ASPEN PHARMACARE HOLDINGS LIMITED
(Registration number 1985/002935/06)
Share code: APN / ISIN: ZAE000066692
AND ITS SUBSIDIARIES ("Aspen" or "the Group")

Unaudited interim financial results for the six months ended 31 December 2015

COMMENTARY

GROUP PERFORMANCE

For the six months ended 31 December 2015, the profit after tax increased by 35% to R3,3 billion. The factors set out below, have significantly affected the comparability with the results of the prior period:

1. The completion on 31 August 2015 of the divestment of the generics business conducted in Australia as well as certain branded products distributed in Australia to Strides group companies, the related termination of licence arrangements in Australia and the completion on 1 October 2015 of the divestment of a portfolio of products distributed in South Africa to Litha Pharma (collectively "the Divestments"). The Divestments gave rise to a pre-tax profit on disposal of R1,7 billion. However, as a consequence of the timing of these transactions, the contribution to the trading results by the Divestments is substantially reduced in the current period. In the period from 1 July 2015 until the effective date of divestment, revenue from the Divestments was R202 million whereas revenue from the Divestments for the six months ended 31 December 2014 was R1 148 million.

2. The economic situation in Venezuela deteriorated over the six months to December 2015 and the Venezuelan authorities have increasingly limited authorisations to pay for pharmaceutical imports using the official CENCOEX rate during this period of Venezuelan Bolivar ("VEF") 6,30 per US Dollar ("USD"). As a consequence of the limited payment approvals and the uncertain economic and political situation in Venezuela, the Group has concluded that it would be more appropriate to apply the SIMADI exchange rate of VEF200 per USD to report the Venezuelan business' financial position, results of its operations and cash flows for the six months ended 31 December 2015. This has resulted in a one-off currency devaluation loss on foreign denominated liabilities of R841 million.

The profit arising from the Divestments, the currency devaluation loss and the hyperinflationary adjustments relating to Venezuela are excluded in determining normalised headline earnings per share ("NHEPS") which increased by 14%. In order to provide meaningful comparability of the financial performance of the ongoing underlying business, a measure described as comparable NHEPS has been determined by removing the contribution by the Divestments from NHEPS and including the results of Aspen's business in Venezuela translated at VEF200 per USD in the prior reporting period. Comparable NHEPS for the six months ended 31 December 2015 was 640,9 cents, an increase of 21%. Applying the same principles, comparable revenue increased by 8% and comparable operating profit increased by 8%.

INTERNATIONAL BUSINESS

The International Business improved revenue 2% to R9,0 billion and raised operating profit before amortisation, adjusted for specific non-trading items ("EBITA"), 16% to R2,8 billion. Revenue was unfavourably affected by R836 million due to the devaluation of the Venezuelan contribution. Excluding the effect of the devaluation, revenue increased 14% in the remainder of the international business.

Revenue from customers in Europe and the Commonwealth of Independent States ("Europe CIS") increased 21% to R6,1 billion. Finished dose from pharmaceutical sales to healthcare providers were up 20% to R4,1 billion. The acquisition of Mono-Embolex, an anti-coagulant with almost all of its sales in Germany, in the second half of the previous year further strengthened Aspen's offering in this therapeutic area and added to growth. However, the contribution from Russia fell sharply due to the significant weakening of the Ruble. Active pharmaceutical ingredient ("API") sales continued to grow and were the largest part of the balance of the revenue from Europe CIS.

Sales to customers in Latin America (excluding Venezuela) declined by 1% to R1,7 billion, unfavourably influenced by difficult socio-economic conditions in Brazil. The nutritional products in the region maintained their positive growth momentum with revenue rising 12%. Demand for Aspen's pharmaceutical products was strong, but performance has continued to be suppressed by unreliable supply of certain key products by contract manufacturers. The devalued contribution from Venezuela is no longer material to the Group.

Sales to customers in the Rest of the World increased 4% to R922 million, led by a positive performance in the Middle East North Africa territory.

The installation of a new high speed pre-filled syringe filling line at Aspen Notre Dame de Bondeville ("Aspen NDB") was completed during the period and commercial production is about to commence. At Aspen Oss capital expenditure projects are ongoing, focused on the sustainability of the site.

SOUTH AFRICAN BUSINESS

In the South African business revenue was 3% lower at R4,2 billion. Excluding the effect of the Divestments, revenue improved by 4%. The nutritionals products were the leading performer, with revenue growing 15% to R402 million. In the balance of the private sector, branded and generic pharmaceuticals performed satisfactorily. However, supply problems severely undermined the performance of the over-the-counter ("OTC") products with a consequential decline in key OTC brands. Sales in the public sector (excluding Divestments) were down 4% on the reduced value of the antiretroviral ("ARV") tender award. Export revenue from finished dose products and APIs continued to expand, rising 16%.

EBITA in South Africa was down 4% to R952 million. Excluding the Divestments, EBITA increased by 6%.

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 in the qualification process. Construction of the additional specialist sterile manufacturing facility is progressing to plan. While much of the construction at Fine Chemicals is complete, expansion and upgrade projects remain underway.

ASIA PACIFIC BUSINESS

Revenue and EBITA in the Asia Pacific region were both 14% lower at R3,8 billion and R843 million respectively. The decline was led by the Divestments. In Australasia, nutritionals continued to drive revenue growth with an increase of 7% with branded pharmaceuticals also advancing. Sales to customers in Asia accelerated 41%, assisted by a positive contribution from Japan.

SUB-SAHARAN BUSINESS

Gross revenue in sub-Saharan Africa advanced 11% to R1,6 billion. However, currency weakness across the region and unfavourable new VAT legislation in Tanzania squeezed margins, resulting in a 17% decline in EBITA to R174 million.

FUNDING

Borrowings, net of cash, increased R3,5 billion over the period to R33,5 billion. Retirement of foreign currency denominated debt was more than offset by a R5,4 billion unfavourable currency translation effect on borrowings denominated in USD and Australian Dollars as well as the R1,0 billion devaluation in the cash held in Venezuela. Group operating cash flows were negatively affected by a R1,8 billion increase in working capital over the period. This increase is the consequence of an unfavourable currency translation effect on foreign currency denominated working capital balances and planned stock builds in South Africa and Europe CIS. Gearing improved to 44% from 49% in the previous year while net interest paid was covered 8 times by operating profit before amortisation.

Net foreign exchange losses reduced from R343 million to R15 million while fair value gains on financial instruments increased from R14 million to R167 million, leading to a combined benefit of R481 million over the period.

A large portion of net debt reaches term before the end of the calendar year as is reflected by the shift in the value of borrowings from non-current to current classification. The Group expects to refinance its debt this year.

PROSPECTS

The period under review has been marked by economic stress in many parts of the world and weakness in most emerging market currencies. Aspen has continued to deliver solid growth notwithstanding this environment. The Group benefits from the pharmaceutical industry's strong defensive qualities in such times, supported by the essential nature of medicines. Further meaningful advances in the implementation of Aspen's strategic objectives have been made. The completion of the Divestments marks an important step in achieving increased focus in the South African and Asia Pacific businesses. Aspen is seeking to grow its business in targeted therapeutic categories and remains alert to opportunities to expand its product portfolio in these areas of focus.

The Aspen business model delivers sustained annuity cash flows which is efficient in translating profits into cash. For the balance of this financial year, necessary additions to inventory carrying levels will continue to weigh on cash flows, but thereafter there is the potential to release working capital as stock builds are depleted. The Group trades in a diversified mix of currencies which generally diminishes currency risk. The material currencies contributing to EBITA are the Australian Dollar at (30%), the Rand (27%) and the Euro and Euro-related currencies (21%). In South Africa, the public sector has recently implemented quarterly price adjustments to take account of exchange rate variations. This, together with Aspen's forward cover policy for procurement in Rand, will effectively neutralise the exposure to USD-denominated imports of ARV APIs, a material factor to date. Consequently the Group has little exposure to USD at the EBITA level. The South African private market business will nonetheless be unfavourably affected by raised cost of goods as a result of the sharp decline in the value of the Rand in recent months.

In the 2015 final results announcement, Aspen identified a number of projects aimed at delivering synergies from recent acquisitions, targeting an additional R2,5 billion in EBITA* from these synergies by the 2019 financial year. These projects 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. Particular opportunities have been identified to build a niche business based on supply of specialised APIs and finished dose forms to the United States. Significant progress has been made over this past period in regard to the realisation of these synergies and Aspen is confident that this target will be achieved and exceeded. A material value of the synergies is expected to be achieved in the next financial year*.

By order of the Board

K D Dlamini
(Chairman)

S B Saad
(Group Chief Executive)

Woodmead
3 March 2016

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

GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 31 December 2015 R'million	Unaudited 31 December 2014 R'million	Audited 30 June 2015 R'million
ASSETS			
Non-current assets			
Property, plant and equipment	**9 323,1**	7 547,9	7 916,5
Goodwill	**6 207,1**	6 289,1	5 026,0
Intangible assets	**51 382,5**	38 615,6	40 522,1
Other non-current assets	**480,0**	450,3	407,5
Contingent environmental indemnification assets	**843,0**	699,2	676,9
Deferred tax assets	**1 262,0**	831,4	1 131,2
Total non-current assets	**69 497,7**	54 433,5	55 680,2
Current assets			
Inventories	**13 267,7**	10 124,1	10 791,5
Receivables and other current assets	**11 964,1**	10 413,5	10 390,2
Cash and cash equivalents	**10 387,1**	10 935,7	8 665,6
Total operating current assets	**35 618,9**	31 473,3	29 847,3
Assets classified as held-for-sale	**200,5**	–	2 889,8
Total current assets	**35 819,4**	31 473,3	32 737,1
Total assets	**105 317,1**	85 906,8	88 417,3
SHAREHOLDERS' EQUITY			
Share capital (including treasury shares)	**2 005,9**	3 006,4	3 006,8
Reserves	**41 168,4**	27 734,9	31 131,9
Ordinary shareholders' equity	**43 174,3**	30 741,3	34 138,7
Non-controlling interests	**24,5**	1,5	22,8
Total shareholders' equity	**43 198,8**	30 742,8	34 161,5
LIABILITIES			
Non-current liabilities			
Borrowings	**13 689,4**	30 324,4	25 491,6
Deferred tax liabilities	**1 912,2**	1 411,6	1 669,3
Retirement and other employee benefits	**588,2**	501,7	470,8
Contingent environmental liabilities	**843,0**	699,2	676,9
Unfavourable and onerous contracts	**2 460,1**	2 412,7	2 112,3
Other non-current liabilities	**2 444,3**	2 439,9	2 056,4
Total non-current liabilities	**21 937,2**	37 789,5	32 477,3
Current liabilities			
Trade and other payables	**7 800,1**	7 131,7	6 785,2
Borrowings*	**30 205,8**	9 230,1	13 222,2
Other current liabilities	**1 807,9**	687,9	1 455,6
Unfavourable and onerous contracts	**367,3**	324,8	315,5
Total current liabilities	**40 181,1**	17 374,5	21 778,5
Total liabilities	**62 118,3**	55 164,0	54 255,8
Total equity and liabilities	**105 317,1**	85 906,8	88 417,3
Number of shares in issue (net of treasury shares) ('000)	**456 062**	456 041	456 055
Net asset value per share (cents)	**9 466,8**	6 740,9	7 485,7

* Includes bank overdrafts.

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	Change	**Unaudited six months ended 31 December 2015 R'million**	Unaudited six months ended 31 December 2014 R'million	Audited year ended 30 June 2015 R'million
Revenue		(3%)	**17 512,3**	18 033,3	36 126,6
Cost of sales			**(8 682,4)**	(9 562,3)	(18 872,4)
Gross profit		4%	**8 829,9**	8 471,0	17 254,2
Selling and distribution expenses			**(2 670,8)**	(2 809,7)	(5 614,4)
Administrative expenses			**(1 381,0)**	(1 184,1)	(2 817,5)
Other operating income			**1 826,8**	168,7	542,8
Other operating expenses			**(516,5)**	(327,5)	(915,2)
Operating profit	B#	41%	**6 088,4**	4 318,4	8 449,9
Investment income	C#		**197,8**	188,3	382,7
Financing costs	D#		**(1 843,2)**	(1 395,2)	(2 294,6)
Operating profit after investment income and financing costs			**4 443,0**	3 111,5	6 538,0
Share of after-tax net profits of joint venture			**9,3**	–	–
Profit before tax		43%	**4 452,3**	3 111,5	6 538,0
Tax			**(1 122,0)**	(653,4)	(1 338,6)
Profit for the period/year		35%	**3 330,3**	2 458,1	5 199,4
OTHER COMPREHENSIVE INCOME, NET OF TAX*					
Currency translation gains	E#		**6 706,3**	282,6	916,0
Cash flow hedges recognised			**20,0**	8,7	22,2
Remeasurement of retirement and other employee benefits			**–**	–	(5,5)
Total comprehensive income			**10 056,6**	2 749,4	6 132,1
Profit for the period/year attributable to					
Equity holders of the parent			**3 317,9**	2 460,3	5 201,4
Non-controlling interests			**12,4**	(2,2)	(2,0)
			3 330,3	2 458,1	5 199,4
Total comprehensive income attributable to					
Equity holders of the parent			**10 044,2**	2 751,6	6 134,1
Non-controlling interests			**12,4**	(2,2)	(2,0)
			10 056,6	2 749,4	6 132,1
Weighted average number of shares in issue ('000)			**456 349**	456 346	456 347
Diluted weighted average number of shares in issue ('000)			**456 444**	456 449	456 453
EARNINGS PER SHARE					
Basic earnings per share (cents)		35%	**727,1**	539,1	1 139,8
Diluted earnings per share (cents)		35%	**726,9**	539,0	1 139,5
DISTRIBUTION TO SHAREHOLDERS					
Capital distribution per share (cents)			**216,0**	188,0	188,0

The capital distribution to shareholders of 216,0 cents relates to the distribution declared on 9 September 2015 and paid on 12 October 2015 (2014 distribution: the capital distribution of 188,0 cents relates to the distribution declared on 10 September 2014 and paid on 13 October 2014).

* The annual 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.

See notes on Supplementary information.

GROUP STATEMENT OF HEADLINE EARNINGS

	Note	Change	**Unaudited six months ended 31 December 2015 R'million**	Restated Unaudited six months ended 31 December 2014 R'million	Restated Audited year ended 30 June 2015 R'million
HEADLINE EARNINGS					
Reconciliation of headline earnings					
Profit attributable to equity holders of the parent		35%	**3 317,9**	2 460,3	5 201,4
Adjusted for:					
– Net impairment of property, plant and equipment (net of tax)			**3,4**	1,0	7,8
– Net impairment of intangible assets (net of tax)			**–**	10,4	162,3
– Loss/(profit) on the sale of tangible and intangible assets (net of tax)			**1,0**	0,2	(123,8)
– Profit on the sale of assets classified as held-for-sale (net of tax)			**(1 411,2)**	–	–
		(23%)	**1 911,1**	2 471,9	5 247,7
HEADLINE EARNINGS PER SHARE					
Headline earnings per share (cents)		(23%)	**418,8**	541,7	1 149,9
Diluted headline earnings per share (cents)		(23%)	**418,7**	541,6	1 149,7
NORMALISED HEADLINE EARNINGS*					
Reconciliation of normalised headline earnings					
Headline earnings		(23%)	**1 911,1**	2 471,9	5 247,7
Adjusted for:					
– Restructuring costs (net of tax)			**92,9**	24,2	98,6
– Transaction costs (net of tax)			**138,4**	101,0	217,2
– Net monetary adjustments and currency devaluations relating to hyperinflationary economies (net of tax)			**848,8**	16,2	(334,5)
		14%	**2 991,2**	2 613,3	5 229,0
NORMALISED HEADLINE EARNINGS PER SHARE*	L#				
Normalised headline earnings per share (cents)		14%	**655,5**	572,7	1 145,8
Normalised diluted headline earnings per share (cents)		14%	**655,3**	572,5	1 145,6

* The definition of normalised headline earnings was amended in terms of a change in accounting policy to exclude net monetary adjustments and currency devaluations relating to hyperinflationary economies. Normalised headline earnings per share for the six months ended 31 December 2014 and the year ended 30 June 2015 have been restated from the previously reported values of 569.1 cents and 1 219.1 cents respectively.

See notes on supplementary information.

GROUP STATEMENT OF CHANGES IN EQUITY

	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 2014	3 867,9	25 006,3	28 874,2	1,9	28 876,1
Total comprehensive income	–	2 751,6	2 751,6	(2,2)	2 749,4
Profit for the year	–	2 460,3	2 460,3	(2,2)	2 458,1
Other comprehensive income	–	291,3	291,3	–	291,3
Capital distribution and dividends paid	(857,3)	–	(857,3)	(0,3)	(857,6)
Issue of ordinary share capital – share schemes	0,2	–	0,2	–	0,2
Treasury shares purchased	(21,7)	–	(21,7)	–	(21,7)
Deferred incentive bonus shares exercised	17,3	(17,3)	–	–	–
Share-based payment expenses	–	8,1	8,1	–	8,1
Acquisition of non-controlling interests	–	(13,8)	(13,8)	2,1	(11,7)
BALANCE AT 31 DECEMBER 2014	**3 006,4**	**27 734,9**	**30 741,3**	**1,5**	**30 742,8**
BALANCE AT 1 JULY 2015	**3 006,8**	**31 131,9**	**34 138,7**	**22,8**	**34 161,5**
Total comprehensive income	**–**	**10 044,2**	**10 044,2**	**12,4**	**10 056,6**
Profit for the year	**–**	**3 317,9**	**3 317,9**	**12,4**	**3 330,3**
Other comprehensive income	**–**	**6 726,3**	**6 726,3**	**–**	**6 726,3**
Capital distribution and dividends paid	**(985,3)**	**–**	**(985,3)**	**(10,7)**	**(996,0)**
Treasury shares purchased	**(35,6)**	**–**	**(35,6)**	**–**	**(35,6)**
Deferred incentive bonus shares exercised	**20,0**	**(20,0)**	**–**	**–**	**–**
Share-based payment expenses	**–**	**12,3**	**12,3**	**–**	**12,3**
BALANCE AT 31 DECEMBER 2015	**2 005,9**	**41 168,4**	**43 174,3**	**24,5**	**43 198,8**

GROUP STATEMENT OF CASH FLOWS

	Notes	**Unaudited six months ended 31 December 2015 R'million**	Unaudited six months ended 31 December 2014 R'million	Audited year ended 30 June 2015 R'million
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash operating profit		**4 997,2**	4 916,9	9 506,8
Changes in working capital		**(1 798,5)**	(655,1)	(1 466,9)
Cash generated from operations		**3 198,7**	4 261,8	8 039,9
Net financing costs paid		**(839,0)**	(1 029,8)	(2 007,4)
Tax paid		**(830,3)**	(544,9)	(1 193,7)
Cash generated from operating activities		**1 529,4**	2 687,1	4 838,8
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditure – property, plant and equipment	A#	**(917,9)**	(809,2)	(1 592,8)
Proceeds on the sale of property, plant and equipment		**4,4**	13,0	184,6
Capital expenditure – intangible assets	A#	**(561,5)**	(764,1)	(824,6)
Proceeds on the sale of intangible assets		**22,6**	184,5	412,2
Acquisition of subsidiaries and businesses	J#	**(457,7)**	4,3	(2 156,5)
Acquisition of non-controlling interests		**–**	(11,7)	(11,7)
Acquisition of joint venture		**–**	–	(61,5)
Increase in other non-current assets		**(8,3)**	(161,9)	(65,8)
Payment of deferred consideration relating to prior year business acquisitions		**(351,5)**	(359,1)	(495,7)
Proceeds on the disposal of assets classified as held-for-sale	H#	**4 799,4**	2 790,4	3 050,8
Cash generated from/(used in) investing activities		**2 529,5**	886,2	(1 561,0)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net (repayments)/proceeds from borrowings		**(1 983,7)**	90,9	(1 366,2)
Capital distribution and dividends paid		**(996,0)**	(857,6)	(857,7)
Proceeds from issue of ordinary share capital		**–**	0,2	0,2
Contribution by non-controlling shareholders		**–**	–	4,7
Treasury shares purchased		**(35,6)**	(21,7)	(22,7)
Cash used in financing activities		**(3 015,3)**	(788,2)	(2 241,7)
Movement in cash and cash equivalents before effects of exchange rate movements		**1 043,6**	2 785,1	1 036,1
Effects of exchange rate movements		**201,1**	(241,3)	(338,9)
Movement in cash and cash equivalents		**1 244,7**	2 543,8	697,2
Cash and cash equivalents at the beginning of the period/year		**6 859,0**	6 161,8	6 161,8
Cash and cash equivalents at the end of the period/year		**8 103,7**	8 705,6	6 859,0
Operating cash flow per share (cents)		**335,1**	588,8	1 060,3
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents per the statement of financial position		**10 387,1**	10 935,7	8 665,6
Less: bank overdrafts		**(2 283,4)**	(2 230,1)	(1 806,6)
		8 103,7	8 705,6	6 859,0

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

	Unaudited six months ended 31 December 2015		Unaudited six months ended 31 December 2014			Audited year ended 30 June 2015	
	R'million	**% of total**	R'million	% of total	Change	R'million	% of total
REVENUE							
International@	**9 014,1**	**48**	8 803,8	46	2%	18 567,4	49
South Africa^	**4 181,7**	**22**	4 306,7	23	(3%)	8 602,6	23
Asia Pacific	**3 820,1**	**21**	4 422,7	23	(14%)	8 107,3	21
Sub-Saharan Africa	**1 632,7**	**9**	1 466,6	8	11%	2 768,6	7
Total gross revenue	**18 648,6**	**100**	18 999,8	100	(2%)	38 045,9	100
Adjustment*	**(1 136,3)**		(966,5)			(1 919,3)	
Total revenue	**17 512,3**		18 033,3		(3%)	36 126,6	
OPERATING PROFIT BEFORE AMORTISATION							
Adjusted for specific non-trading items ("EBITA")							
International	**2 849,5**	**59**	2 452,1	53	16%	5 159,8	56
Operating profit#	**2 671,6**		2 269,0		18%	4 610,7	
Amortisation of intangible assets	**166,9**		115,4			249,9	
Transaction costs	**55,4**		34,3			75,9	
Restructuring costs	**117,9**		32,3			130,3	
(Profit)/loss on the sale of assets	**(161,9)**		1,1			(60,7)	
(Reversal)/impairment of assets	**(0,4)**		–			153,7	
South Africa	**951,7**	**20**	993,1	21	(4%)	1 950,2	21
Operating profit#	**2 357,2**		930,3		153%	1 826,5	
Amortisation of intangible assets	**48,5**		45,8			93,1	
Transaction costs	**9,2**		5,2			9,6	
(Profit)/loss on the sale of assets	**(1 468,2)**		0,2			(19,6)	
Net impairment of assets	**5,0**		11,6			40,6	
Asia Pacific	**843,4**	**17**	981,8	21	(14%)	1 748,4	19
Operating profit#	**889,3**		912,5		(3%)	1 705,8	
Amortisation of intangible assets	**65,2**		67,5			137,7	
Restructuring costs	**9,9**		3,2			1,5	
Profit on the sale of assets	**(121,0)**		(1,4)			(96,6)	
Sub-Saharan Africa	**173,8**	**4**	209,7	5	(17%)	312,7	4
Operating profit#	**170,3**		206,6		(18%)	306,9	
Amortisation of intangible assets*	**3,5**		3,1			6,3	
Profit on the sale of assets	**–**		–			(0,5)	
Total EBITA	**4 818,4**	**100**	4 636,7	100	4%	9 171,1	100
ENTITY-WIDE DISCLOSURE – REVENUE							
Analysis of revenue in accordance with customer geography							
Europe CIS	**6 130,4**	**33**	5 068,3	26	21%	10 456,3	28
South Africa	**4 178,7**	**22**	4 310,0	23	(3%)	8 608,1	23
Asia Pacific	**4 016,3**	**22**	4 645,0	24	(14%)	8 504,1	22
Latin America (excluding hyperinflationary economy)	**1 724,9**	**9**	1 738,4	9	(1%)	3 424,3	9
Sub-Saharan Africa	**1 635,0**	**9**	1 470,9	8	11%	2 776,8	7
Hyperinflationary economy	**41,0**	**0**	879,6	5	(95%)	2 703,9	7
Rest of the world	**922,3**	**5**	887,6	5	4%	1 572,4	4
Total gross revenue	**18 648,6**	**100**	18 999,8	100	(2%)	38 045,9	100
Adjustment*	**(1 136,3)**		(966,5)			(1 919,3)	
Total revenue	**17 512,3**		18 033,3		(3%)	36 126,6	

@ Excludes intersegment revenue of R1 190,7 million (2014: R921,8 million).
^ Excludes intersegment revenue of R76,1 million (2014: R47,5 million).
* Only the Aspen portion of the profit share from the GSK Aspen Healthcare for Africa Collaboration has been recognised 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 R6 088,4 million (2014: R4 318,4 million).

GROUP SUPPLEMENTARY INFORMATION

	Notes	Unaudited six months ended 31 December 2015 R'million	Unaudited six months ended 31 December 2014 R'million	Audited year ended 30 June 2015 R'million
A. CAPITAL EXPENDITURE				
Incurred		**1 479,4**	1 573,3	2 417,4
– Property, plant and equipment		**917,9**	809,2	1 592,8
– Intangible assets		**561,5**	764,1	824,6
Contracted		**894,7**	2 156,1	683,4
– Property, plant and equipment		**642,2**	512,1	600,8
– Intangible assets		**252,5**	1 644,0	82,6
Authorised but not contracted for		**1 974,7**	2 302,5	2 625,8
– Property, plant and equipment		**1 758,6**	2 100,9	2 405,4
– Intangible assets		**216,1**	201,6	220,4
B. OPERATING PROFIT HAS BEEN ARRIVED AT AFTER CHARGING/(CREDITING):				
Depreciation of property, plant and equipment		**316,7**	288,2	552,3
Amortisation of intangible assets		**284,1**	231,8	487,0
Net impairment of tangible and intangible assets		**4,6**	11,6	194,3
Share-based payment expenses – employees		**16,9**	20,8	50,8
Transaction costs		**64,6**	39,5	85,5
Restructuring costs		**127,8**	35,5	131,8
Profit on disposal of Divestments		**(1 728,3)**	–	–
C. INVESTMENT INCOME				
Interest received		**197,8**	188,3	382,7
D. FINANCING COSTS				
Interest paid		**(963,7)**	(896,1)	(1 832,2)
Debt raising fees on acquisitions		**(86,6)**	(65,8)	(142,0)
Net foreign exchange losses		**(14,8)**	(342,5)	(479,4)
Fair value gains/(losses) on financial instruments		**167,3**	13,6	(0,9)
Notional interest on financial instruments		**(96,6)**	(88,2)	(174,6)
Net monetary adjustments and currency devaluations relating to hyperinflationary economies	K#	**(848,8)**	(16,2)	334,5
		(1 843,2)	(1 395,2)	(2 294,6)
E. CURRENCY TRANSLATION GAINS				
Currency translation gains 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		**93,1**	-	72,9
Contingency relating to product litigation		**40,3**	30,0	31,6
Customs guarantee		**17,0**	14,2	13,8
Indirect tax contingent liabilities		**7,8**	24,4	19,9
Contingencies arising from labour cases		**5,2**	2,5	5,1
Other contingent liabilities		**1,5**	1,9	3,3
		164,9	73,0	146,6
G. GUARANTEES TO FINANCIAL INSTITUTIONS				
Material guarantees given by Group companies for indebtedness of subsidiaries to financial institutions		**13 598,7**	13 488,4	13 412,7

	Unaudited six months ended 31 December 2015 R'million	Unaudited six months ended 31 December 2014 R'million	Audited year ended 30 June 2015 R'million
H. PROCEEDS ON THE DISPOSAL OF ASSETS CLASSIFIED AS HELD-FOR-SALE			
Divestment of a portfolio of products in South Africa to Litha	**1 722,6**	–	–
Divestment of generics business and certain branded products to Strides entities	**2 986,4**	–	–
Divestment of land and buildings in Australia	**90,4**	–	–
Divestment of fondaparinux products to Mylan	**–**	2 790,4	3 050,8
	4 799,4	2 790,4	3 050,8

Divestment of a portfolio of products in South Africa to Litha

On 9 May 2015, Pharmacare Limited, the Group's primary South African trading company, concluded a set of agreements with Litha Pharma (Pty) Ltd ("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 R1,7 billion. The portfolio of products comprised injectables and established brands. The approval of this transaction by the South African Competition Authorities was obtained on 4 August 2015.This transaction completed on 1 October 2015.

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 Ltd in terms of which Aspen Australia divested a portfolio of approximately 130 products for a consideration of 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 USD79 million. Both of the above transactions completed on 31 August 2015.

I. DISPUTED INCOME TAX MATTER

The Aspen Group has been subject to an international tax audit by the South African Revenue Service and Aspen Pharmacare Holdings Limited has received a revised assessment in relation to its 2011 fiscal year as a consequence of this audit. Aspen has disputed the assessment and believes that it has appropriately dealt with its transactions in accordance with the law. This position is supported by Aspen's legal and tax advisors.

J. ACQUISITION OF SUBSIDIARIES AND BUSINESSES

2016

	R'million
Cash outflow relating to current year business combination	456,6
Cash outflow relating to a working capital purchase price adjustment	1,1
	457,7

Set out below is the provisional accounting for the Norgine SA business combination:

Norgine SA

On 21 May 2015, Pharmacare Ltd acquired 100% of the issued share capital of Norgine in South Africa for a consideration of EUR29 million. Norgine SA 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.

	Norgine SA R'million
Fair value of assets and liabilities acquired	
Property, plant and equipment	1,5
Intangible assets	442,3
Deferred tax assets	0,5
Trade and other receivables	76,0
Trade and other payables	(63,7)
Cash outflow on acquisition	456,6

The initial accounting for this acquisition, which has been classified as a business combination, has been reported on a provisional basis and will be finalised in the year ending 30 June 2017.

J. ACQUISITION OF SUBSIDIARIES AND BUSINESSES CONTINUED

2015

	R'million
Cash outflow relating to June 2015 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 final 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 USD5 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 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 occuring 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 were classified as business combinations in the prior year, were reported on a provisional basis and was finalised in the June 2015 financial year.

K. 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 for the importation of high priority essential goods including infant nutritionals and pharmaceutical medicines. This rate is Venezuelan Bolivar ("VEF") 10 per USD with effect from 17 February 2016. The previous rate was VEF6,30 per USD;
- SICAD rate of VEF13,50 per USD whereby exchange rates are based on conducted auctions; and
- SIMADI rate of VEF200 per USD that permits individuals and entities to buy and sell foreign currency with fewer restrictions than other exchange rate mechanisms in Venezuela.

During the six months to 31 December 2015 the Group received approximately USD4 million from Venezuela for transactions that were settled at the official CENCOEX rate of VEF6,30 per USD. Aspen Venezuela had approximately USD49 million of intergroup liabilities and USD7 million of external liabilities pending approval for future settlement at the official CENCOEX rate as at 31 December 2015.

K. HYPERINFLATIONARY ECONOMY CONTINUED

During the six months to 31 December 2015 the economic situation deteriorated and the Venezuelan authorities have increasingly limited authorisations to pay for imports using the official CENCOEX rate of VEF6,30 per USD which applied during this period. Because of the continuing political and economic uncertainty in Venezuela the Group, has concluded that it would be more appropriate to apply the SIMADI rate of VEF200 per USD to report the Venezuelan business financial position, results of operations and cash flows for the six months ended 31 December 2015. This has resulted in a currency devaluation loss on foreign denominated liabilities of R841 million. For the 12 months ended 30 June 2015, the Group applied the CENCOEX rate of VEF6,30 per USD as circumstances at that time supported this rate. Aspen will continue to monitor the development of payments received and the exchange rate mechanism. Should the payment rates improve or if it can no longer be assumed that the SIMADI exchange rate is the relevant exchange rate for the translation this could lead to an amended estimate, which in turn could trigger an amended currency translation.

The net sales generated by Aspen in Venezuela using the SIMADI exchange rate amounted to R41 million for the six months ended 31 December 2015. For the six months ended 31 December 2014, net sales generated by Aspen in Venezuela using the current SIMADI exchange rate would have been R44 million compared to the actual reported sales of R880 million. For the six months ended 31 December 2014 the operating loss incurred by Aspen in Venezuela would have been R0,8 million compared to the actual reported loss of R16 million.

L. COMPARABLE EARNINGS

The comparability of the reported results for the six month trading period to 31 December 2015 to the prior reporting period has been influenced by the following factors:

- The completion on 31 August 2015 of the divestment of the generics business conducted in Australia as well as certain branded products distributed in Australia to Strides group companies, the related termination of licence arrangements in Australia and the completion on 1 October 2015 of the divestment of a portfolio of products distributed in South Africa to Litha Pharma (collectively "the Divestments"). The contribution to the Aspen results by the Divestments is consequently substantially reduced in the current period. In the period from 1 July 2015 until effective date of divestment, revenue from the Divestments was R202 million whereas revenue from the Divestments for the six months ended 31 December 2014 was R1 148 million.
- The change in translation rate to report the financial position, results of operations and cash flows relating to Aspen's Venezuelan business for the six months ended 31 December 2015 from the official CENCOEX rate of the VEF6.30 per USD to the SIMADI rate of VEF200 per USD.

To provide meaningful comparability of the financial performance of Aspen's ongoing underlying business, a measure described as comparable normalised headline earnings has been determined which excludes the contribution from Divestments and includes the results of Aspen's Venezuelan business translated at the SIMADI rate of VEF200 per USD for the prior reporting period.

Set out below are the comparable measures for revenue, operating profit, normalised headline earnings and normalised headline earnings per share:

	Change	**Unaudited six months ended 31 December 2015 R'million**	Unaudited six months ended 31 December 2014 R'million
COMPARABLE REVENUE			
Reconciliation of comparable revenue			
Revenue		**17 512,3**	18 033,3
Adjusted for:			
– Revenue from Divestments		**(201,9)**	(1 148,3)
– Translation of Aspen Venezuela's revenue at the SIMADI exchange rate		**–**	(835,6)
Comparable revenue	8%	**17 310,4**	16 049,4
COMPARABLE OPERATING PROFIT			
Reconciliation of comparable operating profit			
EBITA		**4 818,4**	4 636,7
Amortisation		**(284,1)**	(231,8)
Normalised operating profit		**4 534,3**	4 404,9
Adjusted for:			
– Operating profit from Divestments		**(55,4)**	(289,7)
– Translation of Aspen Venezuela's operating profit at the SIMADI exchange rate		**–**	15,7
Comparable operating profit	8%	**4 478,9**	4 130,9

L. COMPARABLE EARNINGS CONTINUED

	Change	Unaudited six months ended 31 December 2015 R'million	Unaudited six months ended 31 December 2014 R'million
COMPARABLE NORMALISED HEADLINE EARNINGS			
Reconciliation of comparable normalised headline earnings			
Normalised headline earnings		**2 991,2**	2 613,3
Adjusted for:			
– Operating profit from Divestments (net of tax)		**(42,9)**	(213,8)
– Interest received from proceeds on Divestments (net of tax)		**(23,7)**	–
– Translation of Aspen Venezuela's earnings at the SIMADI exchange rate (net of tax)		**–**	12,4
Comparable normalised headline earnings	21%	**2 924,6**	2 411,9
COMPARABLE NORMALISED HEADLINE EARNINGS PER SHARE			
Comparable normalised headline earnings per share (cents)	21%	**640,9**	528,5

BASIS OF ACCOUNTING

The unaudited interim financial results for the six months ended 31 December 2015 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 applied in the preparation of the unaudited interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the annual financial statements, apart from the change in accounting policy related to normalised headline earnings. Aspen has amended its accounting policy to exclude net monetary adjustments and currency devaluations relating to hyperinflationary economies from the definition of normalised headline earnings.

The normalised headline earnings and normalised headline earnings per share for the six months ended 31 December 2014 and the year ended 30 June 2015 were restated to exclude net monetary adjustments and currency devaluations relating to hyperinflationary economies.

These unaudited interim financial results were prepared under the supervision of the Deputy Group Chief Executive, M G Attridge CA(SA) and approved by the Board of Directors.

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

N J Dlamini resigned as a non-executive director and Chairman of the Board with effect from 7 December 2015.
K D Dlamini was appointed Chairman with effect from that date.

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R Verster

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