ASPEN PHARMACARE HOLDINGS LIMITED ("Aspen Holdings" or "The Company")
(Registration number 1985/002935/06)
Share code: APN / ISIN: ZAE000066692 and its subsidiaries (collectively "Aspen" or "the Group")

Reviewed provisional Group financial results for the year ended 30 June 2015 and withdrawal of cautionary announcement

COMMENTARY

GROUP PERFORMANCE

Aspen raised revenue 22% to R36,1 billion and grew operating profit 14% to R8,4 billion in the year ended 30 June 2015. The results benefited from the contribution of acquisitions concluded during the prior year. Normalised headline earnings, being headline earnings adjusted for specific non-trading items, and normalised headline earnings per share, were both 15% higher at R5,6 billion and 1 219 cents respectively. This positive outcome was achieved despite an unfavourable exchange rate environment in which the US Dollar was particularly strong, devaluing revenue flows and increasing cost of goods in the Group's principal trading currencies.

INTERNATIONAL BUSINESS

In the International business, revenue climbed 46% to R18,6 billion and operating profit before amortisation, adjusted for specific non-trading items ("EBITA"), advanced 42% to R5,2 billion. The International business performance was assisted by the inclusion of the significant transactions completed during the prior year and contributed more than half of Group EBITA. The disposal of the rights to commercialise the fondaparinux products (being Arixtra and the authorised generic thereof) in the United States to Mylan for a consideration of USD300 million became effective during the first half of the 2015 financial year with the consequential loss of contribution.

Revenue from customers in Europe and the Commonwealth of Independent States ("Europe CIS") increased 45% to R10,5 billion. Finished dose form pharmaceutical sales to healthcare providers comprised R6,9 billion of the total sales. The acquisition in the second half of the year of Mono-Embolex, an anti-coagulant with almost all of its sales in Germany, further strengthened Aspen's offering in this therapeutic area. The largest part of the balance of the sales in the region was from active pharmaceutical ingredient ("API") sales. Relative weakness of the Europe CIS currencies to the Rand reduced reported revenue from this region.

Sales to customers in Latin America (excluding Venezuela) grew 44% to R3,4 billion, supported by the infant nutritionals acquisition in the prior year. Performance was constrained due to poor supply by contract manufacturers of certain key pharmaceutical products. In Venezuela, sales to customers were up 143% to R2,7 billion. The results in Venezuela have been influenced by the application of hyper-inflationary accounting principles and a change in the rate of exchange applied in the translation of local currency results from the prior year. The net effect of these entries on EBITA is not significant.

Sales to customers in the Rest of the World were down 10% to R1,6 billion, influenced by the disposal of the fondaparinux products for the United States to Mylan.

Capital expenditure projects remain underway at Aspen Oss and Aspen Notre Dame de Bondeville ("Aspen NDB"). At Aspen Oss, the projects are focused on the repurposing of facilities and at Aspen NDB, the addition of a new pre-filled syringe filling line is well advanced.

SOUTH AFRICAN BUSINESS

Revenue in the South African business increased by 16% to R8,6 billion. Private sector pharmaceutical sales improved 12% through a combination of organic growth and new product launches. In the public sector sales grew 14% led by demand under the antiretroviral ("ARV") tender. The consumer division raised revenue by 23% due to a strong performance from infant nutritionals, with Infacare making impressive gains in its share of this category. Revenue from manufacturing for third parties also showed a good increase.

The increase in the ARV tender revenue coupled with the ongoing weakening of the Rand relative to the US Dollar as well as high wage and energy cost inflation has placed pressure on EBITA margins.

Expansion projects continued at the Port Elizabeth finished dosage form manufacturing site and at the API manufacturing site in Cape Town ("Fine Chemicals"). In Port Elizabeth, the building of the high containment facility is nearing completion and manufacturing trials in the hormonal suite have commenced. The packing facility upgrade is complete. Construction of the additional specialist sterile manufacturing facility has commenced. At Fine Chemicals, production is underway in certain of the newly constructed suites, while other parts of this expansion and upgrade project remain in progress.

ASIA PACIFIC BUSINESS

Revenue in the Asia Pacific region was 5% lower at R8,1 billion and EBITA declined by 10% to R1,7 billion. In Australasia sales to customers were 8% lower at R7,2 billion. The key focus areas of branded pharmaceuticals and infant nutritionals both showed positive growth. This was, however, reversed by the effect of disposals as well as the termination of licences and contract manufacturing arrangements in the second half of the prior financial year. These were undertaken in accordance with the strategy to achieve greater focus in this business. Cost of goods in Australia increased due to the weakening of the Australian Dollar against the US Dollar in which many input costs are denominated.

Sales to customers in Asia accelerated by 39% to R1,3 billion through a combination of organic growth and recent acquisitions, led by strong advances in Japan.

SUB-SAHARAN BUSINESS

In sub-Saharan Africa, revenue was 1% higher at R2,8 billion. A disappointing performance from the GSK Aspen Healthcare for Africa Collaboration, which was hampered by supply problems, limited performance in the region. Weakening in-market currencies contributed to narrowing margins and a reduction of 6% in EBITA to R313 million.

FUNDING

Borrowings, net of cash, increased R0,2 billion over the year to R30,0 billion. R2,5 billion of this arose from unfavourable relative foreign exchange rate movements. Group operating cash flows remained strong and cash generated from operating activities increased by 26% to R4,8 billion. Gearing declined to 47% at the end of the financial year while net interest paid was covered six times by operating profit before amortisation.

Net foreign exchange losses of R479 million were incurred, largely as a result of the strengthening of the US Dollar against Aspen's primary trading currencies, namely the Euro, the Rand and the Australian Dollar, over the course of the year. This was partially offset by favourable hyperinflationary adjustments of R335 million arising in Venezuela.

PROSPECTS

Strategically, the Group is aiming for sharper focus in key therapeutic areas with the objective of delivering improved return on investment. Consequently, a broad range of non-core products distributed in Australia and in South Africa have been divested in transactions which close in the first quarter of the new financial year. The revenue from these divested products in 2015 was R1,7 billion.

The global pharmaceutical industry continues to adjust to changing demands in patient needs, heightened regulation and evolving economic circumstances. This has been marked by significant merger and acquisition activity as companies seek to strengthen and refocus their strategic positions. Aspen remains alert to the potential for value-creating opportunities aligned to the Group's development plans. The Group has a proven capability to successfully execute complex multi-territory transactions which makes it a strong candidate for such opportunities. The Group has been seeking opportunities to expand its infant nutritionals business and has recently been engaged in negotiations to explore such an opportunity. Although these negotiations have not progressed to a satisfactory conclusion, Aspen will continue to investigate prospects to build its infant nutritionals franchise.

Currency volatility has weighed on the results of the past year. The Group remains exposed to the strength of the US Dollar against its primary trading currencies. Indications are that this will again be an influential factor in the overall results achieved in the year ahead. Developments in Venezuela will be carefully monitored due to the risks presented by the economic conditions in that country.

Considerable activity has been undertaken during the past year in the continuation of activities to harness synergies arising from recently completed transactions. Due to the highly regulated nature of the pharmaceutical industry, the execution of these plans has long lead times. Meaningful progress has been achieved in this regard during the year. Areas of focus include lowering the cost of goods for the anti-coagulant portfolio, improving margins in the infant nutritionals business, bringing new manufacturing capacity and technologies on-line, building the third party API business and leveraging acquired intellectual property. It is expected that Aspen will experience the initial commercial benefits from these synergies towards the end of the 2016 financial year. The value created by these initiatives is expected to grow progressively thereafter and Aspen is targeting an additional R2,5 billion in EBITA from these synergies by the 2019 financial year*.

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 is hereby given that the Board has 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 should 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 in the year ending 30 June 2016.

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

Share certificates may not be dematerialised or rematerialised between Monday, 5 October 2015 and Friday, 9 October 2015.

WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announcement dated 14 May 2015 (as renewed on 25 June and 5 August 2015) and are advised that, as negotiations have not progressed to a satisfactory conclusion, caution is no longer required to be exercised by shareholders when dealing in their securities.

By order of the Board

N J Dlamini
(Chairman)

S B Saad
(Group Chief Executive)

Woodmead
9 September 2015

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

* This sentence has not been reviewed or reported on by Aspen's external auditors.

GROUP STATEMENT OF FINANCIAL POSITION

At 30 June 2015	Reviewed 2015 R'million	Audited 2014 R'million
ASSETS		
Non-current assets		
Property, plant and equipment	**7 916,5**	7 150,8
Goodwill	**5 026,0**	6 641,8
Intangible assets	**40 522,1**	35 698,9
Other non-current assets	**407,5**	298,9
Contingent environmental indemnification assets	**676,9**	727,1
Deferred tax assets	**1 131,2**	817,1
Total non-current assets	**55 680,2**	51 334,6
Current assets		
Inventories	**10 791,5**	10 275,2
Receivables and other current assets	**10 390,2**	9 661,2
Cash and cash equivalents	**8 665,6**	8 225,6
Total operating current assets	**29 847,3**	28 162,0
Assets classified as held-for-sale	**2 889,8**	3 050,8
Total operating current assets	**32 737,1**	31 212,8
Total assets	**88 417,3**	82 547,4
SHAREHOLDERS' EQUITY		
Share capital (including treasury shares)	**3 006,8**	3 867,9
Reserves	**31 131,9**	25 006,3
Ordinary shareholders' equity	**34 138,7**	28 874,2
Non-controlling interests	**22,8**	1,9
Total shareholders' equity	**34 161,5**	28 876,1
LIABILITIES		
Non-current liabilities		
Borrowings	**25 491,6**	29 915,5
Deferred tax liabilities	**1 669,3**	1 351,1
Retirement and other employee benefits	**470,8**	497,6
Contingent environmental liabilities	**676,9**	727,1
Unfavourable and onerous contracts	**2 112,3**	2 638,7
Other non-current liabilities	**2 056,4**	2 499,3
Total non-current liabilities	**32 477,3**	37 629,3
Current liabilities		
Trade and other payables	**6 785,2**	6 884,0
Borrowings*	**13 222,2**	8 075,3
Other current liabilities	**1 455,6**	747,4
Unfavourable and onerous contracts	**315,5**	335,3
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
Number of shares in issue (net of treasury shares) ('000)	**456 055**	455 914
Net asset value per share (cents)	**7 485,7**	6 333,3

* Includes bank overdrafts.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015	Notes	Change	**Reviewed 2015 R'million**	Audited 2014 R'million
Revenue		22%	**36 126,6**	29 515,1
Cost of sales			**(18 872,4)**	(15 793,2)
Gross profit		26%	**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	B#	14%	**8 449,9**	7 424,8
Investment income	C#		**382,7**	278,1
Financing costs	D#		**(2 294,6)**	(1 346,4)
Profit before tax		3%	**6 538,0**	6 356,5
Tax			**(1 338,6)**	(1 351,0)
Profit for the year		4%	**5 199,4**	5 005,5
OTHER COMPREHENSIVE INCOME, NET OF TAX*				
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	E#		**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
Weighted average number of shares in issue ('000)			**456 347**	456 116
Diluted weighted average number of shares in issue ('000)			**456 453**	456 219
EARNINGS PER SHARE				
Basic earnings per share (cents)		4%	**1 139,8**	1 097,9
Diluted earnings per share (cents)		4%	**1 139,5**	1 097,6
DISTRIBUTION TO SHAREHOLDERS				
Capital distribution per share (cents)			**188,0**	26,0
Cash dividends per share (cents)			**–**	131,0
			188,0	157,0

The capital distribution to shareholders of 188,0 cents relates to the distribution declared on 10 September 2014 and paid on 13 October 2014. (2014 distribution: the total distribution of 157,0 cents relates to the distribution declared on 11 September 2013 and paid on 14 October 2013).

See notes on Supplementary information.

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

GROUP STATEMENT OF HEADLINE EARNINGS

For the year ended 30 June 2015	Change	**Reviewed 2015 R'million**	Audited 2014 R'million
HEADLINE EARNINGS			
Reconciliation of headline earnings			
Profit attributable to equity holders of the parent	4%	**5 201,4**	5 007,6
Adjusted for:			
– Profit on the sale of intangible assets (net of tax)		**(58,4)**	(479,8)
– Net impairment/(reversal of impairment) of property, plant and equipment (net of tax)		**7,8**	(5,8)
– Net impairment of intangible assets (net of tax)		**162,3**	112,6
– (Profit)/loss on the sale of property, plant and equipment (net of tax)		**(65,4)**	1,1
	13%	**5 247,7**	4 635,7
HEADLINE EARNINGS PER SHARE			
Headline earnings per share (cents)	13%	**1 149,9**	1 016,3
Diluted headline earnings per share (cents)	13%	**1 149,7**	1 016,1
NORMALISED HEADLINE EARNINGS			
Reconciliation of normalised headline earnings			
Headline earnings	13%	**5 247,7**	4 635,7
Adjusted for:			
– Restructuring costs (net of tax)		**98,6**	29,4
– Transaction costs (net of tax)		**217,2**	435,9
– Net foreign exchange gains from hedging of business acquisitions (net of tax)		**–**	1,7
– Foreign exchange gain on settlement of transaction funding liability (net of tax)		**–**	(248,9)
	15%	**5 563,5**	4 853,8
NORMALISED HEADLINE EARNINGS PER SHARE			
Normalised headline earnings per share (cents)	15%	**1 219,1**	1 064,2
Normalised diluted headline earnings per share (cents)	15%	**1 218,9**	1 063,9

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015	Share capital (including treasury shares) R'million	Reserves R'million	Total attributable to equity holders of the parent R'million	Non-controlling interests R'million	Total R'million
BALANCE AT 1 JULY 2013	3 989,2	18 804,6	22 793,8	5,1	22 798,9
Total comprehensive income	–	6 915,4	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	–	1 907,8	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
Equity portion of tax claims in respect of share schemes	–	10,8	10,8	–	10,8
Hyperinflation adjustment – Venezuela	–	(132,0)	(132,0)	0,9	(131,1)
BALANCE AT 30 JUNE 2014	**3 867,9**	**25 006,3**	**28 874,2**	**1,9**	**28 876,1**
Total comprehensive income	**–**	**6 134,1**	**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	**–**	**932,7**	**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**
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	**–**	**(13,8)**	**(13,8)**	**2,1**	**(11,7)**
BALANCE AT 30 JUNE 2015	**3 006,8**	**31 131,9**	**34 138,7**	**22,8**	**34 161,5**

GROUP STATEMENT OF CASH FLOWS

For the year ended 30 June 2015	Notes	**Reviewed 2015 R'million**	Audited 2014 R'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash operating profit		**9 506,8**	7 911,2
Changes in working capital		**(1 466,9)**	(2 187,5)
Cash generated from operations		**8 039,9**	5 723,7
Net financing costs paid		**(2 007,4)**	(709,1)
Tax paid		**(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	A#	**(1 592,8)**	(1 328,9)
Proceeds on the sale of property, plant and equipment		**184,6**	106,3
Capital expenditure – intangible assets	A#	**(824,6)**	(700,4)
Proceeds on the sale of intangible assets		**412,2**	898,8
Acquisition of subsidiaries and businesses	H#	**(2 156,5)**	(19 764,2)
Acquisition of non-controlling interests		**(11,7)**	–
Acquisition of joint venture		**(61,5)**	–
Increase in other non-current assets		**(65,8)**	–
Payment of deferred consideration relating to prior year business acquisitions		**(495,7)**	(85,9)
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			
Net (repayments)/proceeds from borrowings		**(1 366,2)**	20 183,3
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 effects of exchange rate changes		**1 036,1**	2 433,4
Effects of exchange rate changes		**(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		**6 859,0**	6 161,8
Operating cash flow per share (cents)		**1 060,3**	841,1
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
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)
		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.

See notes on Supplementary information.

GROUP SEGMENTAL ANALYSIS

For the year ended 30 June 2015	2015 R'million	2015 % of total	Restated 2014 R'million	Restated 2014 % of total	Change
REVENUE					
International[@]	**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%)
Sub-Saharan Africa	**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)		
Sub-Saharan Africa	**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 (excluding hyperinflationary economy)	**3 424,3**	**9**	2 371,7	8	44%
Sub-Saharan Africa	**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%

[@] 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 GSK Aspen Healthcare for Africa Collaboration has been disclosed as revenue in the statement of comprehensive income. For segmental purposes the total revenue for the GSK Aspen Healthcare for Africa Collaboration has been included to provide enhanced revenue visibility in this territory.
[#] The aggregate segmental operating profit is R8 449,9 million (2014: R7 424,8 million).

GROUP SUPPLEMENTARY INFORMATION

For the year ended 30 June 2015	Notes	**Reviewed 2015 R'million**	Audited 2014 R'million
A. CAPITAL EXPENDITURE			
Incurred		**2 417,4**	2 029,3
– Property, plant and equipment		**1 592,8**	1 328,9
– Intangible assets		**824,6**	700,4
Contracted		**683,4**	477,2
– Property, plant and equipment		**600,8**	425,7
– Intangible assets		**82,6**	51,5
Authorised but not contracted for		**2 625,8**	2 967,1
– Property, plant and equipment		**2 405,4**	2 652,9
– Intangible assets		**220,4**	314,2
B. OPERATING PROFIT HAS BEEN ARRIVED AT AFTER CHARGING/(CREDITING):			
Depreciation of property, plant and equipment		**552,3**	433,9
Amortisation of intangible assets		**487,0**	389,9
Net impairment/(reversal of impairment) of property, plant and equipment		**11,0**	(8,2)
Net impairment of intangible assets		**183,3**	113,3
Share-based payment expenses – employees		**50,8**	47,5
Transaction costs		**85,5**	339,4
Restructuring costs		**131,8**	42,1
Hyperinflationary reduction in operating profit		**19,4**	80,9
C. INVESTMENT INCOME			
Interest received		**382,7**	278,1
D. FINANCING COSTS			
Interest paid		**(1 832,2)**	(1 295,9)
Debt raising fees on acquisitions		**(142,0)**	(154,7)
Net foreign exchange (losses)/gains		**(479,4)**	80,7
Foreign exchange gain on settlement of transaction funding liability		**–**	248,9
Fair value losses on financial instruments		**(0,9)**	(86,0)
Notional interest on financial instruments		**(174,6)**	(131,4)
Net hyperinflationary gains/(losses)	I#	**334,5**	(8,0)
		(2 294,6)	(1 346,4)
E. CURRENCY TRANSLATION GAINS			
Currency translation movements on the translation of the offshore businesses are as a result of the difference between the weighted average exchange rate used for trading results and the opening and closing exchange rates applied in the statement of financial position. For the period the weaker closing Rand translation rate increased the Group net asset value.			
F. CONTINGENT LIABILITIES			
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
G. GUARANTEES TO FINANCIAL INSTITUTIONS			
Material guarantees given by Group companies for indebtedness of subsidiaries to financial institutions		**13 412,7**	12 888,7

H. ACQUISITION OF SUBSIDIARIES AND BUSINESSES

2015

	R'million
Cash outflow relating to current year business combinations	2 160,8
Cash inflow relating to a 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 Industries Limited

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

Mono-Embolex business

Aspen Global Incorporated, a wholly owned subsidiary of the Company, acquired the rights to Mono-Embolex, an injectable anti-coagulant, from Novartis AG for a consideration of USD142 million effective 20 February 2015.

Florinef and Omcilon business

Aspen Global Incorporated 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 UK 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 Industries Limited 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

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

Post-acquisition revenue included in the statement of comprehensive income was R465 million made up as follows:

Kama Industries Limited	R2 million
Florinef and Omcilon business	R155 million
Mono-Embolex business	R308 million

The estimation of post-acquisition operating profits is impracticable and not reasonably determinable due to the immediate integration of the businesses into the existing operations of the Group.

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

H. ACQUISITION OF SUBSIDIARIES AND BUSINESSES continued

2015

Goodwill

(1) The goodwill arising on the acquisition of Kama Industries Limited 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.

(2) 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.

(3) 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 anti-coagulant 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.

2014

API business

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

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

MSD business

Aspen Global Incorporated 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.

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

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

Aspen NDB

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

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

Latin American infant nutritional 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 nutritional production facility located in Vallejo, Mexico) and 100% of the issued share capital in the infant nutritional businesses presently conducted by Nestlé and Pfizer in Latin America, predominantly in Mexico, Venezuela, Colombia, Ecuador, Chile, Peru, Central America and the Caribbean for a purchase consideration of USD180 million.

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

South African infant nutritional business

The Company concluded agreements with Nestlé in the 2013 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 milk business from Nestlé was approved by the Competition Tribunal in December 2013. The effective date upon which Aspen assumed control of the business was 27 January 2014.

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

H. ACQUISITION OF SUBSIDIARIES AND BUSINESSES continued

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

	API business R'million	MSD business R'million	GSK thrombosis business R'million	Latin American infant nutritional business R'million	South African infant nutritional business R'million	Australian infant nutritional 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
Non-current financial 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)
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 acquisitions	–	–	(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.

I. HYPERINFLATIONARY ECONOMY

The Venezuelan economy is regarded as a hyperinflationary economy in terms of International Financial Reporting Standards. There are three regulated exchange rates which are applicable in Venezuela:

- Official CENCOEX rate of VEF6.30 per USD 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 per USD and currently trading at VEF13.50 per USD; and
- SIMADI introduced in February 2015 at an initial rate of VEF170 per USD and currently trading at VEF198.0 per USD.

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 6.30 VEF per USD 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 (USD equivalent at the 6.30 official CENCOEX rate) of net monetary assets in its Venezuelan entities, of which the large majority was 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 USD 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 nutritional products) qualifies for the most preferential rates permitted by law. For the year ended 30 June 2014 the Group applied a rate of 8.50 VEF per USD 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.

Basis of accounting

The reviewed provisional Group financial results have been prepared in accordance with International Financial Reporting Standards, IFRIC interpretations, the Listings Requirements of the JSE Limited, South African Companies Act, 2008 and the presentation and disclosure requirements of IAS 34: Interim Reporting.

The accounting policies used in the preparation of these provisional Group financial results are consistent with those used in the annual financial statements for the year ended 30 June 2014.

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

Audit review

These results have been reviewed by Aspen's auditors, PricewaterhouseCoopers Inc. Their unqualified review report is available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

Subsequent events

Divestment of 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 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 Incorporated ("AGI") entered into an agreement with Strides Pharma Global Pte Limited in terms of which AGI divested a portfolio of six branded prescription products for a consideration of approximately USD79 million.

Both of the above transactions were completed on 31 August 2015.

Divestment of a portfolio of products in South African to Litha

On 11 May 2015, Pharmacare Limited ("Pharmacare"), a wholly owned subsidiary of the Company and the Group's primary South African trading company, concluded a set of agreements with Litha Pharma (Pty) Limited ("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 is expected to complete on 30 September 2015.

Acquisition of Norgine (Proprietary) Limited

On 21 May 2015, Pharmacare concluded an agreement with Norgine B.V. and Norgine (Proprietary) Limited ("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 but the completion remains subject to certain conditions. This transaction is expected to complete on 30 September 2015.

Changes in directorate

Abbas Hussain resigned and David Redfern was appointed as a non-executive director on 1 February 2015. Rafique Bagus resigned as an independent non-executive director on 31 March 2015.

Directors

N J Dlamini (Chairman)*, R C Andersen*, M G Attridge, J F Buchanan*, K D Dlamini*, M M Manyama*, C N Mortimer*, D S Redfern*, S B Saad, S V Zilwa*
**Non-executive director*

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R Verster

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