finalised in the year ended 30 June 2015.

Goodwill

The goodwill arising on the acquisition of the South African infant nutritional businesses recognises:
- the benefit to the products of Aspen's knowledge and expertise relating to its existing infant nutritional business; and
- the synergies from the consolidation of the infant nutritional businesses with Aspen's existing businesses in Latin America and South Africa, including cost savings and increased sales force coverage benefits.

41. Related party transactions
Transactions with shareholders

The Group did not enter into any transactions with direct beneficial shareholders during the current year, except as described in the Directors' Report and note 30.

Intra-group transactions and balances

During the year, certain companies in the Group entered into arm's length transactions with other companies in the Group. These intra-group transactions have been eliminated on consolidation. Refer to note 24 of the Company Annual Financial Statements for a list of material operating subsidiaries and structured entities and their balances. None of the balances are secured.

Transactions and balances with directors

All directors have given general declarations of interest in terms of section 75 of the Companies Act. These declarations indicate that various members of the Board hold various other directorships in South African entities with whom transactions are conducted by the Group in terms of a customer/supplier relationship. These transactions have been concluded on terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions, and are all unsecured.

Chris Mortimer, a non-executive director of Aspen, is a full-time practising attorney and managing partner at Chris Mortimer & Associates which provides legal services to the Group. During the year, total legal fees expensed in the statement of comprehensive income was R7,1 million (2014: R7,0 million). There were no balances outstanding at year end (2014: Nil).

Directors' and prescribed officers' remuneration is disclosed in note 30.

41. Related party transactions continued
Transactions with key management personnel

Key management personnel consist of directors of key Group companies.

The key management personnel compensation consists of

	2015 R'million	2014 R'million
Short-term employee benefits	**113,3**	91,8
Post-employment benefits	**7,4**	5,0
Share-based payment expense	**16,4**	16,3
Total key management remuneration paid	**137,1**	113,1
Number of employees included above	**32**	27

Other than disclosed above, and in the Directors' Report, no significant related party transactions were entered into during the year under review.

42. Impairment tests for goodwill and indefinite useful life intangible assets

The disclosure provided below is required by *IAS 36 – Impairment of Assets* for each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying value of goodwill or intangible assets with indefinite useful lives.

The Group tests goodwill and indefinite useful intangible assets annually for impairment, or more frequently if there are any indications that the goodwill or the indefinite useful life intangible assets might be impaired.

The recoverable amount of cash generating units are determined as the higher of value-in-use and fair value less costs to sell. Goodwill and intangible assets with indefinite useful lives were tested for impairment by comparing the recoverable amount based on value-in-use of the cash generating unit to the carrying value.

Value-in-use

Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering periods between four and 14 years and are extrapolated over the useful life of the asset to reflect the long-term plans for the Group using the estimated growth rate for the specific business or product. The estimated future cash flows and discount rates used are post-tax based on assessment of the current risks applicable to the specific entity and country in which it operates. Discounting post-tax cash flows at a post-tax discount rate yields the same result as the discounting pre-tax cash flows at a pre-tax discount rate.

Management determines the expected performance of the assets based on the following:
- an assessment of existing products against past performance and market conditions;
- an assessment of existing products against existing market conditions; and
- the pipeline of products under development, applying past experiences of launch success and existing market conditions.

The growth rate used to extrapolate cash flow projections beyond the period covered by the budgets and forecasts take into account the long-term average rates of the industry in which the cash generating unit is operating. Estimations are based on a number of key assumptions such as volume, price and product mix which will create a basis for future growth and gross margin. These assumptions are set in relation to historic figures and external reports on market growth. If necessary, these cash flows are then adjusted to take into account any changes in assumptions or operating conditions that have been identified subsequent to the preparation of the budgets.

The weighted average cost of capital rate is derived from a pricing model based on credit risk and the cost of the debt. The variables used in the model are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating the future cash flows of the cash generating units. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter.

Other disclosures continued

42. Impairment tests for goodwill and indefinite useful life intangible assets continued

	2015 R'million	2014 R'million
Goodwill		
The carrying value of goodwill can be split as follows		
FCC – (South African segment)	162,5	162,5
Shelys Africa Limited – (SSA segment)	134,0	134,0
Tanzanian business	68,4	68,4
Kenyan business	65,6	65,6
GSK transactions – (South African segment)	61,4	61,4
Sigma business – (Asia Pacific segment)	3 797,5	5 547,9
MSD business – (International segment)	294,9	196,6
GSK thrombosis business – (International segment)	156,8	138,7
Australian infant nutritionals business – (Asia Pacific segment)	101,4	156,5
South African infant nutritionals business – (South African segment)	174,0	171,5
Latin American infant nutritionals business – (International segment)	64,0	15,5
Other	79,5	57,2
	5 026,0	6 641,8

Key assumptions on the impairment tests for the goodwill balances below were as follows

	Carrying value of goodwill (R'million)	Period covered by forecasts and budgets	Growth in turnover (% per annum)	Gross profit (% per annum)	Capital expenditure (per annum)	Growth* (% per rate annum)	Post-tax discount rate applied to cash flows (% per annum)
Sigma transaction	3 797,5	5 years	(2)	57	Ranging between AUD3 million and AUD13 million	3	7
MSD business	294,9	10 years	Ranging between 2 and 7	Average of 72	Nil	(5)	Ranging between 10 and 16
GSK thrombosis business	156,8	10 years	Ranging between (12) and 18	Average of 50	Nil	(5)	Ranging between 11 and 12
South African infant nutritionals business	174,0	5 years	Ranging between 15 and 24	Varying between 48 and 50	Nil	5	14
Latin American infant nutritionals business	64,0	10 years	Ranging between 2 and 15	49	Ranging between MXN59 million and MXN135 million	0	17
FCC	162,5	5 years	Ranging between 6 and 32	Varying between 29 and 39	Ranging between R57 million and R106 million	5	13
Tanzanian business	68,4	5 years	Ranging between 10 and 12	Varying between 37 and 42	Ranging between TZS0,5 billion and TZS1,2 billion	6	16
Kenyan business	65,6	5 years	Ranging between 13 and 15	45	Ranging between KES44 million and KES93 million	6	16
GSK transactions	61,4	14 years	Ranging between (5) and 8	Varying between 37 and 47	–	0	13
Australian infant nutritional business	101,4	10 years	Ranging between 2 and 5	50	–	(5)	9

** Growth rate used to extrapolate cash flows beyond period covered by above mentioned budgets and forecasts.*

The GSK transactions has been forecast over a 14-year period as this is the period remaining in the initial term of the agreement to which this goodwill relates.

42. Impairment tests for goodwill and indefinite useful life intangible assets continued

	2015 R'million	2014 R'million
Intangible assets with indefinite useful lives		
The carrying value of indefinite useful life intangible assets is split as follows		
(1) ELIZ products	4 285,7	3 616,0
(2) Specialist global brands	3 457,6	2 899,1
(3) GSK OTC brands	3 036,6	2 690,6
(4) GSK classic brands	2 180,6	2 683,0
(5) Novartis pharmaceutical products	667,1	574,6
(6) MSD business	7 209,5	6 317,7
(7) API business	461,2	531,6
(8) GSK thrombosis business	8 726,3	7 633, 4
Mono-Embolex business[#]	1 730,0	–
Florinef and Omcilon business[#]	491,2	–
Other	531,9	810,7
	32 777,7	27 756,7

[#] The Mono-Embolex, Florinef and Omcilon businesses were acquired in the current financial year. An initial review identified no impairment and a full impairment test will be performed in the financial year ending 30 June 2016.

The key brands for the above mentioned indefinite life intangible assets are as follows:

(1) Eltroxin, Lanoxin, Imuran and Zyloric.
(2) Alkeran, Leukeran, Purinethol, Kemadrin, Lanvis, Myleran, Septrin and Trandate.
(3) Phillips Milk of Magnesia, Dequadin, Solpadeine, Cartia, Zantac and Borstol.
(4) Imigran, Lamictal, Mesasil, Timentin and Valtrex.
(5) Enablex and Tofranil.
(6) Benutrex, Deca Durabolin, Desogrestrel, Dexmethasone, Meticorten, Metrigen, Orgaran, Ovestin, Stumazol, Testosterone and Thyrax.
(7) Heparin, Etonogestrel, Rocuronium Bromide and Desogestrel.
(8) Arixtra and Fraxiparine.

Other disclosures continued

42. Impairment tests for goodwill and indefinite useful life intangible assets continued

Detail on impairment tests for significant indefinite useful life intangible assets were as follows

	Carrying value of intangible assets (R'million)	Period covered by forecasts and budgets	Growth in revenue (% per annum)	Gross profit (% per annum)	Growth* (% per annum)	Post-tax discount rate applied to cash flows (% per annum)
ELIZ products	4 285,7	10 years	Ranging between 0 and 19	Average of 48	(5)	10
Specialist global brands	3 457,6	10 years	Ranging between 0 and 8	Average of 77	(5)	11
GSK OTC brands	3 036,6	10 years	Ranging between 2 and 18	Average of 57	(5)	Ranging between 10 and 13
GSK classic brands	2 180,6	10 years	Ranging between (2) and 0	Average of 75	(1)	8
Novartis pharmaceutical products	667,1	10 years	Ranging between 5 and 44	Average of 75	(5)	12
MSD business	7 209,5	10 years	Ranging between 2 and 7	Average of 72	(5)	Ranging between 10 and 16
API business	461,2	8 years	Ranging between (11) and 31	Royalty relief of 2 to 4	1	11
GSK thrombosis business	8 726,3	10 years	Ranging between (12) and 18	Average of 51	(5)	Ranging between 11 and 12

** Growth rate used to extrapolate cash flows beyond period covered by above mentioned budgets and forecasts.*

Management has used a forecast period greater than five years to better reflect the impact of a gradual slowing in growth over the medium term.

Based on the calculations the appropriate impairments were recognised for these indefinite useful life intangible assets (refer to note 3). There are no reasonable possible changes in any key assumption which would cause the carrying value of indefinite useful life intangible assets to exceed its value-in-use.

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Company statement of financial position

at 30 June 2015

	Notes	2015 R'million	2014 R'million
ASSETS			
Non-current assets			
Property, plant and equipment	1	**138,1**	4,2
Intangible assets	2	**476,6**	442,0
Investments in subsidiaries	3	**17 188,7**	15 964,2
Investment in joint venture	4	**61,5**	–
Other non-current receivables	5	**25,0**	25,0
Deferred tax assets	6	**48,6**	7,5
Total non-current assets		**17 938,5**	16 442,9
Current assets			
Receivables and prepayments	7	**9,4**	16,3
Cash and cash equivalents	8	**160,4**	120,8
Amounts due by Group companies	3	**297,3**	474,4
Derivative financial instruments	9	**4,2**	–
Total current assets		**471,3**	611,5
Total assets		**18 409,8**	17 054,4
Shareholders' equity			
Share capital	10	**4 190,5**	5 045,3
Hedging reserve		**150,7**	146,5
Share-based compensation reserve		**48,2**	46,1
Retained income		**11 961,2**	9 297,7
Total shareholders' equity		**16 350,6**	14 535,6
LIABILITIES			
Non-current liabilities			
Borrowings	11	**248,8**	1 241,0
Total non-current liabilities		**248,8**	1 241,0
Current liabilities			
Other payables	12	**219,8**	264,0
Borrowings	11	**675,0**	291,2
Amounts due to Group companies	3	**794,6**	659,1
Current tax liabilities		**121,0**	63,5
Total current liabilities		**1 810,4**	1 277,8
Total liabilities		**2 059,2**	2 518,8
Total equity and liabilities		**18 409,8**	17 054,4

Company statement of comprehensive income

for the year ended 30 June 2015

	Notes	2015 R'million	2014 R'million
Revenue	13	**263,8**	205,3
Administrative expenses		**(472,3)**	(267,8)
Other operating income		**354,6**	207,7
Other operating expenses		**(399,4)**	(155,5)
Operating loss	14	**(253,3)**	(10,3)
Investment income	17	**3 138,2**	1 732,5
Financing costs	18	**(136,1)**	(150,5)
Profit before tax		**2 748,8**	1 571,7
Tax	19	**(89,1)**	(92,9)
Profit for the year		**2 659,7**	1 478,8
Other comprehensive income, net of tax*			
Cash flow hedges realised	9	**4,2**	–
Total comprehensive income		**2 663,9**	1 478,8

** All items in other comprehensive income may be reclassified to profit and loss.*

Company statement of changes in equity

for the year ended 30 June 2015

	Share capital R'million	Hedging reserve R'million	Share-based compensation reserve R'million	Retained income R'million	Total R'million
Balance at 1 July 2013	5 002,9	146,5	44,4	8 404,8	13 598,6
Profit for the year	–	–	–	1 478,8	1 478,8
Issue of ordinary share capital – share schemes	160,9	–	–	–	160,9
Capital distribution and dividends paid	(118,5)	–	–	(597,4)	(715,9)
Share-based payment expenses	–	–	13,9	–	13,9
Transfer from share-based compensation reserve	–	–	(3,7)	3,7	–
Deferred incentive bonus shares exercised	–	–	(8,5)	–	(8,5)
Equity portion of tax claims in respect of share schemes	–	–	–	7,8	7,8
Balance at 30 June 2014	**5 045,3**	**146,5**	**46,1**	**9 297,7**	**14 535,6**
Total comprehensive income	**–**	**4,2**	**–**	**2 659,7**	**2 663,9**
Profit for the year	**–**	**–**	**–**	**2 659,7**	**2 659,7**
Other comprehensive income	**–**	**4,2**	**–**	**–**	**4,2**
Issue of ordinary share capital – share schemes	**2,6**	**–**	**–**	**–**	**2,6**
Capital distribution	**(857,4)**	**–**	**–**	**–**	**(857,4)**
Share-based payment expenses	**–**	**–**	**15,3**	**–**	**15,3**
Transfer from share-based compensation reserve	**–**	**–**	**(3,8)**	**3,8**	**–**
Deferred incentive bonus shares exercised	**–**	**–**	**(9,4)**	**–**	**(9,4)**
Balance at 30 June 2015	**4 190,5**	**150,7**	**48,2**	**11 961,2**	**16 350,6**

Company statement of cash flows

for the year ended 30 June 2015

	Notes	2015 R'million	2014 R'million
Cash flows from operating activities			
Cash generated from operations	A	**107,0**	116,4
Financing costs paid	B	**(127,9)**	(142,6)
Investment income received	C	**18,9**	31,5
Dividends received from subsidiaries		**3 119,3**	1 701,0
Tax paid	D	**(69,2)**	(42,2)
Cash generated from operating activities		**3 048,1**	1 664,1
Cash flows from investing activities			
Capital expenditure – property, plant and equipment		**(134,9)**	(1,8)
Expansion		**(126,5)**	(1,8)
Replacement		**(8,4)**	–
Expansion capital expenditure – intangible assets		**(2,6)**	(81,6)
Transfer of intangible assets (from)/to Group companies		**(52,4)**	79,5
Acquisition of subsidiaries and businesses		**(1 508,3)**	(4 103,0)
Acquisition of joint venture		**(61,5)**	–
Movement in amounts due by Group companies		**87,0**	(182,0)
Capital reduction in subsidiary		**–**	323,1
Cash used in investing activities		**(1 672,7)**	(3 965,8)
Cash flows from financing activities			
Net (repayments)/proceeds from borrowings		**(1 000,3)**	983,8
Proceeds from issue of ordinary share capital		**2,6**	160,9
Capital distribution and dividends paid		**(857,4)**	(715,9)
Movement in amounts due to Group companies		**135,5**	164,3
Cash (used in)/generated from financing activities		**(1 719,6)**	593,1
Cash and cash equivalents			
Movement in cash and cash equivalents		**(344,2)**	(1 708,6)
Cash and cash equivalents at the beginning of the year		**(130,4)**	1 578,2
Cash and cash equivalents at the end of the year	E	**(474,6)**	(130,4)

Notes to the Company statement of cash flows

for the year ended 30 June 2015

	2015 R'million	2014 R'million
A. Cash generated from operations		
Operating loss	(253,3)	(10,3)
Amortisation of intangible assets	19,1	10,1
Depreciation of property, plant and equipment	1,0	1,5
Impairment of intangible assets	1,3	0,4
Impairment of investment in subsidiary	375,2	–
Deferred incentive bonus shares exercised	(9,4)	(8,5)
Share-based payment expense – employees	14,4	14,6
Withholding taxes	(3,5)	(0,8)
Cash operating profit	144,8	7,0
Working capital movements	(37,8)	109,4
Decrease/(increase) in receivables and prepayments	6,9	(5,9)
(Decrease)/increase in other payables	(44,7)	115,3
	107,0	116,4
B. Financing costs paid		
Interest paid	(127,4)	(102,7)
Net foreign exchange losses	(0,5)	(39,9)
	(127,9)	(142,6)
C. Investment income received		
Interest received	18,9	31,5
D. Tax paid		
Amounts payable at the beginning of the year	(63,5)	(42,1)
Tax charged to the statement of comprehensive income (excluding deferred and withholding taxes)	(126,7)	(82,3)
Tax claims credited to equity in respect of share schemes	–	18,7
Amounts owing at the end of the year	121,0	63,5
	(69,2)	(42,2)
E. Cash and cash equivalents		
Bank balances	160,4	120,8
Less: bank overdrafts*	(635,0)	(251,2)
Cash and cash equivalents per the statement of cash flows	(474,6)	(130,4)

** Bank overdrafts are included within current borrowings on the statement of financial position.*

Notes to the Company Annual Financial Statements

for the year ended 30 June 2015

	Land and buildings (owned and leased)* R'million	Plant and equipment (owned) R'million	Computer equipment (owned) R'million	Office equipment and furniture (owned) R'million	Total R'million
1. Property, plant and equipment					
2015					
Carrying value					
Cost	128,6	0,3	6,0	12,0	146,9
Accumulated depreciation	(1,7)	(0,2)	(4,7)	(2,2)	(8,8)
Carrying value at the end of the year	126,9	0,1	1,3	9,8	138,1
Movement in property, plant and equipment					
Carrying value at the beginning of the year	1,2	0,2	1,1	1,7	4,2
Additions – expansion	125,7	–	0,7	0,1	126,5
Additions – replacement	–	–	–	8,4	8,4
Depreciation	–	(0,1)	(0,5)	(0,4)	(1,0)
Carrying value at the end of the year	126,9	0,1	1,3	9,8	138,1
2014					
Carrying value					
Cost	2,9	0,3	5,3	3,5	12,0
Accumulated depreciation	(1,7)	(0,1)	(4,2)	(1,8)	(7,8)
Carrying value at the end of the year	1,2	0,2	1,1	1,7	4,2
Movement in property, plant and equipment					
Carrying value at the beginning of the year	0,4	0,3	1,7	1,5	3,9
Additions – expansion	1,3	–	–	0,5	1,8
Depreciation	(0,5)	(0,1)	(0,6)	(0,3)	(1,5)
Carrying value at the end of the year	1,2	0,2	1,1	1,7	4,2
2013					
Carrying value					
Cost	1,6	0,3	5,3	3,0	10,2
Accumulated depreciation	(1,2)	–	(3,6)	(1,5)	(6,3)
Carrying value at the end of the year	0,4	0,3	1,7	1,5	3,9

**In the prior year these amounts comprised leasehold improvements on leased buildings.*

Security

No property, plant and equipment was pledged or committed as security for any debt.

Capital commitments

Capital commitments include all projects for which specific Board approval has been obtained up to the reporting date. Projects still under investigation for which specific Board approvals have not yet been obtained are excluded from the following

	2015 R'million	2014 R'million
Authorised and contracted for	2,0	80,0
Authorised but not yet contracted for	140,3	78,4
	142,3	158,4

Funding

Future capital expenditure will be financed from funds generated out of normal business operations and existing borrowing facilities.

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2015

	Intellectual property R'million	Product participation and other contractual rights R'million	Computer software R'million	Total R'million
2. Intangible assets				
2015				
Carrying value				
Cost	**1 194,4**	**57,8**	**56,2**	**1 308,4**
Accumulated amortisation	**(747,3)**	**(57,8)**	**(10,3)**	**(815,4)**
Accumulated impairment losses	**(16,4)**	**–**	**–**	**(16,4)**
Carrying value at the end of the year	**430,7**	**–**	**45,9**	**476,6**
Movement in intangible assets				
Carrying value at the beginning of the year	**440,5**	**–**	**1,5**	**442,0**
Additions – expansion	**1,5**	**–**	**1,1**	**2,6**
Transfer from Group companies	**–**	**–**	**52,4**	**52,4**
Amortisation	**(10,0)**	**–**	**(9,1)**	**(19,1)**
Impairment losses	**(1,3)**	**–**	**–**	**(1,3)**
Carrying value at the end of the year	**430,7**	**–**	**45,9**	**476,6**
2014				
Carrying value				
Cost	1 192,9	57,8	2,7	1 253,4
Accumulated amortisation	(737,3)	(57,8)	(1,2)	(796,3)
Accumulated impairment losses	(15,1)	–	–	(15,1)
Carrying value at the end of the year	440,5	–	1,5	442,0
Movement in intangible assets				
Carrying value at the beginning of the year	448,8	–	1,6	450,4
Additions – expansion	2,1	–	79,5	81,6
Transfer to Group companies	–	–	(79,5)	(79,5)
Amortisation	(10,0)	–	(0,1)	(10,1)
Impairment losses	(0,4)	–	–	(0,4)
Carrying value at the end of the year	440,5	–	1,5	442,0
2013				
Carrying value				
Cost	1 190,8	57,8	2,7	1 251,3
Accumulated amortisation	(727,3)	(57,8)	(1,1)	(786,2)
Accumulated impairment losses	(14,7)	–	–	(14,7)
Carrying value at the end of the year	448,8	–	1,6	450,4

All intangible assets were acquired from third parties.

2. Intangible assets continued

Indefinite useful life intangible assets

An indefinite useful life intangible asset, is an intangible asset where there is no foreseeable limit to the period over which the asset is expected to generate inflows for the Company.

	2015 R'million	2014 R'million
Carrying value of indefinite useful life intangible assets (included in intellectual property)	**398,0**	398,1

Intellectual property which is classified as an indefinite useful life intangible asset will reflect a historical actual trend and a projected future trend of continuing positive contribution in the market in which it is sold or applied, where such asset forms part of the historical intangible asset base. Where such intangible assets constitute a new acquisition, a projected trend of continuing positive contribution must be demonstrated with reference to factors such as:

- high barriers to market entry for competitors;
- a low probability for accelerated growth in the competitor base in the foreseeable future;
- management's commitment to continue to invest in the intangible assets' base;
- low probability of a significant change in the operating and regulatory environment which would negatively impact future supply of the intangible asset; and
- its estimated indefinite life cycle and hence future growth prospects for the intangible assets.

Security

No intangible assets were pledged or committed as security for any debt.

Capital commitments

Capital commitments include all projects for which specific Board approval has been obtained up to the reporting date. Projects still under investigation for which specific Board approvals have not yet been obtained are excluded from the following

	2015 R'million	2014 R'million
Authorised but not yet contracted for	**5,7**	–

Funding

Future capital expenditure will be financed from funds generated out of normal business operations and existing borrowing facilities.

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2015

	2015 R'million	2014 R'million
3. Investments in subsidiaries		
Reflected as non-current assets		
Investments at cost less accumulated impairment losses	**17 188,7**	15 964,2
Reflected as current assets		
Amounts due by Group companies[#]	**297,3**	474,4
Reflected as current liabilities		
Amounts due to Group companies[#]	**(794,6)**	(659,1)
Net investments in subsidiaries	**16 691,4**	15 779,5

[#] *These amounts are unsecured, predominantly non-interest bearing and repayable on demand.*

For further details of interests in material operating subsidiaries please refer to note 24.

	2015 R'million	2014 R'million
4. Investment in joint venture		
NZ New Milk	**61,5**	–

On 31 October 2014, the Company acquired a 50% shareholding in NZ New Milk, a producer of infant nutritionals incorporated in Auckland, New Zealand. The company is a private company and no quoted market price is available for its shares. In terms of a supply agreement concluded between Aspen Global and NZ New Milk, long-term supply of infant nutritionals for distribution by Aspen in Australia will be secured. In accordance with *IFRS 11 – Joint Arrangements*, this investment is classified as a joint venture and will be equity accounted. No equity accounted earnings have been recognised in the statement of comprehensive income due to the immateriality of the amount.

	2015 R'million	2014 R'million
5. Other non-current receivables		
Enterprise development loans	**25,0**	25,0

Agreements were entered into with two beneficiaries whereby loan funding has been advanced by the Company. These loans are due to be repaid at the end of the five-year period, being July 2016. The outstanding loans bear interest at the South African prime rate plus 1%.

Management considers the credit risk associated with these receivables to be low.

These loans are secured by a second bond over specified movable assets to a value of R10,0 million as well as a cession of specified book debts.

These balances are denominated in Rand.

	2015 R'million	2014 R'million
6. Deferred tax assets		
Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 28% (2014: 28%)		
Deferred tax balance		
Deferred tax assets – opening balance	**7,5**	28,2
Statement of comprehensive income credit – prior year adjustment	**32,1**	–
Statement of comprehensive income credit/(charge) – included in tax	**9,0**	(9,8)
Charged to equity	**–**	(10,9)
	48,6	7,5
The statement of comprehensive income credit/(charge) comprises		
Property, plant and equipment	**–**	0,2
Intangible assets	**33,9**	(0,1)
Prepayments	**0,6**	(0,3)
Leave pay	**(1,0)**	0,3
Royalties received in advance	**(21,3)**	4,4
Tax claims in respect of share schemes	**2,8**	(7,0)
Tax losses	**–**	(19,6)
Other payables	**39,8**	–
Other	**(13,7)**	12,3
	41,1	(9,8)
Deferred tax assets comprises		
Property, plant and equipment	**(0,1)**	(0,1)
Intangible assets	**2,9**	(31,0)
Prepayments	**(0,1)**	(0,7)
Leave pay	**0,5**	1,5
Royalties received in advance	**5,6**	26,9
Tax claims in respect of share schemes	**–**	(2,8)
Other payables	**39,8**	–
Other	**–**	13,7
	48,6	7,5
7. Receivables and prepayments		
Financial instruments		
Interest accrued	**–**	11,7
Other	**2,0**	2,7
Total financial instruments*	**2,0**	14,4
Non-financial instruments		
Prepayments	**7,4**	1,9
Total non-financial instruments	**7,4**	1,9
Total receivables and prepayments	**9,4**	16,3

* *This amount is classified as "Loans and receivables" in terms of IAS 39* – Financial Instruments: Recognition and Measurement.

All receivables and prepayments classified as financial instruments are fully performing and are denominated in Rand.
The credit quality of receivables and prepayments is considered to be satisfactory.
All receivables and prepayments are non-interest bearing.
No amounts were pledged as security for liabilities.

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2015

	2015 R'million	2014 R'million
8. Cash and cash equivalents		
Bank balances	160,4	120,8

The average effective interest rate on bank balances was 6,2% (2014: 5,7%).
The maturity profile of bank balances is less than one month.
All cash and cash equivalents are denominated in Rand.
Cash and cash equivalents are placed with high-quality financial institutions.

	2015 R'million	2014 R'million
9. Derivative financial instruments		
Fair value gains recognised on interest rate swaps (included in other comprehensive income)	4,2	–

Derivatives consist of interest rate swaps.

The fair value of interest rate swaps is calculated as the present value of estimated future cash flows discounted using the appropriate yield curve.

The interest rate swaps were classified as "level 2" assets in the fair value measurement hierarchy.

	2015 R'million	2014 R'million
10. Share capital		
Authorised		
717 600 000 (2014: 717 600 000) ordinary shares with no par value	–	–
Issued		
456 348 537 (2014: 456 341 037) ordinary shares with no par value	4 190,5	5 045,3

	2015 Million	2014 Million
Shares in issue at the beginning of the year	456,3	455,7
Shares issued – share schemes	–*	0,6
Share in issue at the end of the year	456,3	456,3

**7 500 shares were issued in 2015.*

All unissued shares have been placed under the control of the directors until the forthcoming annual general meeting.

All shares are fully paid up, and no amounts are outstanding in terms of shares issued during the year.

	2015 R'million	2014 R'million
11. Borrowings		
Non-current borrowings		
Unsecured loans	248,8	1 241,0
Current borrowings		
Bank overdrafts	635,0	251,2
Unsecured loans	40,0	40,0
	675,0	291,2

11. Borrowings continued

Interest rate profile of total borrowings

	2015 Total R'million	2015 Interest rate %	2015 Average effective interest rate %	2014 Total R'million	2014 Interest rate %	2014 Average effective interest rate %
Non-current borrowings						
Unsecured loans – linked to three-month JIBAR	250,0	+ margin of 2,1%	8,2	1 250,0	+ margins ranging between 1,7% and 2,1%	7,2
Capital raising fees	(1,2)			(9,0)		
	248,8			1 241,0		
Current borrowings						
Unsecured loans – linked to overnight call rate	40,0	Overnight call	6,6	40,0	Overnight call	5,8
Bank overdrafts – linked to South African prime overdraft rate	635,0	less margin of 3%	6,2	251,2	Less margin of 3%	5,7
	675,0			291,2		

All borrowings are denominated in Rand and are exposed to interest rate risk.

	2015 R'million	2014 R'million
12. Other payables		
Financial instruments		
Accrued expenses	29,1	116,2
Other	22,7	7,9
Total financial instruments*	51,8	124,1
Non-financial instruments		
Indirect taxes	2,7	4,4
Leave pay	7,0	5,3
Bonuses	32,7	32,9
Royalties received in advance	111,7	91,6
Other	13,9	5,7
Total non-financial instruments	168,0	139,9
Total other payables	219,8	264,0

**This amount is classified as "Financial liabilities at amortised cost" in terms of* IAS 39 – Financial Instruments: Recognition and Measurement.

Currency analysis of trade and other payables (financial instruments only)		
Euro	–	1,9
South African Rand	51,8	122,2
	51,8	124,1

All other payables (financial instruments only) are not past their due dates and are predominantly non-interest bearing.

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2015

	2015 R'million	2014 R'million
13. Revenue		
Other revenue		
Royalties	263,8	205,3
14. Operating loss		
Operating loss has been arrived at after charging		
Auditors' remuneration	7,4	4,4
Audit fees	6,9	3,3
Current year	5,6	3,3
Prior year under provision	1,3	–
Other services	0,5	1,1
Impairment of intangible assets (included in other operating expenses)	1,3	0,4
Impairment of investment in subsidiary (included in other operating expenses)	375,2	–
Transaction costs	3,7	72,0
Repairs and maintenance expenditure on property, plant and equipment	–	0,6
Operating lease rentals – land and buildings	4,6	3,7
Operating lease rentals – office equipment and furniture	0,7	0,7
15. Expenses by nature		
Depreciation of property, plant and equipment	1,0	1,5
Amortisation of intangible assets	19,1	10,1
Impairment of intangible assets	1,3	0,4
Impairment of investment in subsidiary	375,2	–
Repairs and maintenance expenditure on property, plant and equipment	–	0,6
Personnel costs and other staff-related costs	208,8	160,4
Share trust contributions	–	71,1
Share-based payment expense – employees	14,4	14,6
Property costs	6,4	4,5
Transaction costs	3,7	72,0
Consulting fees	45,7	25,1
Travelling costs	28,6	20,7
Insurance	58,3	1,0
Information technology costs	45,8	–
Other	63,4	41,3
	871.7	423,3
Classified as		
Administration expenses	472,3	267,8
Other operating expenses	399,4	155,5
	871,7	423,3
16. Directors and employees		
Staff costs		
Wages and salaries	168,9	135,4
Defined contribution plans	16,1	13,4
Medical aid contributions	5,1	3,9
Share-based payment expense – options and appreciation rights	0,1	0,4
Share-based payment expense – deferred incentive bonus	14,3	14,2
Other company contributions	2,6	3,0
	207,1	170,3

	2015 R'million	2014 R'million
17. Investment income		
Dividends received from subsidiaries	3 119,3	1 701,0
Interest received	18,9	31,5
Bank balances	14,6	27,2
Group companies	2,3	2,1
Other	2,0	2,2
	3 138.2	1 732,5
18. Financing costs		
Interest paid	127,4	102,7
Capital raising fees	8,1	7,8
Net foreign exchange losses	0,5	39,9
Notional interest on financial instruments	0,1	0,1
	136,1	150,5
19. Tax		
Current tax – current year	72,0	82,3
Current tax – prior year	54,7	–
Deferred tax – current year	(9,0)	9,8
Deferred tax – prior year	(32,1)	–
Withholding taxes	3,5	0,8
	89,1	92,9
Tax rate reconciliation	%	%
Effective tax rate	2,8	5,9
Capital and exempt income	28,0	30,3
Prior year adjustments	(0,7)	–
Disallowable expenses	(1,6)	(4,1)
Non-deductible portion of share-based payment expense – employees	(0,1)	(1,4)
Non-deductible amortisation of intangible assets	(0,3)	(0,2)
Other disallowable expenses	(1,2)	(2,5)
Other	(0,5)	(4,1)
Tax at the statutory rate	28,0	28,0

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2015

20. Related party transactions

Transactions with shareholders

The Company did not enter into any transactions with direct beneficial shareholders during the current year, except as described in the Directors' Report and note 30 of the Group Annual Financial Statements.

Intra-group transactions and balances

During the year, the Company entered into arm's length transactions with other companies in the Group.

Refer to note 24 for a list of the material operating subsidiaries and structured entities.

None of the balances are secured.

	2015 R'million	2014 R'million
The following intra-group transactions took place between Aspen Holdings and Group companies during the current year		
Royalties – Pharmacare Limited	263,8	205,3
Administration fees received	351,9	207,7
Aspen Europe GmbH	14,4	11,3
Aspen Global Incorporated	71,8	75,0
Aspen Healthcare FZ LLC	12,2	4,0
Aspen Notre Dame de Bondeville SAS	32,9	21,2
Aspen Oss B.V.	25,0	7,2
Aspen Pharma Ireland Limited	14,7	3,3
Pharmacare Limited	95,3	38,8
Other subsidiaries	85,6	46,9
Interest received on shareholders' loans – Beta Healthcare International Limited	2,3	2,1
Dividends received (and paid to the Company)	3 119,3	1 701,0
Aspen Global Incorporated	2 150,0	250,2
Brimpharm SA (Pty) Limited	3,9	2,8
Aspen Pharmacare Nigeria Limited	5,6	–
Pharmacare Limited	959,8	1 448,0
The following intra-Group balances were outstanding between Aspen Holdings and Group companies at year end		
Amounts reflected as current assets	297,3	474,4
Aspen Global Incorporated	30,6	79,5
Aspen Pharma – Indústria Farmacêutica Limitada	27,1	22,0
Aspen Share Incentive Scheme	36,2	33,0
Shelys Pharmaceuticals International Limited	112,0	112,0
Other subsidiaries	91,4	227,9
Amounts reflected as current liabilities	794,6	659,1
Aspen Port Elizabeth (Pty) Limited	27,1	27,1
Pharmacare Limited	717,1	600,1
Aspen International Distribution (Pty) Limited	29,1	29,1
Other subsidiaries	21,3	2,8

20. Related party transactions continued

Transactions and balances with directors

All directors have given general declarations of interest in terms of section 75 of the Companies Act.

These declarations indicate that various members of the Board hold various other directorships in South African entities with whom transactions are conducted by the Company in terms of a customer/supplier relationship.

These transactions have been concluded on terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions, and are all unsecured.

Chris Mortimer, a non-executive director of Aspen, is a full-time practising attorney and managing partner at Chris Mortimer & Associates which provides legal services to the Company. During the year total legal fees expensed in the statement of comprehensive income was R0,4 million (2014: R3,8 million) and no balance was outstanding at year end (2014: Nil).

Transactions with key management personnel

Key management personnel consist of directors (including executive directors).

Key management personnel compensation consists of

	2015 R'million	2014 R'million
Short-term employee benefits	36,9	28,9
Post-employment benefits	3,4	2,5
Share-based payment expense	7,6	5,5
Total key management remuneration paid	47,9	36,9
Number of employees included above	17	15
Other than disclosed above, and in the Director's Report, no significant related party transactions were entered into during the year under review.		
21. Commitments		
Operating lease commitments		
Land and buildings	–	4,2
Office equipment and furniture	0,7	0,6
Operating lease commitments	0,7	4,8
The future minimum operating lease payments are as follows		
Less than one year	–	4,2
Between one and five years	0,7	0,6
	0.7	4,8
22. Contingent liabilities		
Guarantees to financial institutions		
Material guarantees given by the Company for indebtedness of subsidiaries to financial institutions	13 412,7	12 888,7

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2015

23. Financial risk management

23.1 Introduction

The Company does not trade in financial instruments, but in the ordinary course of business operations, the Company is exposed to a variety of financial risks arising from the use of financial instruments. These risks include:

- market risk (comprising interest rate risk and foreign currency risk);
- liquidity risk;
- credit risk; and
- capital risk.

The Company has developed a comprehensive risk management process to facilitate, control and monitor these risks. This process includes formal documentation of policies, including limits and reporting structures. The Audit & Risk Committee has the overall responsibility for the establishment and oversight of the Company's risk management framework.

Risk management and measurement relating to each of these risks is discussed under the headings below.

23.2 Financial instruments by category

The carrying value of financial instruments by category is as follows

	Loans and receivables R'million	At fair value through profit or loss R'million	At amortised cost R'million	Total R'million
June 2015				
Financial assets				
Other non-current receivables	**25,0**	**–**	**–**	**25,0**
Receivables and prepayments	**2,0**	**–**	**–**	**2,0**
Cash and cash equivalents	**160,4**	**–**	**–**	**160,4**
Amounts due by Group companies	**297,3**	**–**	**–**	**297,3**
Interest rate swap (net settled)	**–**	**4,2**	**–**	**4,2**
Total financial assets	**484,7**	**4,2**	**–**	**488,9**
Financial liabilities				
Unsecured loans	**–**	**–**	**288,8**	**288,8**
Bank overdrafts	**–**	**–**	**635,0**	**635,0**
Other payables	**–**	**–**	**51,8**	**51,8**
Amounts due to Group companies	**–**	**–**	**794,6**	**794,6**
Non-derivative financial liabilities – financial guarantees	**–**	**13 412,7**	**–**	**13 412,7**
Total financial liabilities	**–**	**13 412,7**	**1 770,2**	**15 182,9**

23. Financial risk management continued

23.2 Financial instruments by category continued

	Loans and receivables R'million	At fair value through profit or loss R'million	At amortised cost R'million	Total R'million
June 2014				
Financial assets				
Other non-current receivables	25,0	–	–	25,0
Receivables and prepayments	14,4	–	–	14,4
Cash and cash equivalents	120,8	–	–	120,8
Amounts due by Group companies	474,4	–	–	474,4
Total financial assets	634,6	–	–	634,6
Financial liabilities				
Unsecured loans	–	–	1 281,0	1 281,0
Bank overdrafts	–	–	251,2	251,2
Other payables	–	–	124,1	124,1
Amounts due to Group companies	–	–	659,1	659,1
Non-derivative financial liabilities – financial guarantees	–	12 888,7	–	12 888,7
Total financial liabilities	–	12 888,7	2 315,4	15 204,1

23.3 Market risk management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The market risks that the Company is primarily exposed to includes foreign currency risk and interest rate risk. Market risk is managed by identifying and quantifying risks on the basis of current and future expectations and ensuring that all trading occurs within defined parameters. This involves the review and implementation of methodologies to reduce risk exposure. The reporting on the state of the risk and risk practices to executive management is part of this process. The processes set up to measure, monitor and mitigate these market risks are described below. There has been no change to the Company's exposure to market risk or the manner in which it manages and measures the risk since the previous period.

23.4 Foreign currency risk

The Company's transactions are predominantly entered into in Rand. However, the Company's operations utilise various foreign currencies (currencies other than the operations' functional currencies) in respect of expenses incurred. Consequently the Company is exposed to exchange rate fluctuations that have an impact on cash flows. These operations are exposed to foreign currency risk in connection with contracted payments in currencies other than Rand.

Foreign currency risks are managed through the Company's financing policies and selective use of forward exchange contracts.

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2015

23. Financial risk management continued

23.4 Foreign currency risk continued

Exposure to currency risk

Sensitivity analysis

The Company has used a sensitivity analysis technique that measures the estimated change to the statement of comprehensive income of an instantaneous 10% strengthening or weakening in the Rand against all other currencies, from the rate applicable at 30 June 2015, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

The Company was mainly exposed to fluctuations in foreign exchange rates in respect of the Euro in the prior year. The analysis considered the impact of changes in foreign exchange rates on the statement of comprehensive income.

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular interest rates, remain constant and was performed on the same basis for 2014.

A 10% weakening in the Rand against the foreign exchange rates to which the Company is exposed at the reporting date, would have increased profit before tax by nil (2014: increased profit before tax by R0,2 million).

A 10% strengthening in the Rand against the foreign exchange rates would have the equal and opposite effect on profit before tax, on the basis that all other variables remain constant.

23.5 Interest rate risk

The Company's interest rate risk arises from interest on bank overdrafts, borrowings, cash and cash equivalents and other non-current receivables. Exposure to interest rate risk is monitored on a continuous and proactive basis.

Interest rate swaps

The following interest rate derivative contract was in place

Unsecured loan

The Company has entered into interest rate swaps to hedge the cash flow interest rate risk of certain borrowing amounts. Details of the pay fixed rate, receive floating rate swap are as follows

	Outstanding contract amount R'million	Fixed interest rate %	Expiry date	Fair value gains R'million
Unsecured loan	250,0	6,3% (three-month JIBAR)	29 September 2017	(4,3)

The interest rate swap was designated in a cash flow hedge relationship. The nature of the risks being hedged (interest rate risk) is the variability of the quarterly interest payments on the hedged loan, attributable to movements in the three-month JIBAR rate. Gains and losses recognised in the hedging reserve in equity at 30 June 2015 will be continuously released to the statement of comprehensive income as the interest (finance costs) on the loan is recognised in the statement of comprehensive income.

The maturity profile of the gross contract amount for the unsecured loan interest rate swap at 30 June 2015 is between one and five years.

Interest rate sensitivity

The Company is exposed mainly to fluctuations in the following market interest rates: South African prime overdraft rate and three-month JIBAR. Changes in market interest rates affect the interest income and expense of floating rate financial instruments.

An increase of 1% in interest rates at 30 June would have decreased profit before tax by R12,4 million and R8,3 million in 2015 and 2014 respectively. A decrease of 1% will have an equal and opposite effect on profit before tax.

An increase of 1% in the yield curve at 30 June 2015 would result in a decrease of R4,4 million (2014: Rnil) in the fair value of the derivative liabilities in the statement of comprehensive income. A decrease of 1% in the yield curve will have an equal and opposite effect on the derivative liabilities in the statement of comprehensive income.

23. Financial risk management continued

23.6 Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its obligations as they become due. The Company manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The Company finances its operations through a mixture of retained income, bank funding and financing from Group companies. Adequate banking facilities and reserve borrowing capacities are maintained. The Company manages liquidity risk through forecasting and monitoring cash flow requirements on a daily basis.

The following are the undiscounted contractual maturities of financial assets and liabilities

	Undiscounted cash flows			
	On demand R'million	< One year R'million	One to five years R'million	Total R'million
June 2015				
Financial assets				
Other non-current receivables	**–**	**–**	**25,0**	**25,0**
Receivables and prepayments (financial instruments only)	**–**	**2,0**	**–**	**2,0**
Cash and cash equivalents	**160,4**	**–**	**–**	**160,4**
Amounts due by Group companies	**297,3**	**–**	**–**	**297,3**
Interest rate swaps (net settled)	**–**	**4,2**	**–**	**4,2**
Total financial assets	**457,7**	**6,2**	**25,0**	**488,9**
Financial liabilities				
Unsecured loans	**(40,0)**	**(19,8)**	**(262,0)**	**(321,8)**
Bank overdrafts	**(635,0)**	**–**	**–**	**(635,0)**
Other payables (financial instruments only)	**–**	**(51,8)**	**–**	**(51,8)**
Amounts due to Group companies	**(794,6)**	**–**	**–**	**(794,6)**
Total financial liabilities	**(1 469,6)**	**(71,6)**	**(262,0)**	**(1 803,2)**
Net exposure before financial guarantees	**(1 011,9)**	**(65,4)**	**(237,0)**	**(1 314,3)**
Non-derivative financial liabilities – financial guarantees	**–**	**(8 697,7)**	**(4 715,0)**	**(13 412,7)**
Net exposure after financial guarantees	**(1 011,9)**	**(8 763,1)**	**(4 952,0)**	**(14 727,0)**
June 2014				
Financial assets				
Other non-current receivables	–	2,1	27,3	29,4
Receivables and prepayments (financial instruments only)	–	14,4	–	14,4
Cash and cash equivalents	120,8	–	–	120,8
Amounts due by Group companies	474,4	–	–	474,4
Total financial assets	595,2	16,5	27,3	639,0
Financial liabilities				
Unsecured loans	(40,0)	(95,1)	(1 308,1)	(1 443,2)
Bank overdrafts	(251,2)	–	–	(251,2)
Other payables (financial instruments only)	–	(124,1)	–	(124,1)
Amounts due to Group companies	(659,1)	–	–	(659,1)
Total financial liabilities	(950,3)	(219,2)	(1 308,1)	(2 477,6)
Net exposure before financial guarantees	(355,1)	(202,7)	(1 280,8)	(1 838,6)
Non-derivative financial liabilities – financial guarantees	–	(6 847,7)	(6 041,0)	(12 888,7)
Net exposure after financial guarantees	(355,1)	(7 050,4)	(7 321,8)	(14 727,3)

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2015

23. Financial risk management continued

23.7 Credit risk

Credit risk, or the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations, is managed by monitoring procedures.

Credit risk primarily arises from receivables and prepayments, other non-current receivables and cash and cash equivalents. The Company's maximum exposure to credit risk is represented by the carrying values of these financial assets.

Receivables and prepayments

Receivables and prepayments are carefully monitored for impairment.

Cash and cash equivalents

Treasury counterparties consist of prime financial institutions. The Company does not expect any treasury counterparties to fail to meet their obligations, given their high credit ratings. All cash balances and derivative financial instruments are held with highly reputable banks.

Other non-current receivables

The recoverability of other non-current receivables are monitored as appropriate.

23.8 Capital risk disclosures

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide sustainable returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of borrowings and equity attributable to holders of the parent comprising share capital, non-distributable reserves and retained income.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain future development of the business. The Board reviews the capital structure on a quarterly basis. As part of the review, the Board considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Board, the Company will balance overall capital structure through payments of dividends (including capital distributions), new shares issued as well as the issue of new borrowings or the redemption of existing borrowings.

There were no changes to the Company's approach to capital management during the year.

24. Material operating subsidiaries and structured entities

Country of incorporation	Company	Currency	Issued capital	Effective Group holding		Investment	
				2015	2014	**2015**	2014
			'000	**%**	%	**R'million**	R'million
Direct							
Germany	Aspen Bad Oldesloe GmbH	EUR	50	**100**	100	**685,1**	685,1
Mauritius	Aspen Global Incorporated	USD	1 008 881	**100**	100	**8 653,9**	8 652,4
France	Aspen Notre Dame de Bondeville SAS	EUR	266 311	**100**	100	**3 780,1**	2 389,4
The Netherlands	Aspen Oss B.V.	EUR	53 000	**100**	100	**1 389,4**	1 389,4
Kenya	Beta Healthcare International Limited	KES	30 000	**100**	100	**4,8**	–
South Africa	Fine Chemicals Corporation (Pty) Limited	ZAR	–#	**100**	100	**329,7**	329,7
South Africa	Pharmacare Limited	ZAR	1 395	**100**	100	**2 023,8**	2 023,8
Various	Various	△	△	**△**	△	**241,9**	468,9
Indirect							
United Arab Emirates	Aspen Healthcare FZ LLC	USD	82	**100**	100	**–**	–
Russia	Aspen Health LLC	RUB	615 400	**100**	100	**–**	–
Australia	Aspen Nutritionals Australia Proprietary Limited	AUD	–#	**100**	100	**–**	–
Brazil	Aspen Pharma – Indústria Farmacêutica Limitada	BRL	335 541	**100**	100	**–**	–
Ireland	Aspen Pharma Ireland Limited	EUR	25 001	**100**	100	**–**	–
Australia	Aspen Pharma Proprietary Limited	AUD	11 862	**100**	100	**–**	–
Australia	Aspen Pharmacare Australia Proprietary Limited	AUD	167 373	**100**	100	**–**	–
Venezuela	Aspen Venezuela C.A.	VEF	79 578	**100**	80	**–**	–
Venezuela	Aspen Pharma S.A. (previously Nestlé Nutrition de Venezuela S.A.)	VEF	481 362	**100**	100	**–**	–
Tanzania	Shelys Pharmaceuticals Limited	TZS	6 723 843	**100**	100	**–**	–
Mauritius	Wyeth, S de R. L. de C.V.	MXN	1 944 870	**100**	100	**–**	–
Various	Various	△	△	**△**	△	**80,0**	25,5
Trusts (structured entities)^							
South Africa	Aspen Share Appreciation Plan	ZAR	N/A	**100**	100	**–**	–
South Africa	Aspen Share Incentive Scheme	ZAR	N/A	**100**	100	**–**	–
Total investments in subsidiaries						**17 188,7**	15 964,2

\# *Less than 1 000.*

^ *These trusts are structured entities which are consolidated into the Group Annual Financial Statements and are not subject to any other risk exposure.*

△ *These direct and indirect holdings are made up of various subsidiaries incorporated in multiple territories.*

Detailed information is only given in respect of the Company's material operating subsidiaries. The Company maintains a register of all subsidiaries and structured entities available for inspection at the registered office of Aspen Holdings.

Definitions

AUD: Australian Dollar
BRL: Brazilian Real
EUR: Euro
KES: Kenyan Shilling
RUB: Russian Ruble
MXN: Mexican Peso
TZS: Tanzanian Shilling
USD: US Dollar
VEF: Venezuela Bolivares Fuertes
ZAR: South African Rand

Annexure 1

Selected Group financial data translated into US Dollar

The pro-forma convenience statements of comprehensive income, financial position and cash flows have been translated from Rand into US Dollar to enable the offshore shareholders to interpret the financial performance in a universally measurable currency. These translated statements have been provided for illustrative purposes only and may not fairly present the Group's financial position and results of operations and cash flows. The directors are responsible for the preparation of this information.

A limited assurance report on this financial information prepared by the Group's auditors is available for inspection at the Company's registered office.

The pro-forma convenience statement of comprehensive income and the pro-forma convenience statement of cash flows were translated at an average rate of R11,47 (2014: R10,44).

The pro-forma convenience statement of financial position was translated at a closing rate of R12,15 (2014: R10,63).

	% growth	2015 USD'million	2014 USD'million
Pro-forma convenience statement of comprehensive income for the year ended 30 June 2015			
Revenue	11	3 148,5	2 827,8
Cost of sales		(1 644,7)	(1 513,1)
Gross profit	14	1 503,8	1 314,7
Net operating expenses		(725,0)	(565,9)
Operating profit before amortisation	4	778,8	748,8
Amortisation of intangible assets		(42,4)	(37,4)
Operating profit	4	736,4	711,4
Investment income		33,4	26,6
Financing costs		(200,0)	(129,0)
Profit before tax	(6)	569,8	609,0
Tax		(116,7)	(129,4)
Profit for the year	(6)	453,1	479,6
Other comprehensive income, net of tax		81,3	182,6
Total comprehensive income		534,4	662,2
Profit for the year attributable to			
Equity holders of the parent		453,3	479,8
Non-controlling interests		(0,2)	(0,2)
		453,1	479,6
Total comprehensive income attributable to			
Equity holders of the parent		534,6	662,6
Non-controlling interests		(0,2)	(0,4)
		534,4	662,2
Selected performance indicators			
Earnings per share (cents)	(6)	99,3	105,2
Headline earnings per share (cents)	3	100,2	97,4
Normalised headline earnings per share (cents)	4	106,2	102,0

	% growth	2015 USD'million	2014 USD'million
Pro-forma convenience statement of financial position at 30 June 2015			
ASSETS			
Non-current assets			
Property, plant and equipment		651,5	672,7
Intangible assets (including goodwill)		3 748,2	3 983,1
Other non-current assets		182,3	173,4
Total non-current assets	(5)	4 582,0	4 829,2
Current assets			
Inventories		888,0	966,6
Receivables, prepayments and other current assets		855,0	908,9
Cash and cash equivalents		713,2	773,8
Total operating current assets		2 456,2	2 649,3
Assets classified as held-for-sale		237,8	287,0
Total current assets	(8)	2 694,0	2 936,3
Total assets	(6)	7 276,0	7 765,5
Shareholders' equity			
Ordinary shareholders' equity	3	2 809,3	2 716,3
Non-controlling interests		1,9	0,2
Total shareholders' equity	3	2 811,2	2 716,5
Liabilities			
Non-current liabilities			
Borrowings		2 097,7	2 814,3
Other non-current liabilities		437,5	598,6
Deferred tax liabilities		137,4	127,1
Total non-current liabilities	(25)	2 672,6	3 540,0
Current liabilities			
Trade and other payables		558,4	647,5
Borrowings		1 088,1	759,7
Other current liabilities		145,7	101,8
Total current liabilities	19	1 792,2	1 509,0
Total liabilities	(12)	4 464,8	5 049,0
Total equity and liabilities	(6)	7 276,0	7 765,5
Pro-forma convenience statement of cash flows for the year ended 30 June 2015			
Cash generated from operating activities		421,7	367,6
Cash used in investing activities		(136,0)	(1 997,7)
Cash (used in)/generated from financing activities		(195,4)	1 863,3
Currency translation movements on cash and cash equivalents		(82,9)	(25,3)
Movement in cash and cash equivalents		7,4	207,9
Cash and cash equivalents at the beginning of the year		590,4	382,5
Cash and cash equivalents at the end of the year		597,8	590,4
Operating cash flow per share (cents)	15	92,4	80,6

Shareholder statistics

Analysis of shareholders at 26 June 2015

Ordinary shares	Number of shareholders	% of total shareholders	Number of shares	% of total shareholding
Size of holding				
1 – 2 500	45 690	91,7	19 061 080	4,2
2 501 – 12 500	3 072	6,2	16 026 691	3,5
12 501 – 25 000	400	0,8	7 046 317	1,5
25 001 – 50 000	261	0,5	9 196 090	2,0
50 001 and over	408	0,8	405 018 359	88,8
	49 831	**100,0**	**456 348 537**	**100,0**

Major shareholders

Institutional shareholders

According to the register of shareholders at 26 June 2015, the following are the top 10 registered institutional shareholders.

Institutional shareholder	Number of shares	% of total shareholding
Public Investment Corporation	45 832 947	10,0
Foord Asset Management	18 973 817	4,2
T. Rowe Price Associates Inc	14 469 764	3,2
STANLIB Asset Management	13 290 854	2,9
BlackRock	10 456 796	2,3
Vanguard	9 922 717	2,2
Government of Singapore Investment Corporation	9 878 283	2,2
Allan Gray Asset Management	8 753 678	1,9
Harding Loevner Management	7 571 802	1,7
JPMorgan Asset Management	6 930 177	1,5
	146 080 835	**32,1**

Top 10 beneficial shareholders

According to the register of shareholders at 26 June 2015, the following are the top 10 registered beneficial shareholders. The shareholdings of all directors are disclosed on page 91 of the Remuneration Report.

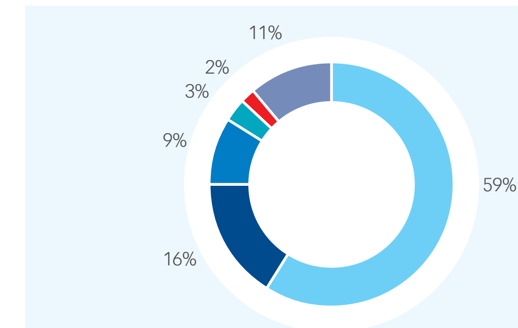
Shareholder	Number of shares	% of total shareholding
Saad, SB	55 333 518	12,1
Government Employees Pension Fund	50 504 418	11,1
Glaxo Group Limited	28 234 379	6,2
Imithi Investments (Pty) Limited	21 160 724	4,6
Attridge, MG	18 851 362	4,1
T. Rowe Price	13 242 558	2,9
Liberty Group	9 943 090	2,2
Foord	9 323 490	2,0
BlackRock	9 145 875	2,0
Vanguard	9 035 020	2,0
	224 774 434	**49,2**

Shareholders' spread

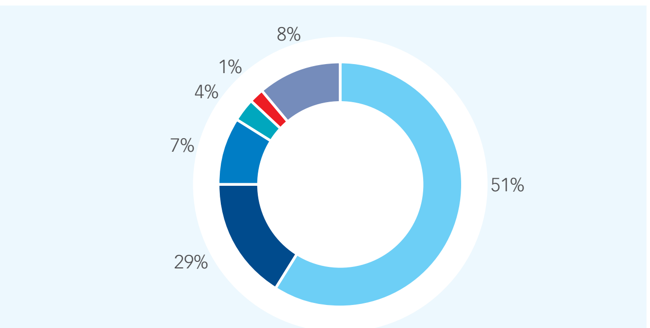
As required by paragraph 8.63 and terms of paragraph of 4.25 of the JSE's Listings Requirements, the spread of the ordinary shareholding at close of business 26 June 2015 was as follows:

	Number of shareholders	Number of shares	% of total shareholding
Non-public shareholders	11	105 669 907	23,2
Directors of the Company and directors of material subsidiaries	9	77 142 415	16,9
Glaxo Group Limited	1	28 234 379	6,2
Employee share trusts – treasury shares	1	293 113	0,1
Public shareholders	49 820	350 678 630	76,8
Total shareholding	**49 831**	**456 348 537**	**100,0**

Geographical split of beneficial shareholders 2015



Geographical split of institutional shareholders 2015

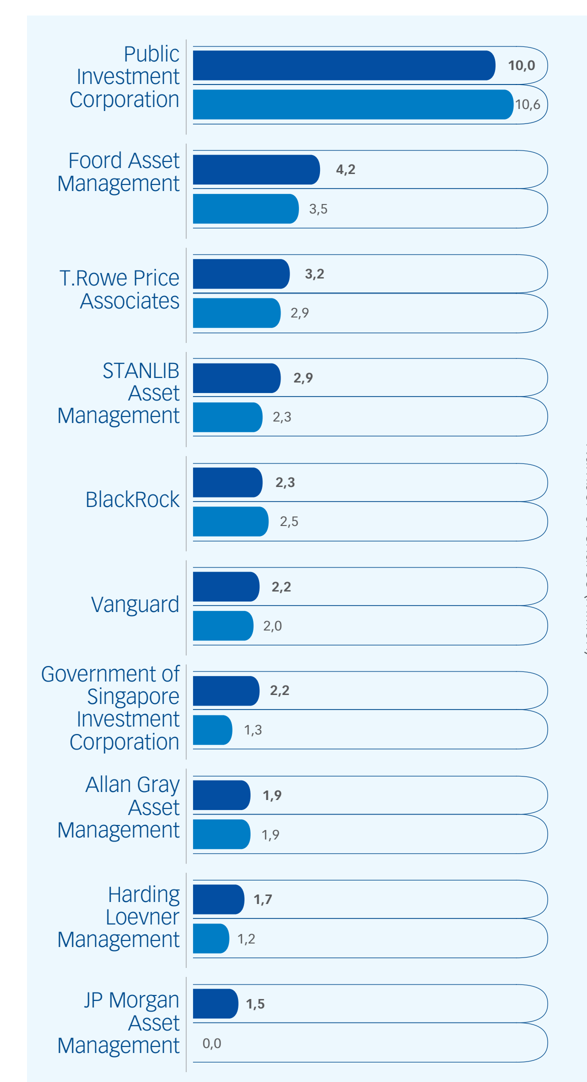


South Africa, Singapore, United States, United Kingdom, Saudi Arabia, Various other

South Africa, Singapore, United States, United Kingdom, Saudi Arabia, Various other

The analysis of the geographical split of beneficial and institutional shareholders reflected above is based on shareholders who own more than 50 000 Aspen shares.

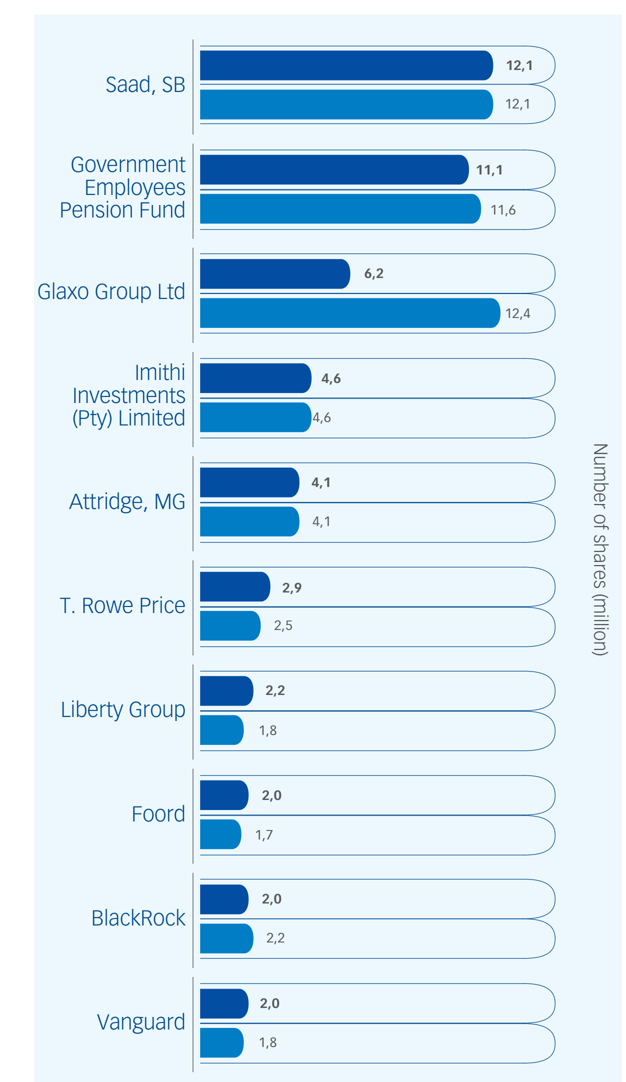
Top 10 institutional shareholders (%)



■ 2015 ■ 2014

Percentages reflect percentage of total issued shares.

Top 10 beneficial shareholders (%)



■ 2015 ■ 2014

Percentages reflect percentage of total issued shares.

Administration

Company Secretary & Group Compliance Officer
Riaan Verster
B.Proc, LL.B, LL.M (Labour Law)

Registered office and postal address
Building Number 8, Healthcare Park, Woodlands Drive, Woodmead
PO Box 1587, Gallo Manor, 2052
Telephone +27 11 239 6100
Telefax +27 11 239 6144

Registration number
1985/002935/06

Share code
APN ISIN: ZAE 000066692

Website address
www.aspenpharma.com

Auditors
PricewaterhouseCoopers Inc

Sponsors
Investec Bank Limited

Transfer secretaries
Computershare Investor Services (Pty) Limited
Transfer office: 70 Marshall Street, Johannesburg
PO Box 61051, Marshalltown, 2107
Telephone +27 11 370 5000
Telefax +27 11 688 5218

ANNUAL FINANCIAL STATEMENTS

Abbreviations

Abbreviation	Meaning
Annual Financial Statements	The Group and Company Annual Financial Statements for the year ended 30 June 2015
API	Active pharmaceutical ingredient
ARV	Anti-retroviral
Aspen and/or Group	Aspen Pharmacare Holdings Limited and/or its subsidiaries as set out in note 24 to the Company financial statements, as the context demands
Aspen Holdings or the Company	Aspen Pharmacare Holdings Limited
Aspen API	Aspen API Incorporated, incorporated in the United States
Aspen Australia	Aspen Australia comprises Aspen Asia Pacific Pty Limited and its subsidiaries, including Aspen Pharmacare Australia Pty Limited, Aspen Pharma Pty Limited, Orphan Holdings Pty Limited, Orphan Australia Pty Limited, Aspen Lennon Pty Limited and Arrow Pharmaceuticals Pty Limited
Aspen Bad Oldesloe	Aspen Bad Oldesloe GmbH, incorporated in Germany
Aspen Brazil	Aspen Pharma – Indústria Farmacêutica Limitada
Aspen Europe	Aspen Europe GmbH, incorporated in Germany
Aspen Global	Aspen Global Incorporated, a wholly owned subsidiary incorporated in Mauritius
Aspen Japan	Aspen Japan KK
Aspen Mexico	Aspen Mexico comprises Aspen Labs S.A. de C.V. (Mexico), Aspen Pharma Mexicana S. de R.L. C.V, Solara S.A. de C.V., Wyeth Pharmaceuticals S. de R.L. de C.V., PN North America S. de R.L. de C.V., Wyeth Ilaclari S. de R.L. de C.V., Wyeth S. de R.L. de C.V., Marcas WN S.A. de C.V.
Aspen NDB	Aspen Notre Dame de Bondeville S.A.S.
Aspen Nigeria	Aspen Pharmacare Nigeria Limited
Aspen Oss	Aspen Oss B.V.
Aspen Venezuela	Aspen Venezuela C.A. and Aspen Venezuela S.A.
BBBEE	Broad-Based Black Economic Empowerment
BBBEE Codes	The Department of Trade and Industry's BBBEE Codes of Good Practice
CAGR	Compound annual growth rate
CariCam	Caribbean and Central America
CEE	Central and Eastern Europe
CIS	The Commonwealth of Independent States, comprising Russia and the former Soviet Republics
Classic brands	A portfolio of 25 established prescription-branded products acquired from GSK
DIFR	Disabling incident frequency ratio
EBITA	Operating profit before amortisation adjusted for specific non-trading items as set out in the segmental analysis contained in the Annual Financial Statements
ERM	Environmental Resources Management (Pty) Limited
FCC	Fine Chemicals Corporation (Pty) Limited
Global brands	Branded products owned by Aspen Global and distributed into multiple territories
GMP	Good Manufacturing Practice
GRI	Global Reporting Initiative
GSK	GlaxoSmithKline
IFRS	International Financial Reporting Standards
IMS	IMS Health (Pty) Limited, a leading provider of healthcare and pharmaceutical market intelligence
Internal Audit	The Aspen Group Internal Audit function
JSE	JSE Limited, licenced as an exchange under the Security Services Act, No 36 of 2004
Kama	Kama Industries Limited
King III	King Report on Corporate Governance for South Africa 2009

Abbreviations continued

KPAs	Key performance areas
KPIs	Key performance indicators
LWDFR	Lost work day frequency ratio
Mandela Day	The Nelson Mandela International Day
MENA	Middle East and North Africa
MSD	Merck Sharpe & Dohme
Mylan	Mylan Laboratories Inc.
NHEPS	Normalised headline earnings per share
Norgine	Norgine (Pty) Limited
NZ New Milk	New Zealand New Milk Limited
OTC	Over-the-counter
Pharmacare	Pharmacare Limited
PBS	Pharmaceutical Benefits Scheme
Pharmerging	Emerging pharmaceutical
PHEF	The South African Public Healthcare Enhancement Fund
PwC	PricewaterhouseCoopers Incorporated
SED	Socio-economic development
SEP	Single Exit Pricing
SHE	Safety, health and environment
Shelys	Shelys comprises Shelys Africa Limited, Shelys Pharmaceuticals Limited, Shelys Pharmaceuticals International Limited, Beta Healthcare Kenya Limited and Beta Healthcare (Uganda) Limited
SSA	Sub-Saharan Africa
Supplementary Documents	The Unabridged Corporate Governance Report including the reports of Audit & Risk, Remuneration & Nomination and Social & Ethics Committees, the Sustainability Report and the Annual Financial Statements
Sustainability Report	The Group's Sustainability Report for the 2015 financial year
SRI	The JSE's Socially Responsible Investment Index
TesoRx	TesoRx Pharma LLC
UN Global Compact	United Nations Global Compact
The Andean Region	Chile, Ecuador and Peru
The Collaboration	The GSK Aspen Healthcare for Africa Collaboration
The Companies Act	The South African Companies Act, No 71 of 2008
USD	United States Dollar
AUD	Australian Dollar
EUR	Euro
GBP	British Pound
R/ZAR	South African Rand

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.

BASTION GRAPHICS

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