Aspen Pharmacare Holdings Limited

Annual Financial Statements 2014

10 000 employees

Products distributed in more than 150 countries

16 consecutive years of double-digit growth

Contents

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

Certificate of the Company Secretary

In my capacity as the Company Secretary, I hereby confirm, in terms of the Companies Act, that for the year ended 30 June 2014, 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

Johannesburg
22 October 2014

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 is included herein by reference. This report can be reviewed online.

Statement of responsibility by the Board of Directors

The directors are responsible for the preparation, integrity and fair presentation of the 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 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 the Deputy Group Chief Executive, MG Attridge, CA(SA) and approved by the Board of Directors on 22 October 2014 and are signed on its behalf.

Judy Dlamini
Chairman

Gus Attridge
Deputy Group Chief Executive

Johannesburg
22 October 2014

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

We have audited the Group and Company financial statements of Aspen Pharmacare Holdings Limited set out on pages 6 to 141, which comprise the statements of financial position as at 30 June 2014, 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 financial statements

The Company's directors are responsible for the preparation and fair presentation of these Group and Company 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the Group and Company financial position of Aspen Pharmacare Holdings Limited as at 30 June 2014, 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 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 financial statements for the year ended 30 June 2014, 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 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 financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Incorporated
Director: Tanya Rae
Registered Auditor

Johannesburg
22 October 2014

Directors' Report

The directors have pleasure in presenting their report of the Group and the Company for the year ended 30 June 2014.

Nature of business

Aspen is a global supplier and manufacturer of branded and generic pharmaceutical products as well as infant milk 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 6 to 114 and of the Company on pages 116 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 R5,0 billion for the year, compared with R3,5 billion for the previous year, an increase of 42%. Headline earnings per share increased by 29% from 788,0 cents to 1 016,3 cents.

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

Share capital

At an extraordinary general meeting of the Company held on 16 August 2013 it was approved that the authorised and issued ordinary share capital of the Company be converted from ordinary shares having a nominal or par value of 13,90607 cents each to ordinary shares not having a nominal or par value, so that the authorised share capital would consist of 717 600 000 ordinary shares having no nominal or par value and the issued share capital at that date would consist of 455 738 785 ordinary shares having no nominal or par value.

As a result, the authorised ordinary share capital of Aspen was 717 600 000 ordinary shares with no par value at 30 June 2014.

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	455,7	4 048,6
Capital distribution	–	(118,6)
Shares issued – share schemes	0,6	2,7
	456,3	3 932,7

Further details of the authorised and issued share capital of the Company are given in note 13 of the Group Annual Financial Statements and note 8 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 of shareholders.

Directorate and Secretary

During the year under review the following change took place to the directorate:

Maureen Manyama-Matome – Appointed 1 June 2014.

The names of the directors in office at the date of this report are set out on pages 76 and 77 of the Integrated Report. The Company Secretary is Riaan Verster. His business and postal addresses appear on page 146 of this report.

In terms of the Company's Memorandum of Incorporation, Rafique Bagus, John Buchanan, Abbas Hussain and Judy Dlamini retire by rotation and, being eligible, offer themselves for re-election. Maureen Manyama-Matome has been appointed by the Board of Directors during the period and, being eligible, offers herself 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 89 of the Integrated Report and directors' remuneration details are set out in note 29 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 2014 to the date of this report.

Directors' Report continued

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 2014 financial year:

1. Effective 1 October 2013, the Company acquired an API manufacturing business, primarily in the Netherlands, from MSD for EUR31 million net of cash acquired. This business trades as Aspen Oss and there is a satellite operation in the US, Aspen API. In a transaction which became effective on 31 December 2013, a portfolio of 11 branded finished dose form molecules was acquired by Aspen Global from MSD for USD600 million, USD67 million of which is subject to delayed payment terms.
2. Aspen Global's acquisition of the Arixtra and Fraxiparine/Fraxodi thrombolytic brands worldwide (excluding China, India and Pakistan) from GSK for GBP505 million became effective on 31 December 2013. A further GBP194 million was paid to GSK for the investment in the specialised sterile production site in France which manufactures these brands and the related inventory in a transaction effective on 30 April 2014. This business trades as Aspen NDB.
3. With effect from 28 October 2013, Aspen Global and its subsidiaries acquired certain licence rights to infant nutritional intellectual property, net assets, including a production facility in Mexico, and shares in infant nutritional businesses in several countries in Latin America from Nestlé for a purchase consideration of USD180 million.

Disposals

The following material disposals were effected during the year:

1. Aspen Global and Aspen Australia divested a portfolio of OTC products commercialised in Australia and New Zealand to Perrigo Company plc for an aggregate consideration of USD51 million, in a transaction that became effective on 28 February 2014; and
2. In a series of related transactions, Pharmalatina Holdings Limited, Aspen Brazil and Aspen Australia disposed of the rights to commercialise certain non-core pharmaceutical products in Brazil, Australia and New Zealand to subsidiaries of Mylan for a combined value of USD50 million. These transactions were concluded on 30 June 2014.

Capital distribution

Taking into account the earnings and cash flow performance for the year ended 30 June 2014, existing debt service commitments and future proposed investments, the Board notified shareholders on 10 September 2014 that it had declared a capital distribution out of contributed tax capital of 188 cents per share.

The total distribution was payable to shareholders recorded in the share register of the Company at the close of business on 10 October 2014.

Shareholders were advised to seek their own tax advice on the consequences associated with the distribution. The directors were of the opinion that the Company would satisfy the solvency and liquidity requirements of sections 45 and 46 of the Companies Act, and confirmed that future distributions would be decided on a year-to-year basis.

In compliance with *IAS 10 – Events After Balance Sheet Date*, it was also confirmed that the total distribution would only be accounted for in the Annual Financial Statements in the year ending 30 June 2015.

The salient dates in respect of this distribution were as follows:

Last day to trade *cum* total distribution	3 October 2014
Shares commence trading *ex* total distribution	6 October 2014
Record date	10 October 2014
Payment date	13 October 2014

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 2015, 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 3 December 2013, the following special resolutions were passed by the Company:

- approval of remuneration for non-executive directors for the year ended 30 June 2014 and for the period 1 July 2014 to the date of the 2014 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 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 Limited to provide direct or indirect financial assistance to a related or inter-related company to Pharmacare Limited. This authority is valid until Pharmacare Limited'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 Incorporated be re-appointed 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 subsidiaries and structured entities is set out in note 22 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 40 of the Group Annual Financial Statements and note 18 of the Company Annual Financial Statements.

Borrowings

Borrowings at year-end (net of cash and cash equivalents) amounted to R29,8 billion (2013: R11,1 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 17 of the Group Annual Financial Statements and note 9 of the Company Annual Financial Statements.

Subsequent events

On 10 September 2014, Aspen Global entered into an agreement with Mylan in terms of which Aspen Global will dispose of its rights to commercialise the fondaparinux products it recently acquired from GSK (being Arixtra and the authorised generic thereof) in the US to Mylan. Aspen Global will also enter into a supply agreement to supply these fondaparinux products to Mylan on specified terms. The transaction completed on 25 September 2014. Mylan paid Aspen Global USD225 million upon completion of the transactions. An additional USD75 million is held in escrow and released upon satisfaction of certain conditions. Aspen Global took the decision to enter into this transaction as a consequence of the Group's current absence of sales representatives in the US which prevents it from being able to optimise the commercial performance of the fondaparinux products in that country. Aspen Global has retained all of its remaining rights to the intellectual property and to the commercialisation of Arixtra worldwide other than in the US.

Group statement of financial position

at 30 June 2014

	Notes	2014 R'million	2013 R'million
ASSETS			
Non-current assets			
Property, plant and equipment	1	**7 150,8**	4 342,6
Goodwill	2	**6 641,8**	5 973,2
Intangible assets	3	**35 698,9**	18 933,0
Available-for-sale financial assets	4	**0,1**	0,1
Other non-current receivables	5	**298,8**	26,6
Contingent environmental indemnification assets	6	**727,1**	–
Deferred tax assets	7	**817,1**	369,2
Total non-current assets		**51 334,6**	29 644,7
Current assets			
Inventories	8	**10 275,2**	4 100,9
Trade and other receivables	9	**9 626,8**	5 463,8
Current tax assets		**30,4**	111,0
Derivative financial instruments	10	**4,0**	82,7
Cash and cash equivalents	11	**8 225,6**	6 018,6
Total operating current assets		**28 162,0**	15 777,0
Assets classified as held-for-sale	12	**3 050,8**	–
Total current assets		**31 212,8**	15 777,0
Total assets		**82 547,4**	45 421,7
Shareholders' equity			
Share capital	13	**3 932,7**	4 048,6
Treasury shares	14	**(64,8)**	(59,4)
Non-distributable reserves		**5 865,4**	3 932,3
Share-based compensation reserve	15	**36,9**	35,7
Retained income		**19 104,0**	14 836,6
Ordinary shareholders' equity		**28 874,2**	22 793,8
Non-controlling interests	16	**1,9**	5,1
Total shareholders' equity		**28 876,1**	22 798,9
LIABILITIES			
Non-current liabilities			
Borrowings	17	**29 915,5**	8 923,5
Deferred payables	18	**416,6**	–
Deferred revenue	19	**132,2**	139,5
Deferred tax liabilities	7	**1 351,1**	600,5
Retirement and other employee benefits	20	**497,6**	94,0
Contingent environmental liability	6	**727,1**	–
Environmental liabilities	21	**79,6**	–
Unfavourable and onerous contracts	22	**2 638,7**	–
Other non-current financial liabilities	23	**1 870,9**	–
Total non-current liabilities		**37 629,3**	9 757,5
Current liabilities			
Trade and other payables	24	**6 884,0**	4 174,6
Borrowings	17	**8 075,3**	8 152,7
Deferred payables	18	**234,2**	–
Deferred revenue	19	**9,1**	9,0
Current tax liabilities		**361,8**	524,8
Derivative financial instruments	25	**8,7**	4,2
Unfavourable and onerous contracts	22	**335,3**	–
Other current financial liabilities	23	**133,6**	–
Total current liabilities		**16 042,0**	12 865,3
Total liabilities		**53 671,3**	22 622,8
Total equity and liabilities		**82 547,4**	45 421,7

Group statement of comprehensive income

for the year ended 30 June 2014

	Notes	2014 R'million	2013 R'million
Revenue	26	**29 515,1**	19 308,0
Cost of sales		**(15 793,2)**	(10 077,3)
Gross profit		**13 721,9**	9 230,7
Selling and distribution expenses		**(4 401,3)**	(2 343,5)
Administrative expenses		**(1 652,5)**	(1 366,0)
Other operating income		**692,4**	104,2
Other operating expenses		**(935,7)**	(582,1)
Operating profit	27	**7 424,8**	5 043,3
Investment income	30	**278,1**	298,8
Financing costs	31	**(1 346,4)**	(852,7)
Profit before tax		**6 356,5**	4 489,4
Tax	32	**(1 351,0)**	(975,3)
Profit for the year		**5 005,5**	3 514,1
Other comprehensive income, net of tax*	35		
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 movements		**1 829,3**	2 542,4
Cash flow hedges recognised		**3,0**	20,3
Remeasurement of retirement and other employee benefits		**(25,3)**	(4,7)
Total comprehensive income		**6 911,5**	6 072,1
Profit for the year attributable to			
Equity holders of the parent		**5 007,6**	3 520,1
Non-controlling interests		**(2,1)**	(6,0)
		5 005,5	3 514,1
Total comprehensive income attributable to			
Equity holders of the parent		**6 915,4**	6 078,2
Non-controlling interests		**(3,9)**	(6,1)
		6 911,5	6 072,1
Earnings per share			
Basic earnings per share (cents)		**1 097,9**	773,0
Diluted earnings per share (cents)		**1 097,6**	771,9

** 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 2014

	Notes	2014 R'million	2013 R'million
Cash flows from operating activities			
Cash generated from operations	A	**5 723,7**	5 370,0
Financing costs paid	B	**(987,2)**	(883,4)
Investment income received	C	**278,1**	298,8
Tax paid	D	**(1 178,3)**	(799,3)
Cash generated from operating activities		**3 836,3**	3 986,1
Cash flows from investing activities			
Capital expenditure – property, plant and equipment		**(1 328,9)**	(667,1)
Replacement		**(308,2)**	(161,7)
Expansion		**(1 020,7)**	(505,4)
Proceeds from the sale of property, plant and equipment		**106,3**	10,7
Capital expenditure – intangible assets		**(700,4)**	(3 654,9)
Replacement		**(0,6)**	–
Expansion		**(699,8)**	(3 654,9)
Proceeds from the sale of intangible assets		**898,8**	3,5
Proceeds receivable from the sale of intangible assets		**1 068,4**	3,5
Outstanding proceeds from the sale of intangible assets		**(169,6)**	–
Acquisition of subsidiaries and businesses	E	**(19 764,2)**	(1 578,6)
Payment of deferred consideration		**(85,9)**	–
Prepayment in anticipation of acquisition		**–**	(394,7)
Stamp duty on acquisitions		**–**	(2,1)
Net investment hedge profit in Aspen Asia Pacific		**23,9**	–
Cash used in investing activities		**(20 850,4)**	(6 283,2)
Cash flows from financing activities			
Proceeds from borrowings		**40 822,6**	14 025,3
Repayment of borrowings		**(20 639,3)**	(9 689,3)
Capital distribution and dividends paid		**(716,2)**	(715,1)
Proceeds from issue of ordinary share capital		**2,7**	9,6
Treasury shares purchased		**(22,3)**	(21,1)
Decrease in cash restricted for use as security for borrowings		**–**	1,3
Cash generated from financing activities		**19 447,5**	3 610,7
Movement in cash and cash equivalents before currency translation movements		**2 433,4**	1 313,6
Currency translation movements		**312,2**	112,8
Movement in cash and cash equivalents		**2 745,6**	1 426,4
Cash and cash equivalents at the beginning of the year		**3 416,2**	1 989,8
Cash and cash equivalents at the end of the year	F	**6 161,8**	3 416,2

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

Notes to the Group statement of cash flows

for the year ended 30 June 2014

		2014 R'million	2013 R'million
A.	**Cash generated from operations**		
	Operating profit	**7 424,8**	5 043,3
	Amortisation of intangible assets	**389,9**	255,7
	Depreciation of property, plant and equipment	**433,9**	294,5
	Net impairment charges	**348,0**	352,0
	Loss on the sale of property, plant and equipment	**1,6**	1,2
	Profit on the sale of intangible assets	**(570,5)**	(3,0)
	Share-based payment expense – employees	**47,5**	31,2
	Deferred revenue – recognised in the statement of comprehensive income	**(9,1)**	(8,8)
	Monetary adjustment relating to hyperinflation	**80,9**	1,3
	Increase in retirement and other employee benefits	**16,0**	10,2
	Withholding taxes	**(27,8)**	(17,3)
	Unfavourable and onerous contracts – recognised in the statement of comprehensive income	**(225,8)**	–
	Other non-cash items	**1,8**	(0,2)
	Cash operating profit	**7 911,2**	5 960,1
	Working capital movements	**(2 187,5)**	(590,1)
	Increase in inventories	**(438,9)**	(704,5)
	Increase in trade and other receivables	**(2 685,8)**	(452,7)
	Increase in trade and other payables	**937,2**	567,1
		5 723,7	5 370,0
B.	**Financing costs paid**		
	Interest paid	**(1 295,9)**	(842,3)
	Net foreign exchange gains/(losses)	**80,7**	(34,3)
	Foreign exchange gain on settlement of transaction funding liability	**248,9**	–
	Borrowing costs capitalised to property, plant and equipment	**(14,5)**	(10,5)
	Interest payable to revenue authorities	**–**	3,7
	Other	**(6,4)**	–
		(987,2)	(883,4)
C.	**Investment income received**		
	Interest received	**278,1**	298,8
		278,1	298,8
D.	**Tax paid**		
	Amounts receivable at the beginning of the year	**(413,8)**	(195,4)
	Tax charged to the statement of comprehensive income (excluding deferred and withholding taxes)	**(1 112,1)**	(1 003,6)
	Tax claims credited to equity in respect of share schemes	**31,5**	16,4
	Acquisition of subsidiaries and businesses	**3,0**	–
	Currency translation movements	**(18,3)**	(26,8)
	Amounts owing at the end of the year	**361,8**	524,8
	Amounts receivable at the end of the year	**(30,4)**	(111,0)
	Interest payable to revenue authorities	**–**	(3,7)
		(1 178,3)	(799,3)

Notes to the Group statement of cash flows continued

for the year ended 30 June 2014

E. Acquisition of subsidiaries and businesses

2014

API Business

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

MSD business

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

GSK thrombosis business

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

Arixtra and Fraxiparine brands

On 31 December 2013, Aspen Global 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 invested in 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 nutritional business

On 28 October 2013, Aspen Global and its subsidiaries 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 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 nutritional 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 nutritional business previously conducted by Pfizer, which distributed a portfolio of infant nutritional products to certain southern African territories (South Africa, Botswana, Namibia, Lesotho, Swaziland and Zambia). The acquisition of the South African infant milk business from Nestlé was approved by the Competition Tribunal in December 2013. The effective date upon which Aspen assumed control of the business was 27 January 2014. The USD43 million consideration paid in May 2013, which was previously classified as a prepayment, has been set off against the fair value of the assets acquired.

	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	736,2	253,4	–	18 279,7
Contingent environmental indemnification assets	680,1	–	–	–	–	–	680,1
Other non-current receivables	–	–	267,1	–	–	–	267,1
Deferred tax assets	47,0	–	424,8	–	–	19,5	491,3
Current tax assets	–	–	–	3,0	–	–	3,0
Inventories	3 267,0	–	1 688,3	520,6	58,5	(2,3)	5 532,1
Trade and other receivables	392,5	–	354,1	465,1	62,3	(21,3)	1 252,7
Cash and cash equivalents	1 272,5	–	–	–	–	–	1 272,5
Contingent environmental liabilities	(680,1)	–	–	–	–	–	(680,1)
Environmental liabilities	(74,5)	–	–	–	–	–	(74,5)
Unfavourable and onerous contracts	(2 791,1)	–	(215,9)	–	–	–	(3 007,0)
Retirement and other employee benefits	–	–	(298,6)	(37,2)	–	–	(335,8)
Deferred tax liabilities	–	(187,5)	(310,1)	(2,7)	(73,8)	–	(574,1)
Trade and other payables	(349,9)	–	(376,0)	(549,5)	(57,0)	1,7	(1 330,7)
Other non-current and current financial liabilities	(1 146,2)	–	(718,7)	–	–	–	(1 864,9)
Fair value of net assets acquired	1 712,7	6 062,8	11 909,8	1 755,5	243,4	(2,4)	21 681,8
Goodwill acquired	–	187,5	135,3	14,3	171,5	(13,5)	495,1
Deferred consideration	–	(650,2)	–	–	(20,8)	–	(671,0)
Prepayment set off against the fair value of the assets acquired	–	–	–	–	(394,1)	–	(394,1)
Purchase consideration paid	1 712,7	5 600,1	12 045,1	1 769,8	–	(15,9)	21 111,8
Net gains from cash flow hedging in respect of business acquisition	–	–	(75,1)	–	–	–	(75,1)
Cash and cash equivalents in acquired companies	(1 272,5)	–	–	–	–	–	(1 272,5)
Cash outflow on acquisition	440,2	5 600,1	11 970,0	1 769,8	–	(15,9)	19 764,2

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

Notes to the Group statement of cash flows continued

for the year ended 30 June 2014

E. Acquisition of subsidiaries and businesses continued

2013

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

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

	2014 R'million	2013 R'million
F. Cash and cash equivalents		
Bank balances	**6 429,0**	4 698,1
Short-term bank deposits	**1 723,6**	1 284,6
Cash-in-transit	**63,7**	30,8
Cash-on-hand	**9,3**	5,1
Cash and cash equivalents per the statement of financial position	**8 225,6**	6 018,6
Less: Bank overdrafts^	**(2 063,8)**	(2 602,4)
Cash and cash equivalents per the statement of cash flows	**6 161,8**	3 416,2

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

Group statement of changes in equity

for the year ended 30 June 2014

	Share capital R'million	Treasury shares R'million
Balance at 1 July 2012	4 753,9	(50,8)
Total comprehensive income	–	–
Profit for the year	–	–
Other comprehensive income	–	–
Capital distribution	(714,9)	–
Stamp duty on acquisitions	–	–
Issue of ordinary share capital – share schemes	9,6	–
Treasury shares purchased	–	(21,1)
Deferred incentive bonus shares exercised	–	12,5
Share-based payment expenses	–	–
Transfer from share-based compensation reserve	–	–
Equity portion of tax claims in respect of share schemes	–	–
Hyperinflation adjustment	–	–
Balance at 30 June 2013	**4 048,6**	**(59,4)**
Total comprehensive income	**–**	**–**
Profit for the year	**–**	**–**
Other comprehensive income	**–**	**–**
Capital distribution and dividends paid	**(118,6)**	**–**
Issue of ordinary share capital – share schemes	**2,7**	**–**
Treasury shares purchased	**–**	**(22,3)**
Deferred incentive bonus shares exercised	**–**	**16,9**
Share-based payment expenses	**–**	**–**
Transfer from share-based compensation reserve	**–**	**–**
Equity portion of tax claims in respect of share schemes	**–**	**–**
Hyperinflation adjustment	**–**	**–**
Balance at 30 June 2014	**3 932,7**	**(64,8)**

	Non-distributable reserves						
	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
	217,9	1 151,6	33,6	11 283,2	17 389,4	8,7	17 398,1
	20,3	2 542,5	–	3 515,4	6 078,2	(6,1)	6 072,1
	–	–	–	3 520,1	3 520,1	(6,0)	3 514,1
	20,3	2 542,5	–	(4,7)	2 558,1	(0,1)	2 558,0
	–	–	–	–	(714,9)	(0,2)	(715,1)
	–	–	–	(2,1)	(2,1)	–	(2,1)
	–	–	–	–	9,6	–	9,6
	–	–	–	–	(21,1)	–	(21,1)
	–	–	(12,5)	–	–	–	–
	–	–	20,0	–	20,0	–	20,0
	–	–	(5,4)	5,4	–	–	–
	–	–	–	23,8	23,8	–	23,8
	–	–	–	10,9	10,9	2,7	13,6
	238,2	**3 694,1**	**35,7**	**14 836,6**	**22 793,8**	**5,1**	**22 798,9**
	102,0	**1 831,1**	**–**	**4 982,3**	**6 915,4**	**(3,9)**	**6 911,5**
	–	**–**	**–**	**5 007,6**	**5 007,6**	**(2,1)**	**5 005,5**
	102,0	**1 831,1**	**–**	**(25,3)**	**1 907,8**	**(1,8)**	**1 906,0**
	–	**–**	**–**	**(597,4)**	**(716,0)**	**(0,2)**	**(716,2)**
	–	**–**	**–**	**–**	**2,7**	**–**	**2,7**
	–	**–**	**–**	**–**	**(22,3)**	**–**	**(22,3)**
	–	**–**	**(16,9)**	**–**	**–**	**–**	**–**
	–	**–**	**21,8**	**–**	**21,8**	**–**	**21,8**
	–	**–**	**(3,7)**	**3,7**	**–**	**–**	**–**
	–	**–**	**–**	**10,8**	**10,8**	**–**	**10,8**
	–	**–**	**–**	**(132,0)**	**(132,0)**	**0,9**	**(131,1)**
	340,2	**5 525,2**	**36,9**	**19 104,0**	**28 874,2**	**1,9**	**28 876,1**

Group segmental analysis

for the year ended 30 June 2014

	2014		Restated 2013		
	R'million	**% of total**	R'million	% of total	Change
Revenue					
International@	**12 724,8**	**40**	3 726,1	18	242%
Asia Pacific	**8 517,2**	**27**	7 590,5	37	12%
South Africa^	**7 446,3**	**24**	7 376,8	35	1%
Sub-Saharan Africa	**2 744,3**	**9**	2 081,5	10	32%
Total gross revenue	**31 432,6**	**100**	20 774,9	100	51%
Adjustment*	**(1 917,5)**		(1 466,9)		
Total revenue	**29 515,1**		19 308,0		53%
Operating profit before amortisation					
Adjusted for specific non-trading items ("EBITA")					
International	**3 636,1**	**47**	1 488,7	27	144%
Operating profit#	**3 633,1**		1 321,7		175%
Amortisation of intangible assets	**180,4**		60,8		
Transaction costs	**255,0**		–		
Settlement of product litigation	**–**		43,0		
Profit on the sale of intangible assets	**(522,0)**		–		
Impairment of assets	**89,6**		63,2		
Asia Pacific	**1 944,6**	**25**	1 894,0	34	3%
Operating profit#	**1 811,6**		1 608,2		13%
Amortisation of intangible assets	**138,2**		128,0		
Transaction costs	**7,0**		6,0		
Restructuring costs	**42,1**		151,8		
Reversal of impairment of assets	**(5,8)**		–		
Profit on the sale of intangible assets	**(48,5)**		–		
South Africa	**1 816,5**	**24**	1 965,3	35	(8%)
Operating profit#	**1 652,7**		1 867,5		(12%)
Amortisation of intangible assets	**65,1**		60,5		
Transaction costs	**77,4**		31,3		
Impairment of assets	**21,3**		6,0		
Sub-Saharan Africa	**333,6**	**4**	252,3	4	32%
Operating profit#	**327,4**		245,9		33%
Amortisation of intangible assets	**6,2**		6,4		
Total EBITA	**7 730,8**	**100**	5 600,3	100	38%
Entity-wide disclosure – revenue					
Analysis of revenue in accordance with customer geography					
South Africa	**7 451,4**	**24**	7 376,9	36	1%
Asia Pacific	**8 798,7**	**28**	7 697,6	37	14%
Europe CIS	**7 200,1**	**23**	1 387,4	7	419%
Latin America	**3 484,6**	**11**	1 567,3	7	122%
Sub-Saharan Africa	**2 752,6**	**9**	2 123,7	10	30%
Rest of the World	**1 745,2**	**5**	622,0	3	181%
Total gross revenue	**31 432,6**	**100**	20 774,9	100	51%
Adjustment*	**(1 917,5)**		(1 466,9)		
Total revenue	**29 515,1**		19 308,0		53%

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

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

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

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

Accounting policies
for the year ended 30 June 2014

General information
Aspen Pharmacare Holdings Limited 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: Significant operations classified by region. The primary business units are:
- International;
- Asia Pacific;
- South Africa; and
- Sub-Saharan Africa.

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

Entity: Aspen Pharmacare Holdings Limited 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 (Aspen Pharmacare Holdings Limited).

Group: The Group comprises Aspen Pharmacare Holdings Limited, its subsidiaries 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 2014

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 coordinated 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 International Financial Reporting Standards ("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 this subsidiary 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 principal subsidiaries and structured entities are set out in note 22 of the separate Annual Financial Statements of Aspen Pharmacare Holdings Limited.

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 Pharmacare Holdings Limited. None of the investments in subsidiaries is 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.

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.

Accounting policies continued

for the year ended 30 June 2014

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 Pharmacare Holdings Limited.

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 movements 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.

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 monthly 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 of which the 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.

Accounting policies continued

for the year ended 30 June 2014

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 equity as a hyperinflation adjustment.

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 their estimated residual value on a straight-line basis over their expected useful lives. 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 its 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 one 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.

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 one 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;
- 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.

Accounting policies continued

for the year ended 30 June 2014

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, cash restricted for use 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 equity. 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.

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
- a 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.

Accounting policies continued

for the year ended 30 June 2014

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;
- cash restricted for use;
- 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.

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 and 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.

Cash restricted for use

Cash which is subject to restrictions on its use is stated separately at carrying value in the statement of financial position. Cash restricted for use does not meet the definition of cash and cash equivalents and as such is disclosed within financing activities in the statement of cash flows.

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 and dividend and withholding taxes, including secondary tax on companies.

Accounting policies continued

for the year ended 30 June 2014

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.

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.

Current tax and 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 Limited shareholders at a rate of 15% on dividends actually paid to those shareholders. The dividend withholding tax is, however, reduced by secondary taxation on companies credits that Aspen Pharmacare Holdings Limited has available. To the extent that a dividend withholding tax becomes payable, these amounts are withheld from the dividend paid and are not attributable to the Company. If a withholding tax is payable by any company in the Group, the withholding tax is recognised as part of the current tax charge in the statement of comprehensive income in the period in which the dividends, royalties and other sources of income accrue to the respective Group company.

Secondary tax on companies

Secondary tax on companies is recognised as part of the current tax charge in the statement of comprehensive income when the related dividend is declared. Secondary tax on companies was replaced with dividend withholding tax in South Africa for dividends paid after 1 April 2012.

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.

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 remeasured subsequently to initial recognition except on conversion or expiry.

The cumulative deferred incentive bonuses are compound financial instruments. Refer to note 15 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 that 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.

Borrowing costs directly attributable to major projects that necessarily take a substantial period of time to get ready for the intended use (qualifying assets) are capitalised over the period during which the asset is acquired or constructed until the asset is ready for its 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.

Accounting policies continued

for the year ended 30 June 2014

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 20 and 29 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.

Early adoption of *IAS 19 – Employee Benefits*

During 2013, the Group changed its accounting policy with respect to recognising actuarial gains and losses on retirement and other employee benefits upon the adoption of *IAS 19 – Employee Benefits*. Under the previous policy actuarial gains and losses were recognised directly in the statement of comprehensive income. Under the amended policy all actuarial gains and losses are recognised immediately in other comprehensive income as remeasurements.

In addition, the Group changed its accounting policy with respect to calculating the expected return on plan assets. Under the previous policy, net interest income was recognised in the statement of comprehensive income based on the expected rate of return of plan assets. Under the revised policy, the interest rate on plan assets is no longer calculated based on an expected rate of return but rather equal to the discount rate used for determining retirement and other employee benefits.

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.

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 15 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) allow certain employees the option or rights to acquire ordinary shares in Aspen Pharmacare Holdings Limited. 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.

Accounting policies continued

for the year ended 30 June 2014

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 more than 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 29 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.

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;
- that 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
- that 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 38.7 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. Upfront 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 the 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 33 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.

Normalised diluted headline earnings per share
Normalised diluted headline earnings per share is calculated by dividing the normalised headline earnings by diluted 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.

Accounting policies continued

for the year ended 30 June 2014

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 segments have been identified:

- South Africa;
- Asia Pacific;
- Europe CIS;
- Latin America;
- Sub-Saharan Africa; and
- Rest of the World.

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

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.

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.

New standards, amendments and interpretations

The following standards, amendments and interpretations are effective for the first time for the year ended 30 June 2014:

Standards, amendments and interpretations	Description	Effective date	Effect on the Group
Amendment to *IFRS 1 – First-time Adoption on Government Loans*	This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008.	Financial years beginning on or after 1 January 2013.	Not applicable to the Group's Annual Financial Statements.
Amendment to *IFRS 7 – Financial Instruments: Disclosures – Asset and Liability Offsetting*	The IASB has published an amendment to *IFRS 7 – Financial instruments: Disclosures*, reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.	Financial years beginning on or after 1 January 2013.	Not applicable to the Group's Annual Financial Statements.
IAS 19 – Employee Benefits	The amendment replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is also a new term, "remeasurements", which is made up of actuarial gains and losses – the difference between actual investment returns and the return implied by the net interest cost. Remeasurements are taken to other comprehensive income rather than to the statement of comprehensive income.	Financial years beginning on or after 1 January 2013.	This amendment was early adopted by the Group in the 2013 financial year.
IFRS 10 – Consolidated Financial Statements	This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.	Financial years beginning on or after 1 January 2013.	No material impact on the Group's Annual Financial Statements.
IFRS 11 – Joint Arrangements	This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.	Financial years beginning on or after 1 January 2013.	No material impact on the Group's Annual Financial Statements.

Accounting policies continued

for the year ended 30 June 2014

New standards, amendments and interpretations continued

Standards, amendments and interpretations	Description	Effective date	Effect on the Group
IFRS 12 – Disclosures of Interests in Other Entities	This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.	Financial years beginning on or after 1 January 2013.	No material impact on the Group's Annual Financial Statements.
IFRS 13 – Fair Value Measurement	This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP.	Financial years beginning on or after 1 January 2013.	The Group applied this amendment to the 2014 Annual Financial Statements.
IAS 27 (revised 2011) – *Separate Financial Statements*	This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.	Financial years beginning on or after 1 January 2013.	No material impact on the Group's Annual Financial Statements.
IAS 28 (revised 2011) – *Associates and Joint Ventures*	This standard includes the requirements for joint ventures and associates, to be equity accounted following the issue of IFRS 11.	Financial years beginning on or after 1 January 2013.	No material impact on the Group's Annual Financial Statements.
Amendment to the transition requirements in *IFRS 10 – Consolidated financial statements, IFRS 11 – Joint Arrangements,* and *IFRS 12 – Disclosure of Interests in Other Entities*	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted – for example, 1 January 2013 for a calendar year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application, the treatment of comparative figures depends on this assessment. The amendment also requires certain comparative disclosures under IFRS 12 upon transition.	Financial years beginning on or after 1 January 2013.	The Group applied this amendment to the 2014 Annual Financial Statements.

The following accounting standards, amendments and interpretations are not mandatory for the year ended 30 June 2014 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.

New standards, amendments and interpretations continued

Standards, amendments and interpretations	Description	Effective date	Effect on the Group
Amendments to *IFRS 9 – Financial Instruments (2011)*	The IASB has published an amendment to IFRS 9 that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after 1 January 2013. This amendment is a result of the Board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.	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.
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 Group will apply this amendment from financial years beginning on or after 1 January 2014.
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 Group will apply this amendment from financial years beginning on or after 1 January 2014.
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 Group will apply this amendment from financial years beginning on or after 1 January 2014.
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.

Accounting policies continued

for the year ended 30 June 2014

New standards, amendments and interpretations continued

Standards, amendments and interpretations	Description	Effective date	Effect on the Group
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.
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 Group will apply this revised standard to financial years beginning on or after 1 July 2014.
IFRS 15 – Revenue from Contracts With Customers	Establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.	Financial years beginning on or after 1 January 2017.	The Group will apply this standard from financial years beginning on or after 1 January 2017.

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 are effective for financial years beginning on or after 1 January 2013:

- *IFRS 1 – First-time Adoption of IFRS;*
- *IAS 1 – Presentation of Financial Statements;*
- *IAS 16 – Property, Plant and Equipment;*
- *IAS 32 – Financial Instruments Presentation; and*
- *IAS 34 – Interim Financial Reporting.*

The following improvements were issued in December 2013 and are effective for financial years beginning on or after 1 July 2014:

- *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.*

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 reassessed 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 lifecycles 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 (2015 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.

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 41 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 notes 1 and 2 of the Company Annual Financial Statements.

Significant judgements and estimates continued

Valuation of derivative financial instruments

The valuation of derivative financial instruments is based on the market situation 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 10 and 25 of the Group Annual Financial Statements.

Environmental liabilities

An updated actuarial valuation is carried out during each financial year for the environmental liabilities of the Group. Refer to notes 6 and 20 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 9 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 15 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 7 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 8 of the Group Annual Financial Statements.

Accounting for compound financial instruments

Transactions involving compound financial instruments are accounted for under *IFRS 2 – Share-Based Payments, 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 shares issued 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 15 of the Group Annual Financial Statements.

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 20 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 2014 and will be finalised in the 2015 financial year.

The following business acquisitions were treated as provisional in the 2014 financial year:

- API business;
- MSD business;
- GSK thrombosis business;
- Latin American infant nutritional business; and
- South African infant nutritional business.

The acquisition of the Australian infant nutritional business was treated as provisional in 2013 and was finalised in 2014.

Refer to note 39 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 rates

The government of Venezuela operates exchange controls including a fixed official exchange rate of 6,3 to the US Dollar. If management considers this rate to be inappropriate, significant judgement is required to assess which rate to use for translation of the results and the net assets of the hyperinflationary operations. In determining this rate, management considers the timing of a potential devaluation and also assesses the potential rate at which the Group will be able to access funds.

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	2014 R'million	2013 R'million
Property, plant and equipment	1	**7 150,8**	4 342,6
Goodwill	2	**6 641,8**	5 973,2
Intangible assets	3	**35 698,9**	18 933,0
Available-for-sale financial assets	4	**0,1**	0,1
Other non-current receivables	5	**298,8**	26,6
Contingent environmental indemnification assets	6	**727,1**	–
Deferred tax assets	7	**817,1**	369,2
		51 334,6	29 644,7

1. Property, plant and equipment

	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
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 (refer to note 39)	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 6,7% (2013: 6,0%).*

1. Property, plant and equipment 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
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
Movement in property, plant and equipment						
Carrying value at the beginning of the year	1 659,0	1 366,2	35,0	32,5	696,0	3 788,7
Acquisition of subsidiary (refer to note 39)	–	1,7	–	–	–	1,7
Additions – replacement	2,3	37,4	3,2	1,1	117,4	161,4
Additions – expansion	2,8	10,1	12,9	25,6	450,0	501,4
Additions – borrowing costs capitalised	–	–	–	–	10,5	10,5*
Disposals	–	(7,7)	–	(3,6)	(0,6)	(11,9)
Depreciation	(63,3)	(191,1)	(18,5)	(14,4)	–	(287,3)
Reclassification between categories	52,1	244,4	12,8	4,8	(314,7)	(0,6)
Reclassification to intangible assets	–	–	–	–	(14,0)	(14,0)
Impairment losses	(4,8)	(1,3)	–	(0,1)	(4,0)	(10,2)
Reversal of impairment losses	–	–	–	–	0,6	0,6
Currency translation movements	108,5	55,7	3,2	4,9	11,6	183,9
Hyperinflation adjustment	–	0,2	0,6	0,1	–	0,9
	1 756,6	1 515,6	49,2	50,9	952,8	4 325,1

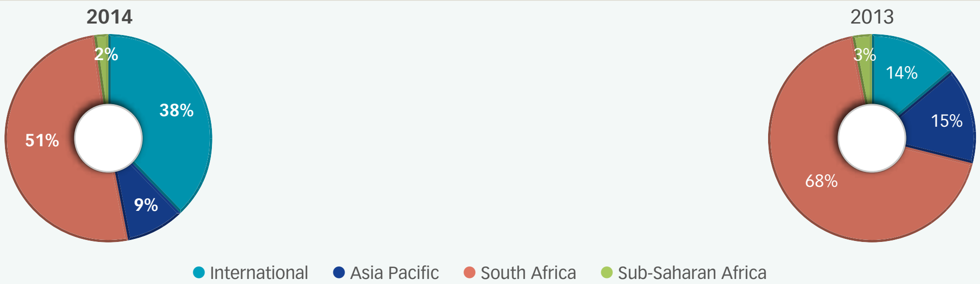
** Borrowing costs capitalised represent financing costs arising on the construction of qualifying assets. The average effective interest rate for the year was 6,7% (2013: 6,0%).*

Non-current assets continued

1. Property, plant and equipment 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
2013						
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
Movement in property, plant and equipment						
Carrying value at the beginning of the year	8,8	2,6	6,0	0,9	–	18,3
Reclassification between categories	–	(2,9)	3,5	–	–	0,6
Additions – replacement	–	–	0,2	0,1	–	0,3
Additions – expansion	1,1	–	1,9	1,0	–	4,0
Depreciation	(2,8)	–	(3,4)	(1,0)	–	(7,2)
Currency translation movements	1,2	0,3	–	–	–	1,5
	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
2012						
OWNED						
Carrying value						
Cost	1 912,3	2 065,2	98,6	83,8	721,3	4 881,2
Accumulated depreciation	(183,8)	(681,4)	(63,6)	(50,0)	–	(978,8)
Accumulated impairment losses	(69,5)	(17,6)	–	(1,3)	(25,3)	(113,7)
Carrying value at the end of the year	1 659,0	1 366,2	35,0	32,5	696,0	3 788,7
LEASED						
Carrying value						
Cost	22,9	3,5	19,8	1,2	–	47,4
Accumulated depreciation	(12,9)	(0,9)	(13,8)	(0,3)	–	(27,9)
Accumulated impairment losses	(1,2)	–	–	–	–	(1,2)
Carrying value at the end of the year	8,8	2,6	6,0	0,9	–	18,3
TOTAL OWNED AND LEASED	1 667,8	1 368,8	41,0	33,4	696,0	3 807,0

Property, plant and equipment (carrying values)



1. Property, plant and equipment continued

	2014 R'million	2013 R'million
The breakdown of the land and buildings amount is as follows		
Land	**802,0**	373,4
Buildings	**2 314,3**	1 391,5
	3 116,3	1 764,9

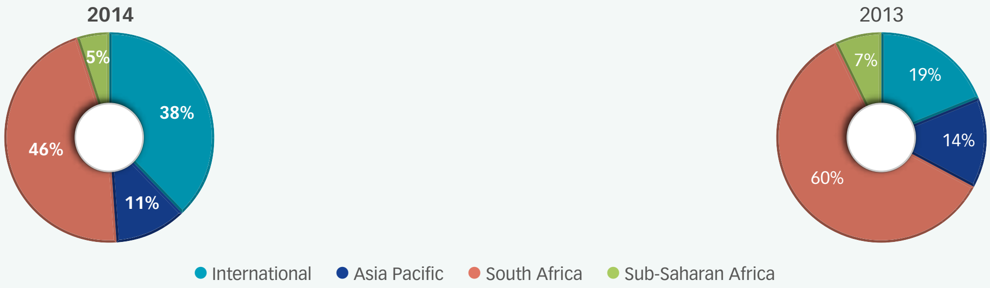
Depreciation rates

The estimated remaining useful life information for 2014 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



	2014 R'million	2013 R'million
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	**425,7**	525,5
Authorised but not yet contracted for	**2 652,9**	1 052,0
	3 078,6	1 577,5

Non-current assets continued

1. Property, plant and equipment continued

	2014 R'million	2013 R'million
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 17)	**12,2**	7,6
Expenditure capitalised in the construction of qualifying assets – excluding borrowing costs (included in capital work-in-progress)	**65,0**	59,8
Impairment of property, plant and equipment (included in other operating expenses)		
The impairment of property, plant and equipment can be split as follows		
International	**0,1**	9,5*
South Africa	**0,5**	0,7
	0,6	10,2

The recoverable amount value of property, plant and equipment has been determined based on either fair value less costs to sell or value-in-use calculations.

** An impairment relating to a feasibility study for a new facility in Aspen Brazil was recognised in the prior year. The value of the impairment was determined using fair value less costs to sell.*

2. Goodwill

	2014 R'million	2013 R'million
Reconciliation of movement		
Carrying value at the beginning of the year	**5 973,2**	5 343,9
Acquisition of subsidiaries and businesses (refer to note 39)	**495,1**	176,5
Disposal of goodwill related to the sale of intangible assets	**(341,0)**	–
Currency translation movements	**514,5**	452,8
	6 641,8	5 973,2

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 41 for detail.

Disposal of goodwill related to the sale of intangible assets

During the year the Group disposed of certain non-core intangible assets distributed 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.

3. Intangible assets

	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
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 (refer to note 39)	**18 236,9**	**–**	**42,8**	**–**	**–**	**18 279,7**
Additions – replacement	**–**	**–**	**–**	**–**	**0,6**	**0,6**
Additions – expansion	**31,0**	**188,4**	**–**	**–**	**269,7**	**489,1**
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**
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
Movement in intangible assets						
Carrying value at the beginning of the year	8 931,8	455,5	2 373,2	11,5	97,8	11 869,8
Acquisition of subsidiary (refer to note 39)	1 246,1	–	–	–	–	1 246,1
Additions – expansion	3 376,2	89,3	–	–	40,6	3 506,1
Development costs capitalised	–	148,8	–	–	–	148,8
Disposals	(0,5)	–	–	–	–	(0,5)
Amortisation	(178,2)	(30,1)	(18,0)	(4,0)	(25,4)	(255,7)
Reclassification between categories	36,9	(36,9)	–	–	–	–
Reclassification from property, plant and equipment	–	–	–	–	14,0	14,0
Impairment losses	(92,4)	(1,7)	–	(0,4)	–	(94,5)
Reversal of impairment losses	34,9	–	–	–	–	34,9
Currency translation movements	2 377,8	11,7	63,9	–	9,8	2 463,2
Hyperinflation adjustment	–	0,8	–	–	–	0,8
	15 732,6	637,4	2 419,1	7,1	136,8	18 933,0

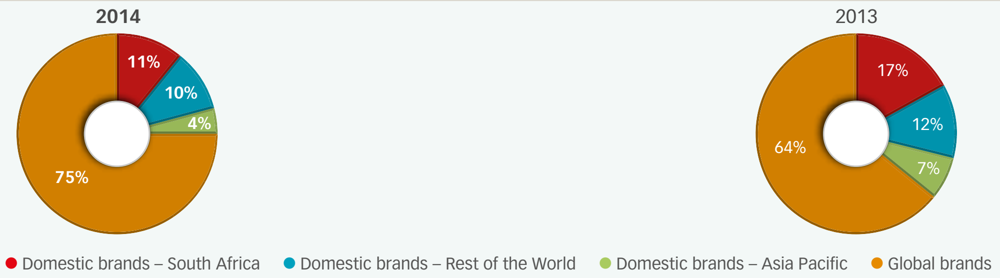
Non-current assets continued

3. Intangible 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
2012						
Carrying value						
Cost	10 607,8	540,5	2 565,0	67,0	197,4	13 977,7
Accumulated amortisation	(1 234,8)	(67,1)	(191,2)	(53,7)	(97,2)	(1 644,0)
Accumulated impairment losses	(441,2)	(17,9)	(0,6)	(1,8)	(2,4)	(463,9)
Carrying value at the end of the year	8 931,8	455,5	2 373,2	11,5	97,8	11 869,8

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

Intangible assets (carrying values)



	2014 R'million	2013 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)	27 756,7	12 481,0
Indefinite useful life intangible assets as a percentage of total intangible assets	78%	66%

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 of 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 (please refer to note 41 for list of the key brands). These brands had a carrying value of R26,9 billion at the end of June 2014 (2013: R11,7 billion).

Refer to note 41 for detail on impairment testing of indefinite useful life intangible assets.

3. Intangible assets continued

	2014 R'million	2013 R'million
Net impairment of intangible assets (included in other operating expenses)		
The net impairment of intangible assets can be split as follows		
(1) South Africa	**23,8**	5,8
International	**89,5**	53,8
(2) Classic brands in Aspen Global	**62,4**	–
(3) Prism global brands in Aspen Global	**27,1**	–
(4) Pharmaceutical brand in Aspen Brazil	**–**	87,6
(5) Pharmaceutical brands in Aspen Global	**–**	(34,9)
Other	**–**	1,1
	113,3	59,6

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 years, 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 products distributed in Australia for which the outlook for 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;
- growth in revenue per annum varying between -41% and 29%;
- gross profit percentage per annum varying between 53% and 91%;
- growth rate to extrapolate cash flows beyond period covered by mentioned forecasts and budgets of -1%; and
- annual post-tax discount rate applied to cash flows of 8%.

(3) This related primarily to a product distributed in Brazil that has 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) This related to historical underperformance of a pharmaceutical brand in Aspen Brazil in the prior year. The value of the impairment was determined using fair value less costs to sell.

(5) In the prior year, there was a trend of improved performance on certain pharmaceutical brands distributed in Australia, and as a consequence previous impairment losses were reversed. 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 -3%;
- gross profit percentage per annum of 33%;
- 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 9%.

Non-current assets continued

3. Intangible assets continued

	2014 R'million	2013 R'million
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	51,5	126,3
Authorised but not yet contracted for	314,2	190,2
	365,7	316,5

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.

4. Available-for-sale financial assets

	2014 R'million	2013 R'million
Marketable equity securities	0,1	0,1

Available-for-sale financial assets, comprising marketable equity securities, are fair valued annually on 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.

5. Other non-current receivables

	2014 R'million	2013 R'million
Non-current employee benefits – reimbursive rights	273,8	–
Avid Brands SA (Pty) Limited	2,1	3,6
Amka Products (Pty) Limited	–	3,5
KOPM Distribution (Pty) Limited	20,0	20,0
Charospot Investments (Pty) Limited	5,0	5,0
Current portion included in trade and other receivables	(2,1)	(5,5)
	298,8	26,6
The balance can be split as follows		
Financial instruments	25,0	26,6
Non-financial instruments	273,8	–
	298,8	26,6

Non-current employee benefits – reimbursive rights

As part of the GSK thrombosis business acquisition, 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.

Avid Brands SA (Pty) Limited

An agreement was entered into with Avid Brands SA (Pty) Limited, in terms of which the Group disposed of certain intellectual property and inventories. The repayment profile is set out below

	2014 R'million	2013 R'million
Year ended 30 June 2014	–	2,0
Year ending 30 June 2015	2,1	1,6
	2,1	3,6

The outstanding loan on the sale of the intellectual property bears interest at the South African prime rate minus 1%.

No interest is charged on the outstanding balance in respect of inventories.

The intellectual property disposed of was pledged as security by Avid Brands SA (Pty) Limited to secure its indebtedness.

5. Other non-current receivables continued

	2014 R'million	2013 R'million
Amka Products (Pty) Limited		
An agreement was entered into with Amka Products (Pty) Limited, in terms of which the Group disposed of certain intellectual property. The repayment profile is set out below		
Year ended 30 June 2014	–	3,5

The outstanding loan on the sale of the intellectual property bore interest at the South African prime rate minus 1%.

The intellectual property disposed of was pledged as security by Amka Products (Pty) Limited to secure its indebtedness.

KOPM Distribution (Pty) Limited and Charospot Investments (Pty) Limited

Agreements were entered into with KOPM Distribution (Pty) Limited and Charospot Investments (Pty) Limited in July 2011. Loan funding was advanced by Aspen to selected BBBEE beneficiaries for the purpose of enabling these beneficiaries to acquire an equity stake in a pharmaceutical distribution and wholesale company as an enterprise development initiative by Aspen.

These loans will 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%.

Both the KOPM Distribution (Pty) Limited and the Charospot Investments (Pty) Limited 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 of S Buys (Pty) Limited.

Other disclosures

Management considers the credit risk associated with these financial receivables to be low, as there has been no default on repayments.

6. Contingent environmental liabilities and indemnification assets

	2014 R'million	2013 R'million
Acquisition of subsidiary	680,1	–
Currency translation movements	47,0	–
Balance at the end of the year	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, acquired as part of the API business. 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 Oss 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.

Non-current assets continued

7. Deferred tax

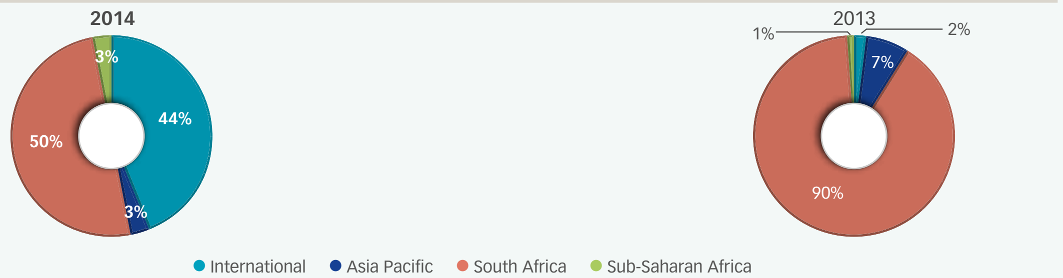
	2014 R'million	2013 R'million
Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 28% (2013: 28%).		
Deferred tax balance		
Deferred tax liabilities – opening balance	600,5	536,0
Deferred tax assets – opening balance	(369,2)	(234,4)
Net deferred tax liabilities – opening balance	231,3	301,6
Statement of comprehensive income credit – prior year adjustment	(0,2)	(9,3)
Statement of comprehensive income charge/(credit) – included in tax	211,3	(36,3)
Charged to equity	13,2	(8,3)
Acquisition of subsidiaries and businesses	82,8	(9,9)
Currency translation movements	(4,4)	(6,5)
	534,0	231,3
Balance split as follows		
Deferred tax liabilities	1 351,1	600,5
Deferred tax assets	(817,1)	(369,2)
Balance at the end of the year	534,0	231,3
The statement of comprehensive income charge/(credit) comprises		
Property, plant and equipment	158,9	(19,3)
Intangible assets	(18,9)	232,6
Inventories	179,8	(107,4)
Trade and other receivables	88,8	4,2
Unfavourable and onerous contracts	(44,7)	–
Retirement and other employee benefits	(10,1)	(11,4)
Trade and other payables	(55,4)	(212,7)
Leave pay	0,8	(2,0)
Royalties received in advance	(3,1)	–
Tax claims in respect of share schemes	(7,3)	23,7
Tax losses	(88,3)	15,1
Other	10,6	31,6
	211,1	(45,6)

7. Deferred tax continued

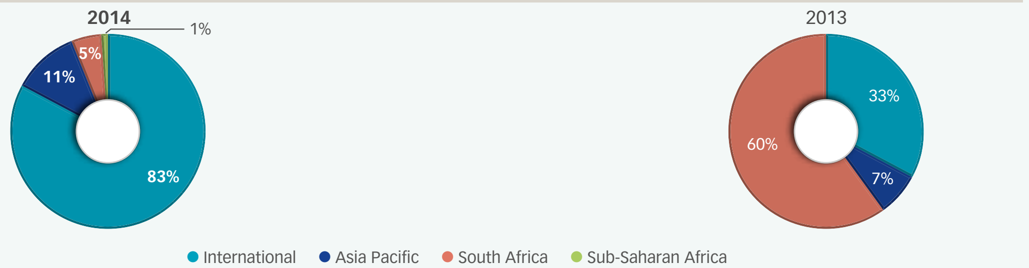
	2014 R'million	2013 R'million
Deferred tax balance comprises		
Property, plant and equipment	**244,6**	363,6
Intangible assets	**1 137,3**	419,7
Inventories	**(137,5)**	(187,3)
Trade and other receivables	**99,9**	9,5
Unfavourable and onerous contracts	**(268,5)**	–
Retirement and other employee benefits	**(48,5)**	(29,5)
Trade and other payables	**(311,7)**	(238,9)
Leave pay	**(19,8)**	(18,2)
Royalties received in advance	**(25,6)**	(22,5)
Tax claims in respect of share schemes	**(0,8)**	(14,2)
Tax losses	**(153,4)**	(59,4)
Other	**17,9**	8,5
Balance at the end of the year	**534,0**	231,3

In the prior year the Company had R597,0 million of Secondary Tax on Companies creditable reserves. The secondary tax on companies credits were fully utilised by the Company to reduce dividend withholding tax that was due by the Company's shareholders to the extent of dividends declared up to R597,0 million prior to 31 March 2015.

Tax jurisdiction – deferred tax liabilities



Tax jurisdiction – deferred tax assets



Current assets

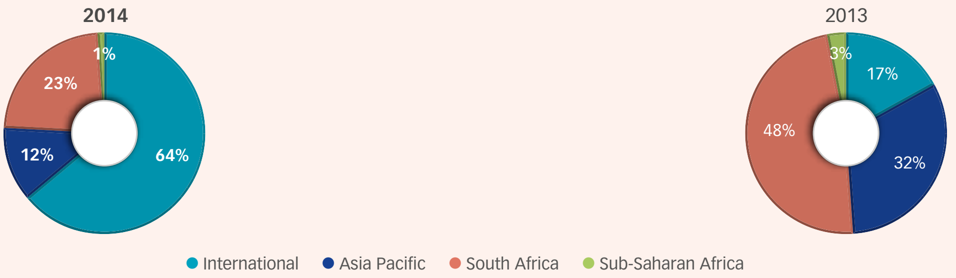
	Notes	2014 R'million	2013 R'million
Inventories	8	**10 275,2**	4 100,9
Trade and other receivables	9	**9 626,8**	5 463,8
Current tax assets		**30,4**	111,0
Derivative financial instruments	10	**4,0**	82,7
Cash and cash equivalents	11	**8 225,6**	6 018,6
Total operating current assets		**28 162,0**	15 777,0
Assets classified as held-for-sale	12	**3 050,8**	–
		31 212,8	15 777,0

8. Inventories

Carrying values

	2014 R'million	2013 R'million
Raw materials	**1 747,9**	980,6
Work-in-progress	**4 736,4**	434,7
Finished goods	**3 582,0**	2 555,3
Consumables	**208,9**	130,3
	10 275,2	4 100,9
Key ratios relating to inventories		
Inventories as a percentage of revenue	**35%**	21%
Inventories as a percentage of cost of sales	**65%**	41%

Inventories (carrying values)



8. Inventories continued

	2014 R'million	2013 R'million
Impairment of inventories (included in cost of sales)		
The impairment charge to the statement of comprehensive income can be split as follows		
Write-down of inventories recognised as an expense	**234,8**	231,9
Movement in the provision for impairment	**(1,0)**	43,4
	233,8	275,3
The write-down is split as follows		
International	**34,2**	29,1
Asia Pacific	**46,6**	67,5
South Africa	**151,7**	132,6
Sub-Saharan Africa	**2,3**	2,7
	234,8	231,9

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.

	2014 R'million	2013 R'million
Reconciliation of provision for impairment		
Balance at the beginning of the year	**320,3**	255,0
Raised during the year	**207,7**	273,3
Utilised during the year	**(208,7)**	(229,9)
Acquisition of subsidiaries and businesses	**393,2**	–
Currency translation movements	**21,2**	21,9
	733,7	320,3

Management is required to use significant judgement in estimating the provision for impairment of inventories. Refer to page 40 for detail.

Other disclosures

Inventories above are at cost, except for raw materials at R0,6 billion carried at net realisable value (2013: nil).

Inventories to the value of R1,3 billion have been pledged as security for the 10-year interest-free loan from MSD. Refer to note 23.

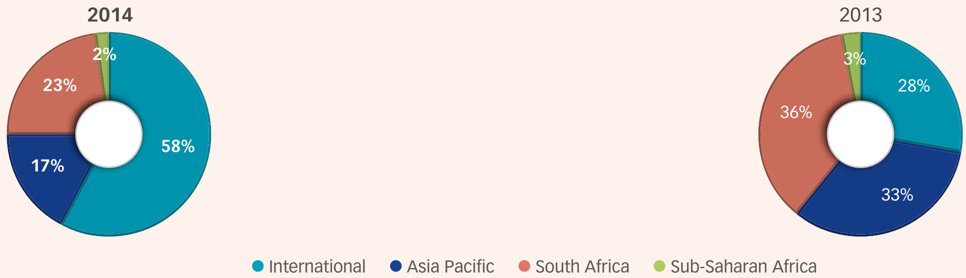
Current assets continued

9. Trade and other receivables

	2014 R'million	2013 R'million
Financial instruments		
Trade receivables	7 700,5	4 181,5
Allowance account for losses	(163,5)	(92,2)
Net trade receivables	7 537,0	4 089,3
Current portion of other non-current receivables	2,1	5,5
Interest accrued	14,0	22,0
Other	713,0	386,2
Total financial instruments*	8 266,1	4 503,0
Non-financial instruments		
Indirect taxes	539,0	249,0
Prepayments	410,7	209,1
Prepayment in anticipation of acquisition	–	394,7
Other	411,0	108,0
Total non-financial instruments	1 360,7	960,8
Total trade and other receivables	9 626,8	5 463,8
Key ratios relating to trade receivables		
Allowance account for losses as a percentage of trade receivables	2,1%	2,2%
Net trade receivables as a percentage of revenue	26%	21%

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

Net trade receivables



	2014 Gross R'million	2014 Allowance account for losses R'million	2013 Gross R'million	2013 Allowance account for losses R'million

9. Trade and other receivables continued

Age analysis of trade and other receivables (financial instruments only)

	2014 Gross R'million	2014 Allowance account for losses R'million	2013 Gross R'million	2013 Allowance account for losses R'million
Fully performing	**6 467,5**	**–**	3 890,7	–
Past due by one to 60 days	**1 213,1**	**(29,6)**	461,3	(3,5)
Past due by 61 to 90 days	**273,7**	**(2,0)**	53,3	(4,9)
Past due by 91 to 120 days	**127,8**	**(14,4)**	71,3	(8,4)
Past due by more than 120 days	**347,5**	**(117,5)**	118,6	(75,4)
	8 429,6	**(163,5)**	4 595,2	(92,2)

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 R1,5 billion (2013: R1,2 billion).

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

One debtor's balance (2013: two separate debtors' balances) constitutes a significant concentration of credit risk to an amount of R0,9 billion (2013: R1,1 billion). This balance constitutes 12,3% (2013: 27,0%) 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 2014 and 2013.

	2014 R'million	2013 R'million
Impairment of trade and other receivables (included in administrative expenses)		
The impairment charge to the statement of comprehensive income can be split as follows		
Bad debts written off	**2,6**	0,3
Movement in the allowance account for losses	**6,5**	7,2
	9,1	7,5
Reconciliation of allowance account for losses		
Balance at the beginning of the year	**92,2**	74,5
Raised during the year	**21,2**	8,4
Utilised during the year	**(14,7)**	(1,2)
Acquisition of subsidiaries and businesses	**57,5**	–
Currency translation movements	**7,3**	10,5
	163,5	92,2

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.

Current assets continued

	2014 R'million	2013 R'million
9. Trade and other receivables continued		
Currency analysis of trade and other receivables (financial instruments only)		
Australian Dollar	**1 141,5**	1 281,8
Brazilian Real	**196,3**	246,8
Canadian Dollar	**59,0**	42,5
Chilean Peso	**41,6**	–
Colombian Peso	**28,7**	–
Euro	**1 521,9**	321,5
Mexican Peso	**394,3**	122,6
New Zealand Dollar	**51,1**	50,9
Philippine Peso	**53,5**	44,5
Pound Sterling	**1 336,1**	215,2
Rand	**1 806,9**	1 500,2
Russian Ruble	**48,3**	–
Tanzanian Shilling	**65,0**	43,0
US Dollar	**1 222,8**	464,7
Venezuelan Bolívares Fuertes	**84,4**	54,1
Other currencies	**214,7**	115,2
	8 266,1	4 503,0

Other disclosures

No collateral is held over any trade and other receivables.

Trade and other receivables are predominantly non-interest bearing.

10. Derivative financial instruments

	2014 R'million	2013 R'million
Balance at the beginning of the year	**82,7**	5,1
Fair value (losses)/gains recognised in the statement of comprehensive income	**(79,2)**	77,5
Currency translation movements	**0,5**	0,1
	4,0	82,7

This balance consists of derivatives where hedge accounting was not applied. The entire balance is attributable to forward exchange contracts.

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 forward exchange contracts were classified as "level 2" assets in the fair value measurement hierarchy.

11. Cash and cash equivalents

	2014 R'million	2013 R'million
Bank balances	**6 429,0**	4 698,1
Short-term bank deposits	**1 723,6**	1 284,6
Cash-in-transit*	**63,7**	30,8
Cash-on-hand	**9,3**	5,1
	8 225,6	6 018,6

** Comprises receipts from customers only banked after year-end.*

11. Cash and cash equivalents continued

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 2,4% (2013: 4,3%).

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

	2014 R'million	2013 R'million
Currency analysis of cash and cash equivalents		
Australian Dollar	**1 500,3**	1 001,4
Brazilian Real	**116,5**	87,1
Chilean Peso	**46,6**	–
Colombian Peso	**22,1**	–
Euro	**1 292,0**	196,6
Mexican Peso	**27,0**	8,1
Philippine Peso	**70,6**	43,7
Pound Sterling	**153,0**	47,1
Rand	**2 458,3**	3 125,8
Tanzanian Shilling	**82,4**	38,6
US Dollar	**2 109,6**	1 385,0
Venezuelan Bolívares Fuertes	**235,3**	27,8
Other currencies	**111,9**	57,4
	8 225,6	6 018,6

Cash and cash equivalents

	2014 R'million	2013 R'million
12. Assets classified as held-for-sale		
Transfer from intangible assets	**3 050,8**	–

On 10 September 2014, Aspen Global entered into an agreement with Mylan in terms of which Aspen Global will dispose of its rights to commercialise the fondaparinux products it recently acquired from GSK (being Arixtra and the authorised generic thereof) in the US to Mylan. The transaction completed on 25 September 2014. Mylan paid Aspen Global USD225 million upon completion. An additional USD75 million is held in escrow and released upon satisfaction of certain conditions. Aspen Global took the decision to enter into this transaction as a consequence of the Group's current absence of sales representatives in the US which prevents it from being able to optimise the commercial performance of the fondaparinux products in that country. Aspen Global has retained all of its remaining rights to the intellectual property and to the commercialisation of Arixtra worldwide other than in the US.

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

Shareholders' equity

	Notes	2014 R'million	2013 R'million
Share capital	13	**3 932,7**	4 048,6
Treasury shares	14	**(64,8)**	(59,4)
Non-distributable reserves		**5 865,4**	3 932,3
Share-based compensation reserve	15	**36,9**	35,7
Retained income		**19 104,0**	14 836,6
Non-controlling interests	16	**1,9**	5,1
		28 876,1	22 798,9

13. Share capital

	2014 R'million	2013 R'million
Authorised		
717 600 000 (2013: 717 600 000) ordinary shares of no par value (2013: par value of 13,90607 cents each)	**–**	99,8
Issued		
456 341 037 (2013: 455 738 785) ordinary shares of no par value (2013: par value of 13,90607 cents each)	**3 932,7**	4 048,6

During the year the Company converted its ordinary share capital from par value shares to no par value shares. This change was made in terms of a special resolution approved at an extraordinary general meeting held on 16 August 2013.

	Million	Million
Shares in issue at the beginning of the year	**455,7**	454,8
Shares issued – share schemes	**0,6**	0,9
Shares in issue at the end of the year	**456,3**	455,7

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.

14. Treasury shares

	2014 R'million	2013 R'million
Balance at the beginning of the year	**(59,4)**	(50,8)
Treasury shares purchased	**(22,3)**	(21,1)
Deferred incentive bonus shares exercised	**16,9**	12,5
	(64,8)	(59,4)

	Million	Million
Number of treasury shares at the beginning of the year	**0,5**	0,6
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	**0,4**	0,5

	2014 R'million	2013 R'million
15. Share-based compensation reserve		
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	19,0	16,1
Aspen Share Incentive Scheme and Aspen Share Appreciation Plan	2,8	3,9
Cash-settled – recognised in trade and other payables		
Aspen South African Management Deferred Incentive Bonus Scheme	4,2	(0,2)
Aspen International Phantom Share Scheme	21,5	11,4
	47,5	31,2

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 15.2 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 15.3 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 any dividends/capital distributions that were paid to the Trust during the vesting period.

Shareholders' equity continued

15. Share-based compensation reserve 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, 1 561 634 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, 39 063 329 shares have been issued under the schemes comprising 8,55% 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 40 for detail.

15. Share-based compensation reserve continued

15.1 Aspen Share Incentive Scheme

Award price (R)	Expiry date	Options outstanding on 30 June 2013 '000	Vested '000	Non-vested '000	Exercised during the year '000	**Options outstanding on 30 June 2014 '000**	**Vested '000**
23,92	Jul 2012	36	36	–	36	**–**	–
32,89	Sept 2014	31	31	–	23	**8**	8
35,09	Sept 2015	29	2	27	26	**3**	3
		96	69	27	85*	**11**	11

** Options exercised during the year resulted in 0,1 million shares (2013: 0,3 million shares) being issued yielding proceeds of R2,6 million (2013: R8,3 million).*

The weighted average share price at which shares were exercised during the year was R271,50 (2013: R165,51).

The total number of shares that will be issued on the assumption that all share options are exercised on the earliest possible date is 11 000 shares at a consideration of R0,3 million.

15.2 Aspen Share Appreciation Plan

Award price (R)	Expiry date	Rights outstanding on 30 June 2013 '000	Vested '000	Non-vested '000	Exercised during the year '000	**Rights outstanding on 30 June 2014 '000**	**Non-vested '000**	Fair value at measurement date (R)	Share price at measurement date (R)	Volatility %	Dividend yield %	Risk-free rate %
36,03	Jan 2014	69	69	–	69	**–**	–	14,55	39,02	33,8	2,3	7,4
41,03	Oct 2013	325	325	–	325	**–**	–	13,78	41,40	31,7	2,3	7,3
60,28	Sept 2014	129	129	–	129	**–**	–	20,90	61,86	35,5	2,3	8,1
88,82	Sept 2015	99	–	99	99	**–**	–	32,17	91,25	36,0	2,1	8,2
89,93	Sept 2016	114	–	114	25	**89**	89	33,08	91,00	33,9	1,9	8,8
142,20	Sept 2017	60	–	60	–	**60**	60	51,74	145,00	33,1	1,4	7,3
		796	523	273	647*	**149**	149					

** During the year 0,6 million rights (2013: 0,9 million rights) were exercised which resulted in 0,5 million shares (2013: 0,6 million shares) being issued.*

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 weighted average share price at which shares were exercised during the year was R266,32 (2013: R146,29).
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

15. Share-based compensation reserve continued

15.3 Aspen South African Management Deferred Incentive Bonus Scheme

Award price (R)	Expiry date	Shares outstanding on 30 June 2013 '000#	Awarded during the year '000	Released during the year '000	Lapsed/ cancelled during the year '000†	**Shares outstanding on 30 June 2014 '000#**	Fair value at award date (R)	Share price at award date (R)
86,88	Oct 2013	180	–	180	–	**–**	86,88	93,30
89,68	Oct 2014	198	–	2	5	**191**	83,88	94,00
156,00	Oct 2015	133	–	3	4	**126**	125,89	144,94
264,13	Oct 2016	–	103	2	3	**98**	224,50	262,50
		511	103^	187	12	**415**		

 # The total number of shares are not vested at 30 June 2014 and 30 June 2013.
† Lapsed or cancelled shares, held by the Aspen Share Incentive Scheme Trust, are re-allocated to future grants.
^ During the year the Group bought 83 273 shares (2013: 132 562 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.

	2014 R'million	2013 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 29 for more detail.		
Cumulative share-based payment amount (included in the statement of changes in equity)	**36,3**	34,2
Opening balance	**34,2**	30,6
For the year	**19,0**	16,1
Released in the year	**(16,9)**	(12,5)
Bonus provision – liability component (included in other payables in the statement of financial position)	**8,2**	8,6
Opening balance	**8,6**	10,5
For the year	**4,2**	(0,2)
Released in the year	**(4,8)**	(2,1)
Notional interest on liability component	**0,3**	0,4
	44,5	42,8

15. Share-based compensation reserve continued

15.4 Aspen International Phantom Share Scheme

Award price (R)	Expiry date	Shares outstanding on 30 June 2013 '000#	Awarded during the year '000	Exercised during the year '000	Lapsed/cancelled during the year '000	**Shares outstanding on 30 June 2014 '000#**
88,82	Oct 2013	21	–	17	4	**–**
89,93	Oct 2014	49	–	–	6	**43**
142,20	Oct 2015	45	–	–	5	**40**
236,67	Oct 2016	–	51	–	1	**50**
		115	51	17	16	**133**

The total number of shares are not vested at 30 June 2014 or 30 June 2013.

The fair value was determined by reference to the share price on the grant date. The closing share price on measurement date was R298,89 (2013: R125,85).

The liability included in trade and other payables on the statement of financial position relating to the Aspen International Phantom Share Scheme is R25,7 million (2013: R16,1 million).

	2014 R'million	2013 R'million
16. Non-controlling interests		
Balance at the beginning of the year	**5,1**	8,7
Losses for the year	**(2,1)**	(6,0)
Non-controlling interests portion of currency translation movements	**(1,8)**	(0,1)
Dividends paid	**(0,2)**	(0,2)
Hyperinflation adjustment	**0,9**	2,7
	1,9	5,1

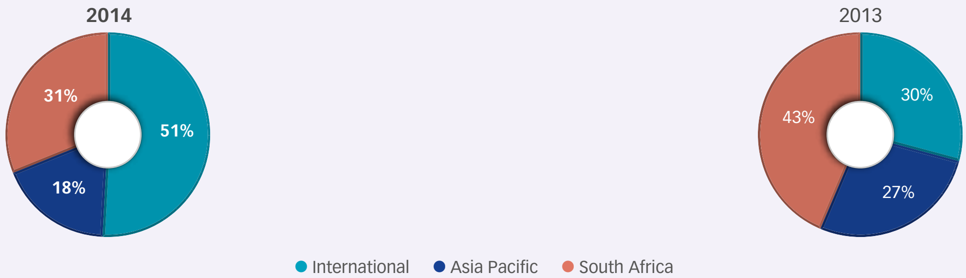
Non-current liabilities

	Notes	2014 R'million	2013 R'million
Borrowings	17	**29 915,5**	8 923,5
Deferred payables	18	**416,6**	–
Deferred revenue	19	**132,2**	139,5
Deferred tax liabilities	7	**1 351,1**	600,5
Retirement and other employee benefits	20	**497,6**	94,0
Contingent environmental liabilities	6	**727,1**	–
Environmental liabilities	21	**79,6**	–
Unfavourable and onerous contracts	22	**2 638,7**	–
Other non-current financial liabilities	23	**1 870,9**	–
		37 629,3	9 757,5

17. Borrowings

	2014 R'million	2013 R'million
Non-current borrowings		
Finance lease and instalment credit liabilities	**6,2**	3,7
Unsecured loans	**29 909,3**	8 919,8
	29 915,5	8 923,5
Current borrowings		
Finance lease and instalment credit liabilities	**6,0**	3,9
Bank overdrafts	**2 063,8**	2 602,4
Secured loans	**–**	26,9
Unsecured loans	**6 005,5**	5 519,5
	8 075,3	8 152,7
Total borrowings		
Finance lease and instalment credit liabilities	**12,2**	7,6
Bank overdrafts	**2 063,8**	2 602,4
Secured loans	**–**	26,9
Unsecured loans	**35 914,8**	14 439,3
	37 990,8	17 076,2

Total borrowings



17. Borrowings continued

Currency analysis and maturity profile of total borrowings

	2014 Within one year R'million	2014 Between one and five years R'million	2014 Total R'million	2013 Within one year R'million	2013 Between one and five years R'million	2013 Total R'million
Finance lease and instalment credit liabilities						
Rand	**6,0**	**6,2**	**12,2**	3,9	3,7	7,6
	6,0	**6,2**	**12,2**	3,9	3,7	7,6
Bank overdrafts						
Rand	**2 063,8**	**–**	**2 063,8**	2 602,4	–	2 602,4
	2 063,8	**–**	**2 063,8**	2 602,4	–	2 602,4
Secured loans						
Brazilian Real	**–**	**–**	**–**	26,9	–	26,9
	–	**–**	**–**	26,9	–	26,9
Unsecured loans						
(1) US Dollar syndicated term loan	**1 858,6**	**17 966,5**	**19 825,1**	–	–	–
(2) US Dollar term loan	**–**	**2 657,5**	**2 657,5**	–	–	–
(3) US Dollar term loan – ELIZ#	**–**	**–**	**–**	334,3	–	334,3
(3) US Dollar term loan – Sigma business#	**–**	**–**	**–**	447,5	708,6	1 156,1
(3) US Dollar term loan – Classic brands#	**–**	**–**	**–**	149,2	3 232,0	3 381,2
(3) US Dollar bridging loan – Infant nutritional business Australia#	**–**	**–**	**–**	1 153,6	–	1 153,6
US Dollar – capital raising fees	**(91,1)**	**(180,4)**	**(271,5)**	(12,7)	(15,5)	(28,2)
US Dollar – other	**–**	**–**	**–**	2,0	–	2,0
(4) Australian Dollar	**–**	**4 074,4**	**4 074,4**	–	3 683,2	3 683,2
Australian Dollar – capital raising fees	**–**	**(40,4)**	**(40,4)**	–	(11,0)	(11,0)
(5) Rand syndicated term loan	**326,2**	**5 460,8**	**5 787,0**	–	–	–
(6) Rand – other	**3 921,9**	**–**	**3 921,9**	3 447,0	1 324,4	4 771,4
Rand – capital raising fees	**(10,1)**	**(29,1)**	**(39,2)**	(1,4)	(1,9)	(3,3)
	6 005,5	**29 909,3**	**35 914,8**	5 519,5	8 919,8	14 439,3
Total borrowings	**8 075,3**	**29 915,5**	**37 990,8**	8 152,7	8 923,5	17 076,2

During the current financial year the terms of these loans were refinanced as part of a major debt raising and restructure exercise. Local and international debt syndication processes were concluded during the first half of the year providing the Group with the necessary funding to support the acquisitions concluded in the current financial year.

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Non-current liabilities continued

17. Borrowings continued

Currency analysis and maturity profile of total borrowings continued

Definitions

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

(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	645,0	October 2013	Five-year amortising loan with the first quarterly capital repayment to be 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	287,5	December 2013	Five-year amortising loan with the first quarterly capital repayment to be 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 2015	–	120,9	–	53,8	174,7
Year ending 30 June 2016	–	161,3	–	71,9	233,2
Year ending 30 June 2017	645,0	161,3	287,5	71,9	1 165,7
Year ending 30 June 2018	–	161,3	–	71,9	233,2
Year ending 30 June 2019	–	40,2	–	18,0	58,2
	645,0	645,0	287,5	287,5	1 865,0

(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.

17. Borrowings continued

Currency analysis and maturity profile of total borrowings continued

(3) Refinanced loans – US Dollar loans

The following loans were refinanced as part of a major debt raising and restructure exercise.
The loans comprised

	Amount USD'million	Date obtained	Term	Interest terms
US Dollar term loan – ELIZ				
An A loan	255,0	October 2008	Five-year amortising loan with the first quarterly capital repayment made in January 2010	Three-month LIBOR + margin of 2,7% payable quarterly
US Dollar term loan – Sigma				
Facility A loan	90,0	September 2011	Three-year amortising loan with the first quarterly capital repayment made in December 2012	Three-month LIBOR + margin of 2,3% payable quarterly
Facility B loan	60,0	September 2011	Three-year amortising loan with the first capital repayment made in December 2011	Three-month LIBOR + margin of 2,5% payable quarterly
US Dollar term loan – Classic brands				
Facility A loan	120,0	March 2013	Three-year amortising loan with the first quarterly capital repayment made in June 2014	Three-month LIBOR + margin of 1,9% payable quarterly
Facility B loan	120,0	March 2013	Three years repayable April 2016	Three-month LIBOR + margin of 2,2% payable quarterly
Revolving facility loan	100,0	March 2013	Four years repayable March 2017	Three-month BBSY + margin of 2,2% payable quarterly
US Dollar bridging loan – Infant nutritional business Australia				
Bridging facility	116,0	April 2013	Replaced with term funding in 2014 financial year	One-month LIBOR + margin of 1,3% payable monthly

The repayment profile is set out below

	ELIZ	Sigma		Classic brands			Infant nutritional business Australia	
	An A loan USD'million	Facility A loan USD'million	Facility B loan USD'million	Facility A loan USD'million	Facility B loan USD'million	Revolving facility loan USD'million	Bridging facility USD'million	Total USD'million
Year ended 30 June 2010	29,2	–	–	–	–	–	–	29,2
Year ended 30 June 2011	61,7	–	–	–	–	–	–	61,7
Year ended 30 June 2012	64,8	–	–	–	–	–	–	64,8
Year ended 30 June 2013	65,7	33,8	–	–	–	–	–	99,5
Refinanced October 2013	–	44,9	60,0	120,0	120,0	100,0	116,0	560,9
Year ended 30 June 2014	33,6	11,3	–	–	–	–	–	44,9
	255,0	90,0	60,0	120,0	120,0	100,0	116,0	861,0

Non-current liabilities continued

17. Borrowings continued

Currency analysis and maturity profile of total borrowings continued

(4) 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.

(5) Rand syndicated term loan

The loan comprises

	Amount R'million	Date obtained	Term	Interest terms
Facility A loan – Pharmacare Limited	1 630,0	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 Limited	1 870,0	October 2013	Three years repayable October 2016	Three-month JIBAR + margin of 1,9% payable quarterly
Facility C loan – Pharmacare Limited	750,0	October 2013	Four years repayable October 2017	Three-month JIBAR + margin of 2,1% payable quarterly
Facility D loan – Pharmacare Limited	450,0	October 2013	Three years repayable October 2016	Three-month JIBAR + margin of 1,9% payable quarterly
Facility A loan – Aspen Pharmacare Holdings Limited	1 000,0	October 2013	Two years repayable October 2015	Three-month JIBAR + margin of 1,7% payable quarterly
Facility B loan – Aspen Pharmacare Holdings Limited	250,0	October 2013	Four years repayable October 2017	Three-month JIBAR + margin of 2,1% payable quarterly

The repayment profile is set out below

	Pharmacare Limited				Aspen Pharmacare Holdings Limited		
	Facility A loan R'million	Facility B loan R'million	Facility C loan R'million	Facility D loan R'million	Facility A loan R'million	Facility B loan R'million	Total R'million
Year ended 30 June 2014	163,0	–	–	–	–	–	**163,0**
Year ending 30 June 2015	326,0	–	–	–	–	–	**326,0**
Year ending 30 June 2016	326,0	–	–	–	1 000,0	–	**1 326,0**
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**
	1 630,0	1 870,0	750,0	450,0	1 000,0	250,0	**5 950,0**

17. Borrowings continued

Currency analysis and maturity profile of total borrowings continued

(6) Rand – other

The loan comprises

	Amount R'million	Date obtained	Term	Interest terms
Various term loans	1 705,0	Between May 2014 and June 2014	Ranging between three and six months	SAFEX + margins ranging between 1,0% and 1,4%
Various overnight loans	2 016,9	Various	On demand	Overnight call rates ranging between 6,1% and 6,6%
Overnight loan	200,0	Various	On demand	South African prime overdraft rate less 3,5%

Interest rate profile of total borrowings

	2014			2013		
	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	**12,2**	**Rates ranging between 3,7% and 8,5%**	**6,5**	7,6	Rates ranging between 3,7% and 8,5%	6,1
Bank overdrafts – floating rate (linked to South African prime overdraft rate)	**2 063,8**	**Rates ranging between prime and prime less 1,0%**	**5,7**	2 602,4	Rates ranging between prime and prime less 1,0%	8,5
Secured loans – floating rate	**–**	**–**	**–**	26,9	Brazilian prime rate	9,8
Unsecured loans – floating rate	**35 914,8**			14 439,3		
Linked to one-month LIBOR	**–**	**–**	**–**	1 153,6	+ margin of 1,3%	1,9
Linked to three-month LIBOR	**22 482,5**	**+ margins ranging between 2,4% and 2,8%**	**2,7**	3 879,1	+ margins ranging between 1,9% and 2,7%	2,5
Linked to three-month BBSY	**4 074,4**	**+ margins ranging between 2,2% and 2,5%**	**4,7**	4 677,7	+ margins ranging between 2,0% and 2,2%	4,8
Linked to SAFEX	**1 500,0**	**+ margin of 1,0%**	**6,2**	700,0	+ margin of 1,0%	5,8
Linked to one-month JIBAR	**–**	**–**	**–**	275,3	+ margin of 0,9%	5,9
Linked to three-month JIBAR	**5 992,0**	**+ margins ranging between 0,9% and 1,4%**	**7,1**	2 204,4	+ margins ranging between 0,9% and 1,4%	7,0
Linked to South African prime overdraft rate	**200,0**	**Less margin of 3,5%**	**5,5**	–	–	–
Linked to overnight call rate	**2 016,9**	**Overnight call**	**6,2**	1 591,6	Overnight call	5,6
Capital raising fees#	**(351,0)**	**–**	**–**	(42,4)	–	–
Total borrowings	**37 990,8**			17 076,2		

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

Non-current liabilities continued

17. Borrowings continued

Security given

Finance lease and instalment credit liabilities are secured by property, plant and equipment with a net book value of R7,6 million.

In the prior year, the secured loan in Aspen Brazil was secured by receivables and cash to the value of the loan.

Default and breaches

There were no defaults or breaches of the contractual terms of the borrowings during the year. Refer to note 38 for detail.

	2014 R'million	2013 R'million
Finance lease liabilities: minimum lease payments		
Not later that one year	6,7	4,2
Later than one year but not later than five years	6,4	3,8
	13,1	8,0
Future finance charges on finance leases	(0,9)	(0,4)
	12,2	7,6

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

– South African facilities of R1,1 billion;
– a US Dollar denominated facility of USD30,0 million; and
– an Australian Dollar denominated facility of AUD50,0 million.

All facilities negotiated are reviewed annually.

18. Deferred payables

	2014 R'million	2013 R'million
Acquisition of subsidiaries and businesses (refer to note 39)	718,7	–
Repayments	(85,9)	–
Notional interest	10,4	–
Currency translation movements	7,6	–
	650,8	–
Analysis of total deferred payables		
Non-current	416,6	–
Current	234,2	–
	650,8	–

As part of the GSK thrombosis business combination, Aspen Global concluded a transaction with MSD in terms of which it 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.

The repayment profile is set out below

	2014 USD'million
Year ending 30 June 2015	22,0
Year ending 30 June 2016	39,0
	61,0

	2014 R'million	2013 R'million
19. Deferred revenue		
Balance at the beginning of the year	148,5	152,3
Recognised in the statement of comprehensive income[#]	(9,1)	(8,8)
Currency translation movements	1,9	5,0
	141,3	148,5

[#] *This amount is included in other operating income on the statement of comprehensive income.*

	2014 R'million	2013 R'million
Analysis of total deferred revenue		
Non-current	132,2	139,5
Current	9,1	9,0
	141,3	148,5

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.

20. 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 by 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 R254,6 million for the current financial year (2013: R142,9 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.

Defined benefit plans

Contributions by the Group and in some cases by the employees are made for funds set up in South Africa, Germany, 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.

Non-current liabilities continued

20. Retirement and other employee benefits continued

Long-term 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 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. These benefits are payable in Germany and France.

				Principal actuarial assumptions		
	Last actuarial valuation done	Full/ interim valuation	Valuation method adopted	Discount rate	Medical inflation rate	Salary increase rate
France	June 2014	Full	Projected unit credit	2,5% (2013: N/A)	N/A	2,8% (2013: N/A)
Germany	June 2014	Full	Projected unit credit	3,0% (2013: 3,6%)	N/A	3,0% (2013: 3,0%)
Kenya	June 2014	Full	Projected unit credit	12,9% (2013: 13,7%)	N/A	12,0% (2013: 11,0%)
Mexico	December 2013	Full	Projected unit credit	8,3% (2013: N/A)	N/A	5,0% (2013: N/A)
Philippines	June 2014	Full	Projected unit credit	5,6% (2013: 5,9%)	N/A	6,0% (2013: 8,0%)
South Africa	June 2014	Full	Projected unit credit	9,4% (2013: 9,2%)	8,4% (2013: 7,8%)	N/A
Tanzania	June 2014	Full	Projected unit credit	16,4% (2013: 15,3%)	N/A	9,0% (2013: 10,0%)

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 were determined in consultation with independent actuaries. Assumptions regarding future mortality experience are set out based on advice, published statistics and experience in each territory.

20. Retirement and other employee benefits continued

	South Africa		Other#		Total	
	2014 R'million	2013 R'million	**2014 R'million**	2013 R'million	**2014 R'million**	2013 R'million
Amounts recognised in the statement of financial position						
Present value of retirement and other employee benefits	**35,9**	26,7	**461,7**	67,3	**497,6***	94,0
Deferred tax	**(10,1)**	(7,4)	**(36,2)**	(22,1)	**(46,3)**	(29,5)
	25,8	19,3	**425,5**	45,2	**451,3**	64,5
Retirement and other employee benefits comprise						
Unfunded present value of retirement and other employee benefits	**45,5**	37,1	**573,6**	162,5	**619,1**	199,6
Fair value of plan assets	**(9,6)**	(10,4)	**(111,9)**	(95,2)	**(121,5)**	(105,6)
	35,9	26,7	**461,7**	67,3	**497,6**	94,0
The movement in the liability recognised in the statement of financial position is as follows						
At the beginning of the year	**37,1**	32,3	**162,5**	117,8	**199,6**	150,1
Current service costs	**1,3**	1,1	**13,7**	8,4	**15,0**	9,5
Benefits paid	**(1,5)**	(1,3)	**(3,4)**	(5,1)	**(4,9)**	(6,4)
Net interest expense	**3,4**	2,8	**5,7**	5,3	**9,1**	8,1
Remeasurements	**5,2**	2,2	**28,3**	5,7	**33,5**	7,9
Actuarial losses/(gains) from changes in demographic assumptions	**–**	1,6	**(1,1)**	(5,6)	**(1,1)**	(4,0)
Actuarial losses from changes in financial assumptions	**5,2**	0,6	**29,4**	11,3	**34,6**	11,9
Acquisition of subsidiaries and businesses (refer to note 39)	**–**	–	**335,8**	–	**335,8**	–
Currency translation movements	**–**	–	**31,0**	30,4	**31,0**	30,4
	45,5	37,1	**573,6**	162,5	**619,1**	199,6
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	**10,4**	10,5	**95,2**	73,1	**105,6**	83,6
Benefits paid	**(1,3)**	(1,1)	**–**	(1,2)	**(1,3)**	(2,3)
Net interest income	**0,9**	0,8	**–**	2,5	**0,9**	3,3
Remeasurements – actual return on plan assets	**(0,4)**	0,2	**1,1**	2,3	**0,7**	2,5
Currency translation movements	**–**	–	**15,6**	18,5	**15,6**	18,5
	9,6	10,4	**111,9**	95,2	**121,5**	105,6

Other is made up of Germany, Philippines, France, Mexico, Kenya and Tanzania.

* *Included in this amount is an obligation of R273,8 million for which the Group has a reimbursive right. Refer to note 5 for more detail.*

Non-current liabilities continued

20. Retirement and other employee benefits continued

	South Africa		Other#		Total	
	2014 R'million	2013 R'million	**2014 R'million**	2013 R'million	**2014 R'million**	2013 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	**9,6**	10,4	**–**	–	**9,6**	10,4
European government bonds	**–**	–	**111,9**	95,2	**111,9**	95,2
	9,6	10,4	**111,9**	95,2	**121,5**	105,6

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)

	South Africa		Other#		Total	
	2014 R'million	2013 R'million	**2014 R'million**	2013 R'million	**2014 R'million**	2013 R'million
Current service costs	**1,3**	1,1	**13,7**	8,4	**15,0**	9,5
Interest costs	**2,5**	2,0	**5,7**	2,8	**8,2**	4,8
	3,8	3,1	**19,4**	11,2	**23,2**	14,3
The charge was classified as follows in the statement of comprehensive income						
Cost of sales	**–**	–	**15,6**	10,1	**15,6**	10,1
Selling and distribution expenses	**2,3**	1,7	**1,3**	0,3	**3,6**	2,0
Administrative expenses	**1,5**	1,4	**2,5**	0,8	**4,0**	2,2
	3,8	3,1	**19,4**	11,2	**23,2**	14,3
Remeasurements (amounts recognised in other comprehensive income)						
Actuarial gains/(losses) from changes in demographic assumptions	**–**	1,6	**(1,1)**	(5,6)	**(1,1)**	(4,0)
Actuarial gains from changes in financial assumptions	**5,2**	0,6	**29,4**	11,3	**34,6**	11,9
Actual return on plan assets	**0,4**	(0,2)	**(1,1)**	(2,3)	**(0,7)**	(2,5)
Gross remeasurements	**5,6**	2,0	**27,2**	3,4	**32,8**	5,4
Tax effect on remeasurements	**(1,6)**	(0,5)	**(5,9)**	(0,2)	**(7,5)**	(0,7)
Remeasurements net of tax	**4,0**	1,5	**21,3**	3,2	**25,3**	4,7

Other is made up of Germany, Philippines, France, Mexico, Kenya and Tanzania.

20. Retirement and other employee benefits continued

Sensitivity analysis

A change in 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 below 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 the retirement and other employee benefits	(99,0)	131,2	8,3	(6,2)	37,3	(34,4)

Five-year historical trend

At 30 June	2014 R'million	2013 R'million	2012 R'million	2011 R'million	2010 R'million
Present value of retirement and other employee benefits	619,1	199,6	150,1	28,5	25,1
Fair value of plan assets	(121,5)	(105,6)	(83,7)	(9,7)	(9,7)
Deficit	497,6	94,0	66,4	18,8	15,4

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.

	2014 R'million	2013 R'million
21. Environmental liabilities		
Acquisition of subsidiary (refer to note 39)	74,5	–
Currency translation movements	5,1	–
	79,6	–

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

Non-current liabilities continued

22. Unfavourable and onerous contracts

	Onerous and unfavourable contracts Aspen Oss	Unfavourable contracts Aspen NDB
Acquisition of subsidiaries (refer to note 39)	3 007,0	–
Release to the statement of comprehensive income	(225,8)	–
Currency translation movements	192,8	–
	2 974,0	–
Analysis of total unfavourable and onerous contracts		
Non-current	2 638,7	–
Current	335,3	–
	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*.

Key assumptions

	Aspen Oss	Aspen NDB
Carrying value (R'million)	2 760,0	214,0
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%

	2014 R'million	2013 R'million
23. Other financial liabilities		
Acquisition of subsidiaries	1 796,4	–
Notional interest	119,1	–
Currency translation movements	89,0	–
	2 004,5	–
Analysis of total other financial liabilities		
Non-current	1 870,9	–
Current	133,6	–
	2 004,5	–
The balance is split as follows		
(1) 10-year interest-free loan	1 337,5	–
(2) Deferred consideration payable to MSD	667,0	–
	2 004,5	–

(1) As part of the API business combination, Aspen Oss 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 Instrument: Recognition of 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 MSD 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.

The repayment profile is set out below

	2014 USD'million
Year ending 30 June 2015	13,5
Year ending 30 June 2016	13,5
Year ending 30 June 2017	13,5
Year ending 30 June 2018	13,5
Year ending 30 June 2019	13,5
	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

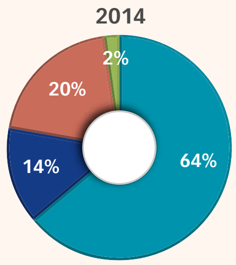
	Notes	2014 R'million	2013 R'million
Trade and other payables	24	**6 884,0**	4 174,6
Borrowings	17	**8 075,3**	8 152,7
Deferred payables	18	**234,2**	–
Deferred revenue	19	**9,1**	9,0
Current tax liabilities		**361,8**	524,8
Derivative financial instruments	25	**8,7**	4,2
Unfavourable and onerous contracts	22	**335,3**	–
Other current financial liabilities	23	**133,6**	–
		16 042,0	12 865,3

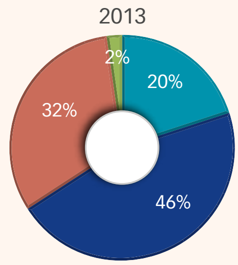
24. Trade and other payables

	2014 R'million	2013 R'million
Financial instruments		
Trade payables	**3 592,2**	2 195,8
Accrued expenses	**1 028,5**	754,7
Interest accrued	**54,9**	32,9
Other	**892,1**	400,3
Total financial instruments*	**5 567,7**	3 383,7
Non-financial instruments		
Indirect taxes	**234,6**	84,2
Leave pay	**348,1**	161,7
Bonuses	**159,2**	108,1
Other	**574,4**	436,9
Total non-financial instruments	**1 316,3**	790,9
Total trade and other payables	**6 884,0**	4 174,6

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

Trade payables





International · Asia Pacific · South Africa · Sub-Saharan Africa

24. Trade and other payables continued

	2014 R'million	2013 R'million
Currency analysis of trade and other payables (financial instruments only)		
Australian Dollar	**999,9**	1 486,1
Brazilian Real	**48,6**	43,9
Chilean Peso	**23,7**	–
Colombian Peso	**40,8**	–
Euro	**1 177,0**	230,9
Kenyan Shilling	**24,1**	34,7
Mexican Peso	**222,7**	13,2
Philippine Peso	**63,8**	66,6
Pound Sterling	**13,7**	138,7
Rand	**851,1**	955,9
Tanzanian Shilling	**11,6**	7,1
US Dollar	**1 975,7**	380,6
Venezuelan Bolívares Fuertes	**53,5**	–
Other currencies	**61,5**	26,0
	5 567,7	3 383,7
Age analysis of trade and other payables (financial instruments only)		
Not past due date	**4 137,2**	3 189,4
Past due by one to 30 days	**847,9**	108,3
Past due by 31 to 150 days	**409,3**	48,5
Past due by 151 days to 1 year*	**144,5**	31,9
Past due by more than 1 year*	**28,8**	5,6
	5 567,7	3 383,7

** This amount mainly relates to exchange control delays in Venezuela.*

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

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

25. Derivative financial instruments

	2014 R'million	2013 R'million
Balance at the beginning of the year	**4,2**	22,1
Fair value losses on forward exchange contracts recognised in the statement of comprehensive income	**6,8**	–
Fair value gains on interest rate swaps recognised in other comprehensive income	**(3,0)**	(20,3)
Currency translation movements	**0,7**	2,4
	8,7	4,2
The balance is split as follows		
Forward exchange contracts	**6,5**	–
Interest rate swaps	**2,2**	4,2
	8,7	4,2

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

	2014 R'million	2013 R'million
26. Revenue		
Sale of goods		
International	**12 679,8**	3 726,1
Asia Pacific	**8 373,1**	7 444,1
South Africa	**7 355,5**	7 322,3
Sub-Saharan Africa	**826,8**	614,6
Other revenue		
Royalties – International	**45,0**	–
– South Africa	**0,9**	0,9
Co-marketing fees – Asia Pacific	**144,1**	146,4
– South Africa	**89,9**	53,6
	29 515,1	19 308,0
Revenue by segment		
International	**12 724,9**	3 726,1
Asia Pacific	**8 517,1**	7 590,5
South Africa	**7 446,3**	7 376,8
Sub-Saharan Africa	**826,8**	614,6
	29 515,1	19 308,0

	2014 R'million	2013 R'million
27. Operating profit		
Operating profit has been arrived at after crediting		
Profit on the sale of intangible assets	**570,5**	3,0
After charging		
Loss on the sale of property, plant and equipment	**1,6**	1,2
Auditors' remuneration	**32,7**	21,1
Audit fees	**29,7**	20,4
– Current year	**29,9**	20,2
– Prior year (over)/underprovision	**(0,2)**	0,2
Other services – tax consulting	**0,6**	0,1
Other services – accounting consulting	**2,0**	0,3
Other services	**0,4**	0,3
Net impairment charges	**348,0**	352,0
Impairment of intangible assets (included in other operating expenses)	**113,3**	94,5
Reversal of impairment of intangible assets (included in other operating expenses)	**–**	(34,9)
Impairment charge – inventories (included in cost of sales)	**233,8**	275,3
Impairment of property, plant and equipment (included in other operating expenses)	**0,6**	10,2
Reversal of impairment of property, plant and equipment (included in other operating expenses)	**(8,8)**	(0,6)
Trade receivables – impairment charge for bad and doubtful debts (included in administrative expenses)	**9,1**	7,5
Repairs and maintenance expenditure on property, plant and equipment	**433,8**	141,5
Research and development costs	**4,1**	11,0
Operating lease rentals	**133,0**	62,0
Land and buildings	**119,8**	49,7
Plant and equipment	**9,7**	9,8
Office equipment, computer equipment and furniture	**3,5**	2,5
Restructuring costs	**42,1**	151,8
Transaction costs	**339,4**	37,3
Monetary adjustment relating to hyperinflation	**80,9**	1,3
Settlement of product litigation	**–**	43,0

Statement of comprehensive income continued

	2014 R'million	2013 R'million
28. Expenses by nature		
Depreciation of property, plant and equipment	**433,9**	294,5
Amortisation of intangible assets	**389,9**	255,7
Impairment charges	**348,0**	352,0
Repairs and maintenance expenditure on property, plant and equipment	**433,8**	141,5
Personnel costs and other staff-related costs	**4 695,9**	2 616,1
Share-based payment expense – employees	**47,5**	31,2
Changes in inventories of finished goods and work-in-progress	**(683,3)**	(572,4)
Purchases of finished goods	**7 355,7**	6 128,0
Other production expenses	**971,6**	287,7
Raw materials and consumables used	**3 867,3**	2 253,9
Transport and warehousing costs	**969,8**	782,4
Advertising and marketing expenses	**665,2**	487,3
Legal and consulting fees	**469,3**	129,8
Royalties paid	**15,5**	52,0
Property costs	**133,0**	83,4
Regulatory expenses	**139,1**	123,4
Transaction costs	**339,4**	37,3
Restructuring costs	**42,1**	151,8
Settlement of product litigation	**–**	43,0
Other	**2 149,0**	690,3
	22 782,7	14 368,9
Classified as		
Cost of sales	**15 793,2**	10 077,3
Selling and distribution expenses	**4 401,3**	2 343,5
Administrative expenses	**1 652,5**	1 366,0
Other operating expenses	**935,7**	582,1
	22 782,7	14 368,9

	2014 R'million	2013 R'million
29. Directors and employees		
Staff costs		
Wages and salaries	**3 905,8**	2 176,7
Defined contribution plan expenses	**254,6**	142,9
Defined benefit plan expenses	**23,2**	14,3
Medical aid contributions	**111,3**	75,8
Other long-term benefits	**11,1**	5,6
Termination benefits	**6,5**	3,5
Share-based payment expense – options and appreciation rights	**2,8**	3,9
Share-based payment expense – deferred incentive bonus	**23,2**	15,9
Share-based payment expense – phantom share scheme	**21,5**	11,4
Other company contributions	**125,3**	53,6
	4 485,3	2 503,6
Amount included in cost of sales	**2 440,6**	1 233,6
Wages and salaries	**2 168,0**	1 102,1
Benefits	**272,6**	131,5
Amount included in selling and distribution expenses	**1 022,7**	611,1
Wages and salaries	**902,2**	520,4
Benefits	**120,5**	90,7
Amount included in administrative expenses	**1 022,0**	658,9
Wages and salaries	**835,6**	554,2
Benefits	**186,4**	104,7
Total number of employees at year-end	**10 119**	7 177
Full-time employees	**8 461**	5 498
Part-time employees	**1 658**	1 679

Statement of comprehensive income continued

29. Directors and employees continued

Directors' emoluments

	Fees R'million	Remuneration R'million	Retirement and medical aid benefits R'million	Performance bonus R'million	Share-based payment expense R'million	Total R'million
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**
2013						
Non-executive directors						
Roy Andersen	0,5	–	–	–	–	0,5
Rafique Bagus	0,3	–	–	–	–	0,3
John Buchanan	0,6	–	–	–	–	0,6
Judy Dlamini	0,8	–	–	–	–	0,8
Kuseni Dlamini	0,2	–	–	–	–	0,2
Abbas Hussain	0,2	–	–	–	–	0,2
Chris Mortimer	0,2	–	–	–	–	0,2
Sindi Zilwa	0,5	–	–	–	–	0,5
Total (A)	3,3	–	–	–	–	3,3
Executive directors						
Gus Attridge	–	4,6	0,5	5,1	1,8	12,0
Stephen Saad	–	5,5	0,7	6,2	2,2	14,6
Total (B)	–	10,1	1,2	11,3	4,0	26,6
Total emoluments (A+B)						30,0
Less: paid by subsidiary companies (C)						(6,0)
Total emoluments paid by the Company (A+B+C)						24,0

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

	2014 R'million	2013 R'million
30. Investment income		
Interest on bank balances and short-term deposits	**245,7**	281,4
Revenue authorities	**29,8**	13,5
Other	**2,6**	3,9
	278,1	298,8
31. Financing costs		
Interest paid	**1 295,9**	842,3
Non-current borrowings	**400,6**	149,7
Bank overdrafts and current borrowings	**885,9**	647,3
Revenue authorities	**2,9**	34,7
Other	**6,5**	10,6
Capital raising fees released	**154,7**	51,9
Transactions	**154,7**	49,5
Trading	**–**	2,4
Notional interest on financial instruments	**131,4**	1,7
Net foreign exchange (gains)/losses	**(80,7)**	34,3
Foreign exchange gain on settlement of transaction funding liability	**(248,9)**	–
Fair value losses/(gains) on derivative financial instruments	**86,0**	(77,5)
Other	**8,0**	–
	1 346,4	852,7

Financing costs above exclude financing costs of R14,5 million which have been capitalised during 2014 to capital work-in-progress (2013: R10,5 million). Refer to note 1 for detail.

Statement of comprehensive income continued

	2014 R'million	2013 R'million
32. Tax		
South African tax		
Current tax – current year	**447,3**	522,7
– prior year	**14,1**	12,4
Deferred tax – current year	**53,7**	73,3
– prior year	**(5,3)**	(9,4)
Secondary tax on companies and other dividend taxes	**–**	59,7
Capital gains tax	**0,7**	1,8
Withholding tax	**0,7**	0,4
	511,2	660,9
International tax		
Current tax – current year	**621,1**	453,2
– prior year	**15,7**	(46,3)
Deferred tax – current year	**157,6**	(109,6)
– prior year	**5,1**	0,1
Capital gains tax	**13,3**	0,1
Withholding tax	**27,0**	16,9
	839,8	314,4
Total tax charge	**1 351,0**	975,3
Tax rate reconciliation	**%**	%
Effective tax rate	**21,3**	21,7
Capital and exempt income	**0,9**	0,3
Prior year adjustments	**(0,5)**	0,5
Foreign rates of tax	**6,0**	4,6
Disallowable expenses	**(2,6)**	(2,0)
Effect of share-based payment expense – employees	**0,1**	0,1
Non-deductible amortisation of intangible assets	**(0,5)**	(0,4)
Other disallowable expenses	**(2,2)**	(1,7)
Secondary tax on companies and other dividend taxes	**–**	(1,3)
Capital gains tax	**(0,2)**	–
Foreign tax credit	**4,8**	4,2
Tax losses incurred in the current year	**(1,1)**	–
Strategic project allowances	**0,2**	0,1
Withholding tax	**(0,4)**	–
Other	**(0,4)**	(0,1)
Tax at the statutory rate	**28,0**	28,0
Unutilised tax benefits		
Opening balance	**(34,1)**	(31,2)
Expired losses	**31,4**	–
Current losses incurred	**(43,8)**	(3,0)
Other	**(0,7)**	0,1
Tax losses available to reduce future taxable income	**(47,2)**	(34,1)

33. 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.

	2014 R'million	2013 R'million
Profit attributable to equity holders of the parent	**5 007,6**	3 520,1
Weighted average number of shares in issue ('000)*	**456 116**	455 397
Earnings per share (cents)	**1 097,9**	773,0

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.

	2014 R'million	2013 R'million
Profit attributable to equity holders of the parent	**5 007,6**	3 520,1
Weighted average number of shares for diluted earnings per share ('000)	**456 219**	456 027
Adjustment for share options and share appreciation rights ('000)	**103**	630
Weighted average number of shares in issue ('000)*	**456 116**	455 397
Diluted earnings per share (cents)	**1 097,6**	771,9

** After deduction of weighted treasury shares.*

Statement of comprehensive income continued

33. Earnings per share continued

Headline earnings per share

Reconciliation of headline earnings

	2014 R'million	2013 R'million
Profit attributable to equity holders of the parent	**5 007,6**	3 520,1
Adjusted for*		
Loss on the sale of property, plant and equipment	**1,1**	0,9
– Gross amount	**1,6**	1,2
– Tax effect	**(0,5)**	(0,3)
Impairment of property, plant and equipment	**0,5**	9,9
– Gross amount	**0,6**	10,2
– Tax effect	**(0,1)**	(0,3)
Reversal of impairment of property, plant and equipment	**(6,3)**	(0,4)
– Gross amount	**(8,8)**	(0,6)
– Tax effect	**2,5**	0,2
Impairment of intangible assets	**112,6**	94,3
– Gross amount	**113,3**	94,5
– Tax effect	**(0,7)**	(0,2)
Reversal of impairment of intangible assets	**–**	(33,9)
– Gross amount	**–**	(34,9)
– Tax effect	**–**	1,0
Profit on the sale of intangible assets	**(479,8)**	(2,5)
– Gross amount	**(570,5)**	(3,0)
– Tax effect	**90,7**	0,5
Headline earnings	**4 635,7**	3 588,4
Weighted average number of shares in issue ('000)**	**456 116**	455 397
Headline earnings per share (cents)	**1 016,3**	788,0

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

33. Earnings per share continued

	2014 R'million	2013 R'million
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	**4 635,7**	3 588,4
Weighted average number of shares for diluted headline earnings per share ('000)	**456 219**	456 027
Adjustment for share options and share appreciation rights ('000)	**103**	630
Weighted average number of shares in issue ('000)*	**456 116**	455 397
Diluted headline earnings per share (cents)	**1 016,1**	786,9
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	**4 635,7**	3 588,4
Adjusted for**		
Restructuring costs	**29,4**	106,2
– Gross amount	**42,1**	151,8
– Tax effect	**(12,7)**	(45,6)
Transaction costs	**435,9**	82,0
– Gross amount	**494,1**	86,8
– Tax effect	**(58,2)**	(4,8)
Settlement of product litigation	**–**	36,6
– Gross amount	**–**	43,0
– Tax effect	**–**	(6,4)
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	**4 853,8**	3 813,2
Weighted average number of shares in issue ('000)*	**456 116**	455 397
Normalised headline earnings per share (cents)	**1 064,2**	837,3
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	**4 853,8**	3 813,2
Weighted average number of shares for diluted headline earnings per share ('000)	**456 219**	456 027
Adjustment for share options and share appreciation rights ('000)	**103**	630
Weighted average number of shares in issue ('000)*	**456 116**	455 397
Diluted normalised headline earnings per share (cents)	**1 063,9**	836,2

* *After deduction of weighted treasury shares.*

** *None of the normalised headline earnings adjustments include non-controlling interests.*

Statement of comprehensive income continued

34. Cash dividend and capital distribution

A capital distribution out of contributed tax capital of 188 cents per share was declared after year-end (2013: total distribution of 157 cents per share).

The capital distribution will be accounted for in the statement of changes in equity for the year ending 30 June 2015, in accordance with *IAS 10 – Events After Balance Sheet Date*. The total distribution of 157 cents was declared after the year ended 30 June 2013. This total distribution has been accounted for in the statement of changes in equity for the year ended 30 June 2014 in accordance with *IAS 10 – Events After Balance Sheet Date*.

35. Other comprehensive income, net of tax

	2014 R'million	2013 R'million
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 movements	**1 829,3**	2 542,4
Cash flow hedges recognised	**3,0**	20,3
Remeasurement of retirement and other employee benefits	**(25,3)**	(4,7)
Other comprehensive income	**1 906,0**	2 558,0

35. Other comprehensive income, net of tax continued

	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
2014				
Tax and non-controlling interests on other comprehensive income				
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 movements	**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**
2013				
Currency translation movements	2 542,4	–	(0,1)	2 542,5
Cash flow hedges recognised	20,3	–	–	20,3
Remeasurement of retirement and other employee benefits	(5,4)	0,7	–	(4,7)
	2 557,3	0,7	(0,1)	2 558,1

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36. 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.

	2014 R'million	2013 R'million
Minimum future lease payments – operating leases		
Land and buildings	**241,2**	100,0
Plant and equipment	**2,5**	3,0
Office equipment, computer equipment and furniture	**9,3**	4,5
	253,0	107,5
The future minimum operating lease payments are as follows		
Less than one year	**59,3**	46,6
Between one and five years	**180,5**	46,1
Later than five years	**13,2**	14,8
	253,0	107,5

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 17 for finance lease liabilities.

	2014 R'million	2013 R'million
36. Commitments continued		
Other commitments		
During the 2005 financial year Aspen Australia entered into a 10-year agreement with Novartis Australia (Pty) Limited to distribute and market a range of their products. In terms of this agreement Aspen is committed to spend the following amounts on promotion of the products		
– payable within one year	2,3	6,9
– payable thereafter	–	3,5
	2,3	10,4
37. Contingent liabilities		
There are contingent liabilities in respect of		
Contingency relating to product litigation	27,6	25,9
Customs guarantee	14,8	–
Indirect tax contingent liabilities	36,1	10,4
Contingencies arising from labour cases	2,8	4,3
Other contingent liabilities	5,7	2,0
	87,0	42,6

Income tax contingency

Following an audit, the South African Revenue Service has issued tax assessments on various South African companies in relation to historic transactions. The Company has lodged an appeal against these assessments and has filed a review application to have the assessments set aside. Aspen is confident that it will succeed in this dispute based on the outcome of recent court cases dealing with similar matters. Due to the uncertainties inherent in the process, the timing of resolution of the dispute and the outcome thereof cannot be determined.

Guarantees to financial institutions

	2014 R'million	2013 R'million
Material guarantees given by Group companies for indebtedness of subsidiaries to financial institutions		
Pharmacare Limited	11 298,7	5 000,6
Aspen Pharmacare Holdings Limited	1 290,0	300,0
Fine Chemicals Corporation (Pty) Limited	300,0	300,0
	12 888,7	5 600,6

Other disclosures continued

38. Financial risk management

38.1 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 which are governed by the Company and the Group's approvals framework. The Audit & Risk Committee has the overall responsibility for the establishment and oversight of the Group's risk management framework.

The Audit & Risk Committee provides principles for overall financial 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.

38.2 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 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

38. Financial risk management continued

38.2 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 2013				
Financial assets				
Available-for-sale financial assets	–	0,1	–	0,1
Other non-current receivables	26,6	–	–	26,6
Trade and other receivables	4 503,0	–	–	4 503,0
Forward exchange contracts (gross settled)	–	82,7	–	82,7
Cash and cash equivalents	6 018,6	–	–	6 018,6
Total financial assets	10 548,2	82,8	–	10 631,0
Financial liabilities				
Secured loans	–	–	26,9	26,9
Unsecured loans	–	–	14 439,3	14 439,3
Finance lease and instalment credit liabilities	–	–	7,6	7,6
Bank overdrafts	–	–	2 602,4	2 602,4
Trade and other payables	–	–	3 383,7	3 383,7
Interest rate swaps (net settled)	–	4,2	–	4,2
Non-derivative financial liabilities – financial guarantees	–	5 600,6	–	5 600,6
Total financial liabilities	–	5 604,8	20 459,9	26 064,7

38.3 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.

38.4 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. Economic risk refers to the currency translation movements on the international competitiveness of the Company. Economic risk is not handled by the Group Treasury Management department, as it is a strategic matter managed directly by the Aspen Board.

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

Other disclosures continued

38. Financial risk management continued

38.4 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 2014 and 2013 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 was 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:

(1) *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 was 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.

(2) *Aspen NDB*

- 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.
- 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.
- 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.

38. Financial risk management continued

38.4 Foreign currency risk continued

Hedge accounting – 2013

No hedge accounting was applied for forward exchange contracts in the prior year.

The table 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 the statement of compre-hensive income R'million
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)**
June 2013				
Imports*				
Australian Dollar	0,4	3,8	3,8	–
Swiss Franc	0,7	7,4	7,9	0,5
Euro	63,1	314,9	336,3	21,4
Pound Sterling	2,5	36,0	38,5	2,5
Japanese Yen	23,6	2,4	2,4	–
US dollar	131,4	732,7	791,9	59,2
		1 097,2	1 180,8	83,6
Exports*				
Euro	(0,3)	(3,6)	(3,7)	(0,1)
US Dollar	(3,6)	(35,3)	(36,1)	(0,8)
		(38,9)	(39,8)	(0,9)

** 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

38. Financial risk management continued

38.4 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	
	2014 R'million	2013 R'million
July	**433,2**	451,0
August	**84,5**	159,9
September	**125,7**	165,4
October	**116,5**	105,5
November	**94,0**	75,2
December	**76,3**	71,7
January	**7,4**	27,9
February	**4,9**	23,0
March	**4,4**	23,7
April	**13,3**	36,9
May	**27,2**	0,8
	987,4	1 141,0

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 Bolívares 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 differences 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 equity of R1 831,1 million at 30 June 2014 (2013: R2 542,5 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 2013.

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.

		Weakening in functional currency	
	Change in exchange rate %	**2014 R'million**	2013 R'million
Denominated: Functional currency			
Rand:US Dollar	10	**62,9**	78,6
Rand:Euro	10	**20,1**	25,2
Rand:Pound Sterling	10	**5,4**	9,7
US Dollar:Pound Sterling	10	**137,7**	6,8
US Dollar:Australian Dollar	10	**62,0**	43,3
US Dollar:Euro	10	**15,6**	9,0
Brazilian Real:US Dollar	10	**(0,4)**	(4,5)
Tanzanian Shilling:US Dollar	10	**(3,9)**	(4,3)
Tanzanian Shilling:Kenyan Shilling	10	**(1,8)**	(1,0)
Mexican Peso:US Dollar	10	**71,2**	(7,7)
Venezuelan Bolívares Fuertes	10	**(78,7)**	(44,9)
Other exposures	10	**3,2**	51,4
		293,3	161,6

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.

38. Financial risk management continued

38.4 Foreign currency risk continued

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

	Spot rate 2014	Spot rate 2013	Average rate 2014	Average rate 2013
Australian Dollar	**10,06**	9,21	**9,55**	9,12
Brazilian Real	**4,83**	4,46	**4,56**	4,34
Euro	**14,54**	12,93	**14,20**	11,60
Mexican Peso	**0,82**	0,76	**0,80**	0,70
Pound Sterling	**18,17**	15,12	**17,10**	13,99
US Dollar	**10,63**	9,94	**10,44**	8,93
Venezuelan Bolívares Fuertes	**1,25**	1,58	**1,25**	1,58

38.5 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 2014 R'million	Carrying value 2013 R'million
Variable rate instruments		
Other non-current receivables	**(25,0)**	(26,6)
Trade and other receivables	**(2,1)**	(5,5)
Cash and cash equivalents	**(6 746,6)**	(5 493,9)
Financial assets (A)	**(6 773,7)**	(5 526,0)
Borrowings	**26 405,1**	16 777,0
Trade and other payables	**10,6**	33,6
Financial liabilities (B)	**26 415,7**	16 810,6
Variable rate exposure (A+B)	**19 642,0**	11 284,6
Fixed rate instruments		
Financial assets – cash and cash equivalents (A)	**(116,9)**	(84,4)
Financial liabilities – borrowings (B)	**11 936,8**	341,7
Fixed rate exposure (A+B)	**11 819,9**	257,3
Interest profile (variable: fixed rate as a percentage of total interest bearing financial instruments)	**62:38**	98:2

Other disclosures continued

38. Financial risk management continued

38.5 Interest rate risk continued

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 are as follows

	Outstanding contract amount R'million	Fixed interest rate %	Expiry date	Fair value losses R'million
Australian Dollar revolving Facility A loan	**2 012,1**	**2,8% (three-month BBSY)**	**25 March 2015**	**0,3**

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 BBSY rate. Gains and losses recognised in the hedging reserve in equity at 30 June 2014 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 2014 is less than one year.

(2) US Dollar syndicated term loan – Facility A and 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	**9 912,5**	**0,3% (three-month LIBOR)**	**25 August 2015**	**(4,4)**

The interest rate swap was designated as 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 2014 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 2014 is between one and five years.

38. Financial risk management continued

38.5 Interest rate risk continued

(3) US Dollar term loan – ELIZ – Loan A

The Group 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 losses R'million
US Dollar term loan – ELIZ – Loan A	–	6,1% (three-month LIBOR)	10 October 2013	1,1

The interest rate swap was designated as 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 2014 have been released to the statement of comprehensive income as the interest (finance costs) on the loan was recognised in the statement of comprehensive income.

The US Dollar term loan – ELIZ – Loan A interest rate swap was settled in the current financial year.

Interest rate sensitivity

The Group is exposed mainly to fluctuations in the following market interest rates: three-month LIBOR, three-month JIBAR, SAFEX, South African prime overdraft rate and three-month BBSY. Changes in market interest rates affect the interest income and expense of floating rate financial instruments. Changes in market interest rates affect the statement of comprehensive income only in relation to financial instruments with fixed interest rates if these financial instruments are recognised at their fair value.

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

	2014 R'million	2013 R'million
Three-month LIBOR	101,2	28,0
Three-month BBSY	23,3	30,4
Three-month JIBAR, SAFEX and South African prime overdraft rate	77,4	40,8
	201,9	99,2

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 2014 would result in a decrease of R101,6 million (2013: R0,5 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.

Other disclosures continued

38. Financial risk management continued

38.6 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 17 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 to 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.*

38. Financial risk management continued

38.6 Liquidity risk continued

	Undiscounted cash flows < One year R'million	One to five years R'million	> Five years R'million	Total R'million
June 2013				
Financial assets				
Available-for-sale financial assets	–	–	0,1	0,1
Other non-current receivables (financial instruments only)	–	2,1	31,1	33,2
Trade and other receivables (financial instruments only)	–	4 503,0	–	4 503,0
Forward exchange contracts (gross settled)*	–	82,7	–	82,7
Gross cash inflows	–	1 141,0	–	1 141,0
Gross cash outflows	–	(1 058,3)	–	(1 058,3)
Cash and cash equivalents	4 770,0	1 248,6	–	6 018,6
Total financial assets	4 770,0	5 836,4	31,2	10 637,6
Financial liabilities				
Secured loans	–	(26,9)	–	(26,9)
Unsecured loans	(2 035,0)	(7 084,3)	(6 423,8)	(15 543,1)
Finance lease and instalment credit liabilities	–	(4,0)	(3,8)	(7,8)
Bank overdrafts	(2 602,4)	–	–	(2 602,4)
Trade and other payables (financial instruments only)	–	(3 383,7)	–	(3 383,7)
Interest rate swaps (net settled)	–	(4,2)	–	(4,2)
Total financial liabilities	(4 637,4)	(10 503,1)	(6 427,6)	(21 568,1)
Net exposure before financial guarantees	132,6	(4 666,7)	(6 396,4)	(10 930,5)
Non-derivative financial liabilities – financial guarantees	–	(4 075,6)	(1 525,0)	(5 600,6)
Net exposure after financial guarantees	132,6	(8 742,3)	(7 921,4)	(16 531,1)

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

38.7 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, 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 (2013: two separate debtors' balances) constitutes a significant concentration of credit risk to an amount of R0,9 billion (2013: R1,1 billion). These balances constitute 12,3% (2013: 27,0%) 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 2014 and 2013.

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.

Other disclosures continued

38. Financial risk management continued

38.7 Credit risk continued

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.

38.8 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 increased since the prior year to 51% from 33%.

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 three times.
- These covenants are applicable to all term loans in the Group outstanding at 30 June 2014.

(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 three times.
- The capacity to increase interest bearing debt is restricted to 3,5 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 three 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 three 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 AUD350 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 2014, all the above covenants were complied with.

39. Acquisitions

2014

A number of significant transactions were completed during the financial year and were influential in the performance of the Group. These transactions have created important new opportunities for Aspen in both product offering and geographic coverage. The transactions were as follows

39.1 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 US for a purchase consideration of EUR31 million (net of cash acquired).

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

The initial accounting for this business combination has been reported on a provisional basis and will only be finalised in the year ending 30 June 2015.

Post-acquisition revenue included in the statement of comprehensive income was R3,1 billion. The estimation of post-acquisition operating profits is impracticable and not reasonably determinable due to the immediate integration of the businesses into the existing operations of the Group. The determination and disclosure of historical audited revenue and operating profits for the 12 months preceding the effective date is not possible as the information for the full period is not available from the vendors.

39.2 Acquisition of the MSD business

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

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 has been reported on a provisional basis and will only be finalised in the year ending 30 June 2015.

Other disclosures continued

39. Acquisitions continued

39.2 Acquisition of the MSD business continued

Post-acquisition revenue included in the statement of comprehensive income was R1,1 billion. The estimation of post-acquisition operating profits is impracticable and not reasonably determinable due to the immediate integration of the businesses into the existing operations of the Group. The determination and disclosure of historical audited revenue and operating profits for the 12 months preceding the effective date is not possible as the information for the full period is not available from the vendors.

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.

39.3 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 from GSK, except in China, Pakistan and India for a purchase consideration of GBP505 million.

Aspen NDB

On 30 April 2014, the Company invested in 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.

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

* *Subsequent to year-end, R3,1 billion of the intangible assets acquired was reclassified to assets classified as held-for-sale.*

The initial accounting for this business combination has been reported on a provisional basis and will only be finalised in the year ending 30 June 2015.

Post-acquisition revenue included in the statement of comprehensive income was R2,7 billion. The estimation of post-acquisition operating profits is impracticable and not reasonably determinable due to the immediate integration of the businesses into the existing operations of the Group. The determination and disclosure of historical audited revenue and operating profits for the 12 months preceding the effective date is not possible as the information for the full period is not available from the vendors.

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.

The total amount of goodwill is not tax deductible.

39. Acquisitions continued

39.4 Acquisition of the Latin American infant nutritional business

On 28 October 2013, Aspen Global and its subsidiaries 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 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.

	R'million
Cost of the acquisition	
Purchase consideration paid	1 769,8
Fair value of net assets acquired	(1 755,5)
Goodwill	14,3
Fair value of assets and liabilities acquired	
Property, plant and equipment	620,0
Intangible assets	736,2
Current tax assets	3,0
Inventories	520,6
Trade and other receivables	465,1
Retirement and other employee benefits	(37,2)
Deferred tax liabilities	(2,7)
Trade and other payables	(549,5)
Fair value of net assets acquired	1 755,5
Goodwill acquired	14,3
Cash consideration paid	1 769,8

The initial accounting for this business combination has been reported on a provisional basis and will only be finalised in the year ending 30 June 2015.

Post-acquisition revenue included in the statement of comprehensive income was R1,5 billion. The estimation of post-acquisition operating profits is impracticable and not reasonably determinable due to the immediate integration of the businesses into the existing operations of the Group. The determination and disclosure of historical audited revenue and operating profits for the 12 months preceding the effective date is not possible as the information for the full period is not available from the vendors.

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.

The total amount of goodwill is not tax deductible.

Other disclosures continued

39. Acquisitions continued

39.5 Acquisition of the South African infant nutritional 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 milk business from Nestlé was approved by the Competition Tribunal in December 2013. The effective date upon which Aspen assumed control of the business was 27 January 2014. The USD43 million consideration paid in May 2013 which was previously classified as a prepayment has been set off against the fair value of the assets acquired.

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

The initial accounting for this business combination has been reported on a provisional basis and will only be finalised in the year ending 30 June 2015.

Post-acquisition revenue included in the statement of comprehensive income was R0,1 billion. The estimation of post-acquisition operating profits is impracticable and not reasonably determinable due to the immediate integration of the businesses into the existing operations of the Group. The determination and disclosure of historical audited revenue and operating profits for the 12 months preceding the effective date is not possible as the information for the full period is not available from the vendors.

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 milk business; and
- the synergies from the consolidation of the infant milk businesses with Aspen's existing business in South Africa, including cost savings and increased sales force coverage benefits.

The total amount of goodwill is not tax deductible.

39. Acquisitions continued

2013

39.6 Acquisition of the infant nutritionals business in Australia

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

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

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

Goodwill

The goodwill arising on the acquisition of the infant nutritionals business recognises:

- the future benefits of rebranding rights on the existing and future infant milk product range; and
- the synergies from the consolidation of the infant milk business with Aspen's existing Australian consumer business including cost savings and increased sales force coverage benefits.

The total amount of goodwill recognised is not tax deductible.

Other disclosures continued

40. 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 29.

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 22 of the Company Annual Financial Statements for a detailed list of 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 were R7,0 million (2013: R4,4 million). There were no balances outstanding at year-end (2013: nil).

Directors' and prescribed officers' remuneration is disclosed in note 29.

Transactions with key management personnel

Key management personnel consist of directors of key Group companies.

The key management personnel compensation consists of

	2014 R million	2013 R million
Short-term employee benefits	91,8	69,4
Post-employment benefits	5,0	3,9
Share-based payment expense	16,3	12,4
Total key management remuneration paid	113,1	85,7
Number of employees included above	27	23

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

41. 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 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 is 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 five and 15 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.

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

Value-in-use continued

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.

	2014 R'million	2013 R'million
Goodwill		
The carrying value of goodwill can be split as follows		
FCC – allocated to the South African segment	**162,5**	162,5
Shelys Africa Limited – allocated to the sub-Saharan African segment	**134,0**	134,0
Tanzanian business	**68,4**	68,4
Kenyan business	**65,6**	65,6
GSK transactions – allocated to the South African segment	**61,4**	61,4
Sigma business – allocated to the Asia Pacific segment	**5 547,9**	5 406,5
MSD business – allocated to the International segment*	**196,6**	–
GSK thrombosis business – allocated to the International segment*	**138,7**	–
Australian infant nutritional business – allocated to the Asia Pacific segment	**156,5**	152,1
South African infant nutritional business – allocated to the South African segment*	**171,5**	–
Latin American infant nutritional business – allocated to the International segment*	**15,5**	–
Other	**57,2**	56,7
	6 641,8	5 973,2

** These amounts have been tested for impairment as part of the purchase price allocation. Refer to note 39 for detail on the acquisition.*

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

Assumption	Sigma transaction	FCC	Tanzanian business	Kenyan business	GSK transactions	Australian infant nutritional business
Carrying value of goodwill (R'million)	5 547,9	162,5	68,4	65,6	61,4	156,5
Period covered by forecasts and budgets	5 years	5 years	5 years	5 years	15 years	5 years
Growth in turnover (% per annum)	Ranging between (1%) and 3%	Ranging between 7% and 53%	Ranging between 11% and 12%	Ranging between 16% and 17%	Ranging between (2%) and 7%	Ranging between (3%) and 5%
Gross profit (% per annum)	53%	Varying between 22% and 34%	Varying between 36% and 43%	Varying between 41% and 50%	Varying between 30% and 33%	Varying between 42% and 46%
Capital expenditure (per annum)	Ranging between AUD5 million and AUD14 million	Ranging between R50 million and R343 million	Ranging between TZS0,7 billion and TZS1,7 billion	Ranging between KES46 million and KES148 million	–	–
Growth rate used to extrapolate cash flows beyond period covered by above-mentioned budgets and forecasts (% per annum)	3%	5%	6%	6%	–	3%
Post-tax discount rate applied to cash flows (% per annum)	8%	12%	17%	18%	12%	8%

The GSK transactions have been forecast over a 15-year period as this is the period remaining in the initial term of the agreement to which this goodwill relates.

Healthcare. We Care.

Other disclosures continued

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

	2014 R'million	2013 R'million
Intangible assets with indefinite useful lives		
The carrying value of indefinite useful life intangible assets can be split as follows		
(1) ELIZ products	**3 616,0**	3 382,8
(2) Specialist global brands	**2 899,1**	2 655,2
(3) Prism global brands	**2 690,6**	2 580,5
(4) Classic brands	**2 683,0**	2 569,5
(5) Novartis pharmaceutical products	**574,6**	537,5
(6) MSD business	**6 317,7**	–
(7) API business	**531,6**	–
(8) GSK thrombosis business	**7 633,4**	–
Other	**810,7**	755,5
	27 756,7	12 481,0

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

Assumption	**ELIZ products**	**Specialist global brands**	**Prism global brands**	**Classic brands**	**Novartis pharma-ceutical products**
Carrying value of intangible assets (R'million)	3 616,0	2 899,1	2 690,6	2 683,0	574,6
Period covered by forecasts and budgets	10 years	10 years	10 years	10 years	10 years
Growth in revenue (% per annum)	Ranging between 1% and 21%	Ranging between 0% and 9%	Ranging between 1% and 17%	Ranging between (1%) and (27%)	Ranging between 5% and 32%
Gross profit (% per annum)	Average of 48%	Average of 77%	Average of 58%	Average of 73%	Average of 75%
Growth rate used to extrapolate cash flows beyond period covered by above-mentioned budgets and forecasts (% per annum)	(5%)	(5%)	(5%)	(1%)	(5%)
Post-tax discount rate applied to cash flows (% per annum)	11%	11%	11%	8%	12%

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.

The MSD, API, GSK thrombosis, South African and Latin American infant milk 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 2015.

Based on the calculations no impairment was needed for these indefinite useful life intangible assets. 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.

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.

Contents

Company statement of financial position

at 30 June 2014

	Notes	2014 R'million	2013 R'million
ASSETS			
Non-current assets			
Property, plant and equipment	1	**4,2**	3,9
Intangible assets	2	**442,0**	450,4
Investments in subsidiaries	3	**15 964,2**	12 181,8
Other non-current receivables	4	**25,0**	25,0
Deferred tax assets	5	**7,5**	28,2
Total non-current assets		**16 442,9**	12 689,3
Current assets			
Receivables and prepayments	6	**16,3**	10,4
Current tax assets		**–**	22,7
Cash and cash equivalents	7	**120,8**	1 595,7
Amounts due by Group companies	3	**474,4**	292,4
Total current assets		**611,5**	1 921,2
Total assets		**17 054,4**	14 610,5
Shareholders' equity			
Share capital	8	**5 045,3**	5 002,9
Hedging reserve		**146,5**	146,5
Share-based compensation reserve		**46,1**	44,4
Retained income		**9 297,7**	8 404,8
Total shareholders' equity		**14 535,6**	13 598,6
LIABILITIES			
Non-current liabilities			
Borrowings	9	**1 241,0**	249,4
Total non-current liabilities		**1 241,0**	249,4
Current liabilities			
Other payables	10	**264,0**	145,4
Borrowings	9	**291,2**	57,5
Amounts due to Group companies	3	**659,1**	494,8
Current tax liabilities		**63,5**	64,8
Total current liabilities		**1 277,8**	762,5
Total liabilities		**2 518,8**	1 011,9
Total equity and liabilities		**17 054,4**	14 610,5

Company statement of comprehensive income

for the year ended 30 June 2014

	Notes	2014 R'million	2013 R'million
Revenue	11	**205,3**	161,1
Administrative expenses	13	**(267,8)**	(158,3)
Other operating income		**207,7**	32,4
Other operating expenses		**(155,5)**	(86,1)
Operating loss	12	**(10,3)**	(50,9)
Investment income	15	**1 732,5**	1 850,3
Financing costs	16	**(150,5)**	(23,5)
Profit before tax		**1 571,7**	1 775,9
Tax	17	**(92,9)**	(72,8)
Profit for the year		**1 478,8**	1 703,1

There are no other comprehensive income adjustments, therefore profit for the year equals total comprehensive income.

Company statement of changes in equity

for the year ended 30 June 2014

	Share capital R'million	Hedging reserve R'million	Share-based compen-sation reserve R'million	Retained income R'million	Total R'million
Balance at 1 July 2012	5 570,6	146,5	35,9	6 683,8	12 436,8
Profit for the year	–	–	–	1 703,1	1 703,1
Issue of ordinary share capital – share schemes	147,2	–	–	–	147,2
Capital distribution	(714,9)	–	–	–	(714,9)
Share-based payment expenses	–	–	20,0	–	20,0
Transfer from share-based compensation reserve	–	–	(5,3)	5,3	–
Deferred incentive bonus shares exercised	–	–	(6,2)	–	(6,2)
Equity portion of tax claims in respect of share schemes	–	–	–	12,6	12,6
Balance at 30 June 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**

Company statement of cash flows

for the year ended 30 June 2014

	Notes	2014 R'million	2013 R'million
Cash flows from operating activities			
Cash generated from/(used in) operations	A	**116,4**	(26,4)
Financing costs paid	B	**(142,6)**	(19,6)
Investment income received	C	**31,5**	19,0
Dividends received from subsidiaries		**1 701,0**	1 831,3
Tax paid	D	**(42,2)**	–
Cash generated from operating activities		**1 664,1**	1 804,3
Cash flows from investing activities			
Capital expenditure – property, plant and equipment		**(1,8)**	(1,4)
Expansion		**(1,8)**	(1,1)
Replacement		**–**	(0,3)
Proceeds from the sale of property, plant and equipment		**–**	0,1
Expansion capital expenditure – intangible assets		**(81,6)**	(274,0)
Transfer of intangible assets to Group companies		**79,5**	–
Acquisition of subsidiaries and businesses		**(4 103,0)**	(4,7)
Movement in amounts due by Group companies		**(182,0)**	(3,3)
Capital reduction in subsidiary		**323,1**	–
Cash used in investing activities		**(3 965,8)**	(283,3)
Cash flows from financing activities			
Net proceeds from borrowings		**983,8**	264,1
Proceeds from issue of ordinary share capital		**160,9**	147,2
Capital distribution and dividends paid		**(715,9)**	(714,9)
Movement in amounts due to Group companies		**164,3**	189,2
Cash generated from/(used in) financing activities		**593,1**	(114,4)
Cash and cash equivalents			
Movement in cash and cash equivalents		**(1 708,6)**	1 406,6
Cash and cash equivalents at the beginning of the year		**1 578,2**	171,6
Cash and cash equivalents at the end of the year	E	**(130,4)**	1 578,2

Notes to the Company statement of cash flows

for the year ended 30 June 2014

		2014 R'million	2013 R'million
A.	**Cash generated from/(used in) operations**		
	Operating loss	**(10,3)**	(50,9)
	Amortisation of intangible assets	**10,1**	10,9
	Depreciation of property, plant and equipment	**1,5**	1,1
	Impairment of intangible assets	**0,4**	0,9
	Deferred incentive bonus shares exercised	**(8,5)**	(6,2)
	Share-based payment expense – employees	**14,6**	8,0
	Other non-cash items	**(0,8)**	0,3
	Cash operating profit/(loss)	**7,0**	(35,9)
	Working capital movements	**109,4**	9,5
	Increase in receivables and prepayments	**(5,9)**	(5,6)
	Increase in other payables	**115,3**	15,1
		116,4	(26,4)
B.	**Financing costs paid**		
	Interest paid	**(102,7)**	(23,1)
	Net foreign exchange losses	**(39,9)**	(0,1)
	Interest payable to revenue authorities	**–**	3,6
		(142,6)	(19,6)
C.	**Investment income received**		
	Interest received	**31,5**	19,0
D.	**Tax paid**		
	Amounts (payable)/receivable at the beginning of the year	**(42,1)**	22,0
	Tax charged to the statement of comprehensive income (excluding deferred and withholding taxes)	**(82,3)**	(60,5)
	Tax claims credited to equity in respect of share schemes	**18,7**	–
	Amounts owing at the end of the year	**63,5**	64,8
	Amounts receivable at the end of the year	**–**	(22,7)
	Interest payable to revenue authorities	**–**	(3,6)
		(42,2)	–
E.	**Cash and cash equivalents**		
	Bank balances	**120,8**	1 595,7
	Less: bank overdrafts^	**(251,2)**	(17,5)
	Cash and cash equivalents per the statement of cash flows	**(130,4)**	1 578,2

^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 2014

1. Property, plant and equipment

	Buildings (leased)* R'million	Plant and equipment (owned) R'million	Computer equipment (owned) R'million	Office equipment and furniture (owned) R'million	Total R'million
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
Movement in property, plant and equipment					
Carrying value at the beginning of the year	0,8	0,2	1,4	1,3	3,7
Additions – expansion	–	–	0,7	0,4	1,1
Additions – replacement	–	0,3	–	–	0,3
Disposals	–	(0,1)	–	–	(0,1)
Depreciation	(0,4)	(0,1)	(0,4)	(0,2)	(1,1)
Carrying value at the end of the year	0,4	0,3	1,7	1,5	3,9
2012					
Carrying value					
Cost	1,6	0,2	4,6	2,6	9,0
Accumulated depreciation	(0,8)	–	(3,2)	(1,3)	(5,3)
Carrying value at the end of the year	0,8	0,2	1,4	1,3	3,7

** All these amounts comprise 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

	2014 R'million	2013 R'million
Authorised and contracted for	**80,0**	80,0
Authorised but not yet contracted for	**78,4**	20,0
	158,4	100,0

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 2014

2. Intangible assets

	Intellectual property R'million	Product participation and other contractual rights R'million	Computer software R'million	Total R'million
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
Movement in intangible assets				
Carrying value at the beginning of the year	187,4	–	0,8	188,2
Additions – expansion	273,0	–	1,0	274,0
Amortisation	(10,7)	–	(0,2)	(10,9)
Impairment losses	(0,9)	–	–	(0,9)
Carrying value at the end of the year	448,8	–	1,6	450,4
2012				
Carrying value				
Cost	917,8	57,8	1,7	977,3
Accumulated amortisation	(716,6)	(57,8)	(0,9)	(775,3)
Accumulated impairment losses	(13,8)	–	–	(13,8)
Carrying value at the end of the year	187,4	–	0,8	188,2

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.

	2014 R'million	2013 R'million
Carrying value of indefinite useful life intangible assets (included in intellectual property)	**398,1**	397,5

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 of 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 lifecycle and hence future growth prospects for the intangible assets.

Security

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

Capital commitments

The Company had no capital commitments at year-end for which specific Board approvals were obtained.

	2014 R'million	2013 R'million
3. Investments in subsidiaries		
Reflected as non-current assets		
Investments at cost less accumulated impairment losses	**15 964,2**	12 181,8
Reflected as current assets		
Amounts due by Group companies#	**474,4**	292,4
Reflected as current liabilities		
Amounts due to Group companies#	**(659,1)**	(494,8)
Net investments in subsidiaries	**15 779,5**	11 979,4

These amounts are unsecured, non-interest bearing and repayable on demand.

For further details of interests in subsidiaries please refer to note 22.

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Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2014

	2014 R'million	2013 R'million
4. Other non-current receivables		
KOPM Distribution (Pty) Limited	**20,0**	20,0
Charospot Investments (Pty) Limited	**5,0**	5,0
	25,0	25,0

Agreements were entered into with KOPM Distribution (Pty) Limited and Charospot Investments (Pty) Limited in July 2011. Loan funding was advanced by Aspen to selected BBBEE beneficiaries for the purpose of enabling these beneficiaries to acquire an equity stake in a pharmaceutical distribution and wholesale company as an enterprise development initiative by Aspen.

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 as there has been no default on these payments.

Both the KOPM Distribution (Pty) Limited and the Charospot Investments (Pty) Limited 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 of S Buys (Pty) Limited.

These balances are denominated in Rand.

	2014 R'million	2013 R'million
5. Deferred tax		
Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 28% (2013: 28%).		
Deferred tax balance		
Deferred tax assets – opening balance	**28,2**	27,7
Statement of comprehensive income credit – prior year adjustment	**–**	(0,1)
Statement of comprehensive income credit – included in tax	**(9,8)**	(12,0)
Charged to equity	**(10,9)**	12,6
	7,5	28,2
The statement of comprehensive income credit comprises		
Property, plant and equipment	**0,2**	0,1
Intangible assets	**(0,1)**	0,2
Prepayments	**(0,3)**	(0,4)
Leave pay	**0,3**	0,2
Royalties received in advance	**4,4**	(0,1)
Tax claims in respect of share schemes	**(7,0)**	(10,0)
Tax losses	**(19,6)**	(3,4)
Other	**12,3**	1,3
	(9,8)	(12,1)
Deferred tax assets comprise		
Property, plant and equipment	**(0,1)**	(0,3)
Intangible assets	**(31,0)**	(30,9)
Prepayments	**(0,7)**	(0,4)
Leave pay	**1,5**	1,2
Royalties received in advance	**26,9**	22,5
Tax claims in respect of share schemes	**(2,8)**	15,1
Tax losses	**–**	19,6
Other	**13,7**	1,4
	7,5	28,2

	2014 R'million	2013 R'million
6. Receivables and prepayments		
Financial instruments		
Interest accrued	**11,7**	7,0
Other	**2,7**	1,2
Total financial instruments*	**14,4**	8,2
Non-financial instruments		
Prepayments	**1,9**	2,2
Total non-financial instruments	**1,9**	2,2
Total receivables and prepayments	**16,3**	10,4

* *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.

	2014 R'million	2013 R'million
7. Cash and cash equivalents		
Bank balances	**120,8**	1 595,7

The average effective interest rate on bank balances was 5,7% (2013: 5,5%).

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.

	2014 R'million	2013 R'million
8. Share capital		
Authorised		
717 600 000 (2013: 717 600 000) ordinary shares with no par value (2013: a par value of 13,90607 cents each)	**–**	99,8
Issued		
456 341 037 (2013: 455 738 785) ordinary shares with no par value (2013: a par value of 13,90607 cents each)	**5 045,3**	5 002,9

During the year the Company converted its ordinary share capital from par value shares to no par value shares. This change was made in terms of a special resolution approved at an extraordinary general meeting held on 16 August 2013.

	2014 Million	2013 Million
Shares in issue at the beginning of the year	**455,7**	454,8
Shares issued – share schemes	**0,6**	0,9
Shares in issue at the end of the year	**456,3**	455,7

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.

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2014

	2014 R'million	2013 R'million
9. Borrowings		
Non-current borrowings		
Unsecured loans	**1 241,0**	249,4
Current borrowings		
Bank overdrafts	**251,2**	17,5
Unsecured loans	**40,0**	40,0
	291,2	57,5

Interest rate profile of total borrowings

	2014 Total R'million	**2014** Interest rate %	**2014** Average effective interest rate %	2013 Total R'million	2013 Interest rate %	2013 Average effective interest rate %
Non-current borrowings						
Unsecured loans – linked to three-month JIBAR	**1 250,0**	**+ margins ranging between 1,7% and 2,1%**	**7,2**	249,4	+ margin of 1,4%	6,5
Capital raising fee	**(9,0)**					
	1 241,0			249,4		
Current borrowings						
Unsecured loans – linked to overnight call rate	**40,0**	**Overnight call**	**5,8**	40,0	Overnight call	6,2
Bank overdrafts – linked to South African prime overdraft rate	**251,2**	**Less margin of 3%**	**5,7**	17,5	Less margin of 1%	8,5
	291,2			57,5		

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

	2014 R'million	2013 R'million
10. Other payables		
Financial instruments		
Accrued expenses	**116,2**	20,0
Other	**7,9**	2,8
Total financial instruments*	**124,1**	22,8
Non-financial instruments		
Indirect taxes	**4,4**	9,0
Leave pay	**5,3**	4,4
Bonuses	**32,9**	23,7
Royalties received in advance	**91,6**	80,5
Other	**5,7**	5,0
Total non-financial instruments	**139,9**	122,6
Total other payables	**264,0**	145,4

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

	2014 R'million	2013 R'million
Currency analysis of trade and other payables (financial instruments only)		
Euro	**1,9**	10,6
Rand	**122,2**	10,2
US Dollar	**–**	2,0
	124,1	22,8

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

	2014 R'million	2013 R'million
11. Revenue		
Other revenue		
Royalties	**205,3**	161,1

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2014

	2014 R'million	2013 R'million
12. Operating loss		
Operating loss has been arrived at after charging		
Auditors' remuneration	**4,4**	3,9
Audit fees	**3,3**	3,4
Current year	**3,3**	3,1
Prior year underprovision	**–**	0,3
Other services	**1,1**	0,5
Impairment of intangible assets (included in other operating expenses)	**0,4**	0,9
Transaction costs	**72,0**	30,6
Repairs and maintenance expenditure on property, plant and equipment	**0,6**	0,2
Operating lease rentals – land and buildings	**3,7**	2,6
Operating lease rentals – office equipment and furniture	**0,7**	–
13. Expenses by nature		
Depreciation of property, plant and equipment	**1,5**	1,1
Amortisation of intangible assets	**10,1**	10,9
Impairment of intangible assets	**0,4**	0,9
Repairs and maintenance expenditure on property, plant and equipment	**0,6**	0,2
Personnel costs and other staff-related costs	**160,4**	91,1
Share trust contributions	**71,1**	43,6
Share-based payment expense – employees	**14,6**	8,0
Property costs	**4,5**	3,2
Transaction costs	**72,0**	30,6
Other	**88,1**	54,8
	423,3	244,4
Classified as		
Administrative expenses	**267,8**	158,3
Other operating expenses	**155,5**	86,1
	423,3	244,4
14. Directors and employees		
Staff costs		
Wages and salaries	**135,4**	76,4
Defined contribution plans	**13,4**	7,9
Medical aid contributions	**3,9**	2,1
Share-based payment expense – options and appreciation rights	**0,4**	0,5
Share-based payment expense – deferred incentive bonus	**14,2**	7,5
Other company contributions	**3,0**	1,9
	170,3	96,3

	2014 R'million	2013 R'million
15. Investment income		
Dividends received from subsidiaries	**1 701,0**	1 831,3
Interest received	**31,5**	19,0
Bank balances	**27,2**	15,3
Group companies	**2,1**	–
Revenue authorities	**–**	1,5
Other	**2,2**	2,2
	1 732,5	1 850,3
16. Financing costs		
Interest paid	**102,7**	23,1
Capital raising fees	**7,8**	0,3
Net foreign exchange losses	**39,9**	0,1
Notional interest on financial instruments	**0,1**	–
	150,5	23,5
17. Tax		
Current tax – current year	**82,3**	–
Current tax – prior year	**–**	0,8
Deferred tax – current year	**9,8**	12,0
Deferred tax – prior year	**–**	0,1
Secondary tax on companies and other dividend taxes	**–**	59,7
Withholding tax	**0,8**	0,2
	92,9	72,8
Tax rate reconciliation	**%**	%
Effective tax rate	**5,9**	4,1
Capital and exempt income	**30,3**	28,9
Disallowable expenses	**(4,1)**	(1,6)
Non-deductible portion of share-based payment expense – employees	**(1,4)**	(0,7)
Non-deductible amortisation of intangible assets	**(0,2)**	(0,2)
Other disallowable expenses	**(2,5)**	(0,7)
Secondary tax on companies and other dividend taxes	**–**	(3,4)
Other	**(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 2014

18. 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 40 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 22 for a detailed list of subsidiaries and structured entities and their balances.

None of the balances are secured.

The following intra-group transactions took place between Aspen Pharmacare Holdings Limited and Group companies during the current year

	2014 R'million	2013 R'million
Royalties received in advance – Pharmacare Limited	**234,0**	183,6
Administration fees received	**151,8**	31,7
Aspen API Incorporated	**0,3**	–
Aspen Argentina S.A.	**0,2**	–
Aspen Asia Company Limited	**1,0**	–
Aspen Asia Pacific (Pty) Limited	**3,7**	1,3
Aspen Bad Oldesloe GmbH	**1,1**	0,6
Aspen Europe GmbH	**11,3**	1,3
Aspen France SAS	**0,5**	–
Aspen Global Incorporated	**32,7**	–
Aspen Healthcare FZ LLC	**4,0**	0,7
Aspen Healthcare Taiwan Limited	**0,4**	–
Aspen Italia SRL	**0,2**	–
Aspen Japan K.K.	**0,3**	–
Aspen Labs S.A. de C.V.	**3,1**	6,1
Aspen Medical Products Malaysia Sdn Bhd	**0,9**	0,1
Aspen Netherlands B.V.	**0,1**	–
Aspen Notre Dame de Bondeville SAS	**5,0**	–
Aspen Nutritionals Australia (Pty) Limited	**1,4**	–
Aspen Oss B.V.	**4,1**	–
Aspen Pharmacare Australia (Pty) Limited	**2,4**	1,6
Aspen Pharma – Indústria Farmacêutica Limitada	**5,7**	4,6
Aspen Pharma Ireland Limited	**3,3**	–
Aspen Pharmacare Nigeria Limited	**1,3**	–
Aspen Pharma Trading Limited	**4,5**	0,8
Aspen Pharma Mexicana S. de R.L. de C.V.	**0,8**	–
Aspen Pharma (Pty) Limited	**0,1**	–
Aspen Philippines Incorporated	**0,8**	0,2
Aspen Polska Spólka z organiczona odpowiedzialnosc	**0,2**	–
Beta Healthcare International Limited	**3,0**	0,2
Beta Healthcare Uganda Limited	**0,4**	0,1
Brimpharm SA (Pty) Limited	**0,1**	0,2
Fine Chemicals Corporation (Pty) Limited	**1,7**	0,7
Pharmacare Limited	**44,3**	12,9
Pharmalatina Holdings Limited	**0,1**	–
Shelys Pharmaceuticals International Limited	**0,2**	–
Shelys Pharmaceuticals Limited	**1,8**	0,3
Solara S.A. de C.V.	**1,7**	–
Wyeth, S de R. L. de C.V.	**9,1**	–

	2014 R'million	2013 R'million
18. Related party transactions continued		
Guarantee fees received – Aspen Global Incorporated	–	2,4
Recharges received	61,6	–
Aspen Global Incorporated	42,3	–
Aspen Oss B.V.	3,1	–
Aspen Notre Dame de Bondeville SAS	16,2	–
Interest received on shareholders' loans – Beta Healthcare International Limited	2,1	–
Dividends received (and paid to the Company)	1 701,0	1 831,3
Aspen Global Incorporated	250,2	–
Brimpharm SA (Pty) Limited	2,8	2,3
Pharmacare Limited	1 448,0	1 829,0
Expenses paid on behalf of Group companies and recovered by the Company	205,5	40,6
Aspen API Incorporated	0,4	–
Aspen Asia Pacific (Pty) Limited	0,9	0,6
Aspen Bad Oldesloe GmbH	1,8	–
Aspen Europe GmbH	15,7	–
Aspen Global Incorporated	25,8	6,1
Aspen Healthcare FZ LLC	7,4	0,1
Aspen Healthcare Taiwan Limited	0,1	–
Aspen Labs S.A. de C.V.	1,4	0,6
Aspen Medical Products Malaysia Sdn Bhd	0,8	–
Aspen Notre Dame de Bondeville SAS	2,7	–
Aspen Oss B.V.	8,9	–
Aspen Pharmacare Australia (Pty) Limited	3,5	1,3
Aspen Pharma – Indústria Farmacêutica Limitada	2,5	1,7
Aspen Pharma Ireland Limited	0,8	–
Aspen Pharmacare Nigeria Limited	0,4	–
Aspen Pharma Trading Limited	2,7	0,2
Aspen Philippines Incorporated	0,4	0,1
Beta Healthcare International Limited	0,5	0,1
Fine Chemicals Corporation (Pty) Limited	4,3	4,0
Pharmacare Limited	122,8	25,7
Shelys Pharmaceuticals Limited	0,8	0,1
Solara S.A. de C.V.	0,1	–
Wyeth, S de R. L. de C.V.	0,8	–
Expenses paid on behalf of the Company and recovered by Group companies	(587,3)	(298,4)
Aspen Bad Oldesloe GmbH	(4,2)	–
Aspen Europe GmbH	(0,2)	–
Aspen Global Incorporated	(3,1)	–
Aspen Pharma Trading Limited	(0,5)	–
Aspen Pharmacare Australia (Pty) Limited	(0,1)	–
Aspen Polska Spólka z organiczona odpowiedzialnosc	(0,3)	–
Brimpharm SA (Pty) Limited	–	(1,5)
Pharmacare Limited	(578,9)	(296,9)

Notes to the Company Annual Financial Statements continued
for the year ended 30 June 2014

	2014 R'million	2013 R'million
18. Related party transactions continued		
Repayments of outstanding amounts (to)/by the Company	**(96,7)**	(178,2)
Aspen API Incorporated	**(0,5)**	–
Aspen Asia Company Limited	**(0,1)**	–
Aspen Asia Pacific (Pty) Limited	**(5,4)**	(2,6)
Aspen Bad Oldesloe GmbH	**(1,8)**	(0,3)
Aspen Europe GmbH	**(6,6)**	–
Aspen France SAS	**(0,2)**	–
Aspen Global Incorporated	**(25,8)**	(5,8)
Aspen Healthcare FZ LLC	**(8,9)**	(1,4)
Aspen Healthcare Taiwan Limited	**(0,1)**	–
Aspen Italia SRL	**(0,1)**	–
Aspen Medical Products Malaysia Sdn Bhd	**(0,6)**	–
Aspen Nutritionals Australia (Pty) Limited	**(1,1)**	–
Aspen Oss B.V.	**(4,8)**	–
Aspen Pharmacare Australia (Pty) Limited	**(43,6)**	(47,4)
Aspen Pharma – Indústria Farmacêutica Limitada	**–**	(0,6)
Aspen Pharma Trading Limited	**(4,9)**	(1,9)
Aspen Philippines Incorporated	**(0,7)**	(0,4)
Aspen Polska Spólka z organiczona odpowiedzialnosc	**(0,1)**	–
Beta Healthcare International Limited	**(1,7)**	–
Beta Healthcare Uganda Limited	**(0,5)**	–
Brimpharm SA (Pty) Limited	**1,4**	(0,2)
Fine Chemicals Corporation (Pty) Limited	**(5,3)**	(4,4)
Pharmacare Limited	**14,8**	(113,2)
Solara S.A. de C.V.	**(0,1)**	–
Other movements	**(24,4)**	(11,2)
Aspen Share Incentive Scheme (deferred incentive bonus contributions)	**7,4**	5,2
Aspen Pharmacare Australia (Pty) Limited (deferred incentive bonus contributions)	**39,4**	29,3
Beta Healthcare International Limited (stamp duty)	**(0,1)**	(2,1)
Share trust contributions made by the Company to the share trusts	**(71,1)**	(43,6)

18. 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 R3,8 million (2013: R2,1 million) and no balance was outstanding at year-end (2013: no balance outstanding).

Transactions with key management personnel

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

Key management personnel compensation consists of

	2014 R'million	2013 R'million
Short-term employee benefits	**28,9**	28,9
Post-employment benefits	**2,5**	2,5
Share-based payment expense	**5,5**	5,5
Total key management remuneration paid	**36,9**	36,9
Number of employees included above	**15**	15

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

19. Commitments

Operating lease commitments

	2014 R'million	2013 R'million
Land and buildings	**4,2**	2,3
Office equipment and furniture	**0,6**	–
Operating lease commitments	**4,8**	2,3
The future minimum operating lease payments are as follows		
Less than one year	**4,2**	2,3
Between one and five years	**0,6**	–
	4,8	2,3

In the prior year the lease of the Durban head office had a remaining term of one year with a five-year renewal option. The lease for the Durban head office was renewed until 31 May 2015.

20. Contingent liabilities

Income tax contingency

Following an audit, the South African Revenue Service has issued tax assessments on various South African companies in relation to historic transactions. The Company has lodged an appeal against these assessments and has filed a review application to have the assessments set aside. Aspen is confident that it will succeed in this dispute based on the outcome of recent court cases dealing with similar matters. Due to the uncertainties inherent in the process, the timing of resolution of the dispute and the outcome thereof cannot be determined.

Guarantees to financial institutions

	2014 R'million	2013 R'million
Material guarantees given by the Company for indebtedness of subsidiaries to financial institutions	**12 888,7**	5 600,6

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2014

21. Financial risk management

21.1 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.

21.2 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 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**
June 2013				
Financial assets				
Other non-current receivables	25,0	–	–	25,0
Receivables and prepayments	8,2	–	–	8,2
Cash and cash equivalents	1 595,7	–	–	1 595,7
Amounts due by Group companies	292,4	–	–	292,4
Total financial assets	1 921,3	–	–	1 921,3
Financial liabilities				
Unsecured loans	–	–	289,4	289,4
Bank overdrafts	–	–	17,5	17,5
Other payables	–	–	22,8	22,8
Amounts due to Group companies	–	–	494,8	494,8
Non-derivative financial liabilities – financial guarantees	–	5 600,6	–	5 600,6
Total financial liabilities	–	5 600,6	824,5	6 425,1

21. Financial risk management continued

21.3 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 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 Company's exposure to market risk or the manner in which it manages and measures the risk since the previous period.

21.4 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 operation's 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.

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, 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 is mainly exposed to fluctuations in foreign exchange rates in respect of the Euro. The analysis considers 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 2013.

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 R0,2 million (2013: decreased profit before tax by R1,3 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.

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2014

21. Financial risk management continued

21.5 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 not hedged, but is monitored on a continuous and proactive basis.

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 R8,3 million in 2014 and increased profit before tax by R13,1 million in 2013. A decrease of 1% would have an equal and opposite effect on profit before tax.

21.6 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 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)	(11 050,1)

21. Financial risk management continued

21.6 Liquidity risk continued

		Undiscounted cash flows		
	On demand R'million	<One year R'million	One to five years R'million	Total R'million
June 2013				
Financial assets				
Other non-current receivables	–	2,1	29,4	31,5
Receivables and prepayments (financial instruments only)	–	8,2	–	8,2
Cash and cash equivalents	1 595,7	–	–	1 595,7
Amounts due by Group companies	292,4	–	–	292,4
Total financial assets	1888,1	10,3	29,4	1927,8
Financial liabilities				
Unsecured loans	(40,0)	(16,3)	(255,1)	(311,4)
Bank overdrafts	(17,5)	–	–	(17,5)
Other payables (financial instruments only)	–	(22,8)	–	(22,8)
Amounts due to Group companies	(494,8)	–	–	(494,8)
Total financial liabilities	(552,3)	(39,1)	(255,1)	(846,5)
Net exposure before financial guarantees	1 335,8	(28,8)	(225,7)	1 081,3
Non-derivative financial liabilities – financial guarantees	–	(4 075,6)	(1 525,0)	(5 600,6)
Net exposure after financial guarantees	1 335,8	(4 104,4)	(1 750,7)	(4 519,3)

21.7 Credit risk

Credit risk, or the risk of financial loss due to counterparties to 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 bank balances are held with highly reputable banks.

Other non-current receivables

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

21.8 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.

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2014

22. Principal subsidiaries and structured entities

Subsidiaries	Company
Country of incorporation	
Direct	
Germany	Aspen Bad Oldesloe GmbH
Mauritius	Aspen Global Incorporated
France	Aspen Notre Dame de Bondeville SAS
Netherlands	Aspen Oss B.V.
Nigeria	Aspen Pharmacare Nigeria Limited
South Africa	Aspen Port Elizabeth (Pty) Limited
Australia	Brimpharm Australia Pty Limited
South Africa	Brimpharm SA (Pty) Limited
South Africa	Ethicare (Pty) Limited
South Africa	Fine Chemicals Corporation (Pty) Limited
South Africa	Pharmacare Limited
Kenya	Shelys Africa Limited
Indirect	
South Africa	African Health Network (Pty) Limited
South Africa	AHN Pharma (Pty) Limited
Australia	Arrow Pharmaceuticals Pty Limited
United States	Aspen API Incorporated
Argentina	Aspen Argentina S.A.
Hong Kong	Aspen Asia Company Limited
Australia	Aspen Asia Pacific (Pty) Limited
Australia	Aspen Australia (Pty) Limited
Costa Rica	Aspen CariCam S.A.[1]
Chile	Aspen Chile S.A.[2]
Australia	Aspen-Cipla Australia Pty Limited
Colombia	Aspen Colombiana S.A.S.[3]
Germany	Aspen Europe GmbH
France	Aspen France SAS
United Arab Emirates	Aspen Healthcare FZ LLC
Taiwan	Aspen Healthcare Taiwan Limited
Russia	Aspen Health LLC[4]
Hong Kong	Aspen (Hong Kong) Pty Limited
South Africa	Aspen International Distribution (Pty) Limited
Italy	Aspen Italia SRL
Japan	Aspen Japan K.K.[5]
Mexico	Aspen Labs S.A. de C.V.
Australia	Aspen Lennon Pty Limited (previously Herron Pharmaceuticals Pty Limited)
Malaysia	Aspen Medical Products Malaysia Sdn Bhd
Netherlands	Aspen Netherlands B.V.[6]
South Africa	Aspen Nutritionals (Pty) Limited

[#] Less than 1 000.
[1] This company was incorporated 18 September 2013.
[2] This company was incorporated 30 September 2013.
[3] This company was incorporated 13 September 2013.
[4] This company was incorporated 16 June 2014.
[5] This company was incorporated 5 August 2013.
[6] This company was incorporated 8 August 2013.

Currency	Issued capital '000	Effective Group holding 2014 %	Effective Group holding 2013 %	Investment 2014 R'million	Investment 2013 R'million	Amounts (due to)/due by Group companies 2014 R'million	Amounts (due to)/due by Group companies 2013 R'million
EUR	50	**100**	100	**685,1**	685,1	**(2,6)**	0,5
USD	1 008 881	**100**	100	**8 652,4**	8 650,0	**79,5**	7,6
EUR	168 145	**100**	–	**2 389,4**	–	**23,9**	–
EUR	53 000	**100**	–	**1 389,4**	–	**11,3**	–
NGN	61 267	**100**	100	**3,5**	2,5	**1,7**	–
ZAR	400	**100**	100	**9,8**	9,8	**(27,1)**	(27,1)
AUD	–#	**93**	93	**–**	–	**6,1**	6,1
ZAR	4	**93**	93	**80,4**	80,4	**–**	(1,5)
ZAR	–#	**100**	100	**–**	–	**–**	–
ZAR	–#	**100**	100	**329,7**	329,7	**0,8**	0,1
ZAR	1 395	**100**	100	**2 023,8**	2 023,7	**(600,1)**	(437,1)
KES	196 198	**100**	100	**375,2**	375,2	**–**	–
ZAR	20	**100**	100	**–**	–	**–**	–
ZAR	10	**100**	100	**–**	–	**–**	–
AUD	–#	**100**	100	**–**	–	**–**	–
USD	–	**100**	–	**–**	–	**0,2**	–
ARS	3 221	**100**	100	**–**	–	**0,2**	–
HKD	500	**100**	100	**–**	–	**0,9**	–
AUD	440 722	**100**	100	**–**	–	**0,5**	1,3
AUD	–#	**100**	100	**–**	–	**–**	–
USD	19 135	**100**	–	**–**	–	**–**	–
CLP	6 434 570	**100**	–	**–**	–	**–**	–
AUD	–#	**100**	100	**–**	–	**–**	–
COP	32 584 737	**100**	–	**–**	–	**–**	–
EUR	2 125	**100**	100	**–**	–	**21,6**	1,4
EUR	50	**100**	100	**–**	–	**0,3**	–
USD	82	**100**	100	**–**	–	**3,2**	0,7
TWD	76 000	**100**	100	**–**	–	**0,4**	–
RUB	1 000	**100**	–	**–**	–	**–**	–
HKD	–#	**100**	100	**–**	–	**–**	–
ZAR	–#	**100**	100	**25,4**	25,4	**(29,1)**	(29,1)
EUR	10	**100**	100	**–**	–	**0,1**	–
JPY	56 529	**100**	–	**–**	–	**0,3**	–
MXN	346 277	**100**	100	**–**	–	**13,5**	9,0
AUD	2	**100**	100	**–**	–	**–**	–
MYR	14 530	**100**	100	**–**	–	**1,2**	0,1
EUR	–	**100**	–	**0,1**	–	**0,1**	–
ZAR	1	**100**	100	**–**	–	**–**	–

Notes to the Company Annual Financial Statements continued

for the year ended 30 June 2014

22. Principal subsidiaries and structured entities continued

Subsidiaries	Company
Australia	Aspen Nutritionals Australia Pty Limited
Panama	Aspen Panama S.A.[7]
Peru	Aspen Peru S.A.[8]
Brazil	Aspen Pharma - Indústria Farmacêutica Limitada
Ireland	Aspen Pharma Ireland Limited
Uruguay	Aspenpharma Latina S.A. (previously Strides (Aspen) Latina S.A.)
Mexico	Aspen Pharma Mexicana S. de R.L. de C.V.
Australia	Aspen Pharma Pty Limited
Ireland	Aspen Pharma Trading Limited
Ecuador	Aspenpharma S.A.
Australia	Aspen Pharmacare Australia Pty Limited
South Africa	Aspen Pharmacare East London (Pty) Limited
Philippines	Aspen Philippines Incorporated
Poland	Aspen Polska Spólka z organiczona odpowiedzialnosc[9]
South Africa	Aspen SVP (Pty) Limited
United States	Aspen USA Incorporated
Venezuela	Aspen Venezuela C.A.
Kenya	Beta Healthcare (Kenya) Limited
Uganda	Beta Healthcare (Uganda) Limited
Kenya	Beta Healthcare International Limited
Democratic Republic of Congo	Brimpharm RDC[10]
Australia	Chemists' Own Pty Limited
Mauritius	Dismedical International Limited
Australia	Fawns & McAllan Pty Limited
South Africa	Formule Naturelle (Pty) Limited
Mexico	Marcas WN, S.A. de C.V.
Venezuela	Nestlé Nutrition de Venezuela S.A.
Australia	Orphan Australia Pty Limited
Australia	Orphan Holdings Pty Limited
Cyprus	PharmaLatina Holdings Limited
Mexico	PN North America, S. de R.L. de C.V.
Mauritius	Shelys Pharmaceuticals International Limited
Tanzania	Shelys Pharmaceuticals Limited
Mexico	Solara S.A. de C.V.
Australia	Stephen Hunter (Pharmaceuticals Exports) Pty Limited
Mexico	Wyeth Ilaclari, S. de R.L. de C.V.
Mexico	Wyeth Pharmaceuticals S. de. R.L. de C.V.
Mauritius	Wyeth, S. de R.L. de C.V.
Trusts (structured entities)^	
South Africa	Aspen Share Appreciation Plan
South Africa	Aspen Share Incentive Scheme
Total investments in subsidiaries	

\# *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.*
[7] *This company was incorporated 3 October 2013.*
[8] *This company was incorporated 16 October 2013.*
[9] *This company was incorporated 17 July 2013.*
[10] *This company was incorporated 2 September 2013.*

The Company maintains a register of all subsidiaries and structured entities. It is available for inspection at the registered office of Aspen Pharmacare Holdings Limited.

Currency	Issued capital '000	Effective Group holding 2014 %	Effective Group holding 2013 %	Investment 2014 R'million	Investment 2013 R'million	Amounts (due to)/due by Group companies 2014 R'million	Amounts (due to)/due by Group companies 2013 R'million
AUD	–#	100	100	–	–	0,3	–
PAB	1 235	100	–	–	–	–	–
PEN	48 845	100	–	–	–	–	–
BRL	335 541	100	100	–	–	22,0	13,8
EUR	1	100	100	–	–	4,1	–
USD	14 168	100	100	–	–	–	–
MXN	50	98	98	–	–	0,8	–
AUD	11 862	100	100	–	–	0,1	–
EUR	–#	100	100	–	–	2,3	0,5
USD	5 755	100	–	–	–	–	–
AUD	17 373	100	100	–	–	3,2	1,6
ZAR	1	100	100	–	–	–	–
PHP	396 389	100	100	–	–	0,7	0,2
EUR	1	100	–	–	–	(0,2)	–
ZAR	–#	100	100	–	–	–	–
USD	–	100	100	–	–	–	–
VEF	19 214	80	80	–	–	–	–
KES	20 000	100	100	–	–	–	–
UGX	40 000	100	100	–	–	–	0,1
KES	30 000	100	100	–	–	63,9	60,1
ZAR	–#	93	–	–	–	–	–
AUD	–#	100	100	–	–	–	–
EUR	10 000	100	100	–	–	–	–
AUD	102	100	100	–	–	–	–
ZAR	1	100	100	–	–	–	–
MXN	870 870	100	–	–	–	–	–
VEF	232 570	100	–	–	–	–	–
AUD	328	100	100	–	–	–	–
AUD	10 979	100	100	–	–	–	–
USD	887	100	100	–	–	0,1	–
MXN	4 727 286	100	–	–	–	–	–
USD	–#	100	100	–	–	112,0	111,8
TZS	6 723 843	100	100	–	–	54,4	51,8
MXN	117 451	100	100	–	–	1,8	0,1
AUD	–#	100	100	–	–	–	–
MXN	1 973 732	100	–	–	–	–	–
MXN	3	100	–	–	–	–	–
MXN	1 944 870	100	–	–	–	9,9	–
ZAR	N/A	100	100	–	–	–	–
ZAR	N/A	100	100	–	–	33,0	25,6
				15 964,2	12 181,8	(184,7)	(202,4)

Definitions

ARS: Argentinian Peso
AUD: Australian Dollar
BRL: Brazilian Real
CLP: Chilean Peso
COP: Colombian Peso
EUR: Euro
GBP: Pound Sterling
HKD: Hong Kong Dollar
JPY: Japanese Yen
KES: Kenyan Shilling
MXN: Mexican Peso
MYR: Malaysian Ringgit
NGN: Nigerian Naira
PEN: Peruvian Nuevo Sol
PAB: Panama Balboa
PHP: Philippine Peso
RUB: Russian Ruble
TWD: Taiwan New Dollar
TZS: Tanzanian Shilling
UGX: Ugandan Shilling
USD: US Dollar
VEF: Venezuela Bolívares Fuertes
ZAR: South African Rand

Annexure 1

Selected Group financial data translated into US Dollar

The 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 are unaudited, 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 unaudited financial information prepared by the Group's auditors is available for inspection at the Company's registered office.

The statement of comprehensive income and the statement of cash flows were translated at an average rate of R10,44 (2013: R8,93).

The statement of financial position was translated at a closing rate of R10,63 (2013: R9,94).

	% Growth	**Pro forma 2014 USD'million**	Pro forma 2013 USD'million
Statement of comprehensive income for the year ended 30 June 2014			
Revenue	31	**2 827,8**	2 161,6
Cost of sales		**(1 513,1)**	(1 128,2)
Gross profit	27	**1 314,7**	1 033,4
Net operating expenses		**(565,9)**	(440,2)
Operating profit before amortisation	26	**748,8**	593,2
Amortisation of intangible assets		**(37,4)**	(28,6)
Operating profit	26	**711,4**	564,6
Investment income		**26,6**	33,5
Financing costs		**(129,0)**	(95,5)
Profit before tax	21	**609,0**	502,6
Tax		**(129,4)**	(109,2)
Profit for the year	22	**479,6**	393,4
Other comprehensive income, net of tax		**182,6**	286,4
Total comprehensive income		**662,2**	679,8
Profit for the year attributable to			
Equity holders of the parent		**479,8**	394,1
Non-controlling interests		**(0,2)**	(0,7)
		479,6	393,4
Total comprehensive income attributable to			
Equity holders of the parent		**662,6**	680,5
Non-controlling interests		**(0,4)**	(0,7)
		662,2	679,8
Selected performance indicators			
Earnings per share (cents)	22	**105,2**	86,5
Headline earnings per share (cents)	10	**97,4**	88,2
Normalised headline earnings per share (cents)	9	**102,0**	93,7

	Pro forma 2014 USD'million	Pro forma 2013 USD'million
Statement of financial position at 30 June 2014		
Assets		
Non-current assets		
Property, plant and equipment	**672,7**	436,7
Intangible assets (including goodwill)	**3 983,1**	2 504,5
Other non-current assets	**173,4**	39,8
Total non-current assets	**4 829,2**	2 981,0
Current assets		
Inventories	**966,6**	412,4
Receivables, prepayments and other current assets	**1 195,9**	568,9
Cash and cash equivalents	**773,8**	605,2
Total current assets	**2 936,3**	1 586,5
Total assets	**7 765,5**	4 567,5
Shareholders' equity		
Ordinary shareholders' equity	**2 716,3**	2 292,1
Non-controlling interests	**0,2**	0,5
Total shareholders' equity	**2 716,5**	2 292,6
Liabilities		
Non-current liabilities		
Borrowings	**2 814,3**	897,3
Other non-current liabilities	**598,6**	23,5
Deferred tax liabilities	**127,1**	60,4
Total non-current liabilities	**3 540,0**	981,2
Current liabilities		
Trade and other payables	**647,5**	419,8
Borrowings	**759,7**	819,8
Other current liabilities	**101,8**	54,1
Total current liabilities	**1 509,0**	1 293,7
Total liabilities	**5 049,0**	2 274,9
Total equity and liabilities	**7 765,5**	4 567,5
Statement of cash flows for the year ended 30 June 2014		
Cash generated from operating activities	**367,6**	446,2
Cash used in investing activities	**(1 997,7)**	(703,4)
Cash generated from financing activities	**1 863,3**	404,2
Currency translation movements on cash and cash equivalents	**(25,3)**	(20,4)
Movement in cash and cash equivalents	**207,9**	126,6
Cash and cash equivalents at the beginning of the year	**382,5**	255,9
Cash and cash equivalents at the end of the year	**590,4**	382,5
Operating cash flow per share (cents)	**80,6**	89,0

Shareholder statistics

Analysis of shareholders at 30 June 2014

Ordinary shares	Number of shareholders	% of total shareholders	Number of shares	% of total shareholding
Size of holding				
1 – 2 500	33 162	89,2	16 526 753	3,6
2 501 – 12 500	2 977	8,0	15 537 025	3,4
12 501 – 25 000	450	1,2	7 925 005	1,7
25 001 – 50 000	235	0,6	8 418 687	1,8
50 001 and over	371	1,0	407 933 567	89,4
	37 195	100,0	456 341 037	100,0

Major shareholders

Institutional shareholders

According to the register of shareholders at 30 June 2014, the following are the top 10 registered institutional shareholders:

Institutional shareholder	Number of shares	% of total shareholding
Public Investment Corporation	48 517 724	10,6
Foord Asset Management	15 952 280	3,5
T. Rowe Price Associates Inc.	13 020 705	2,9
BlackRock	11 512 555	2,5
STANLIB Asset Management	10 537 505	2,3
Vanguard	9 226 722	2,0
Allan Gray Asset Management	8 474 495	1,9
Old Mutual Investment Group	6 416 824	1,4
Sanlam Investment Management	6 187 247	1,4
Government of Singapore Investment Corporation	5 850 337	1,3
	135 696 394	29,8

Top 10 beneficial shareholders

According to the register of shareholders at 30 June 2014, the following are the top 10 registered beneficial shareholders:

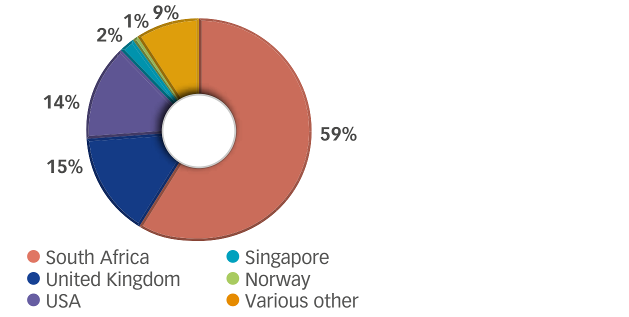
Shareholder	Number of shares	% of total shareholding
Glaxo Group Limited	56 468 758	12,4
Saad, SB	55 308 798	12,1
Government Employees Pension Fund	53 133 883	11,6
Imithi Investments (Pty) Limited	21 160 724	4,6
Attridge, MG	18 837 286	4,1
T. Rowe Price Associates Inc.	11 570 810	2,5
BlackRock	10 101 024	2,2
Vanguard	8 368 733	1,8
Liberty Group	8 176 044	1,8
Foord Asset Management	7 770 219	1,7
	250 896 279	54,8

Shareholders' spread

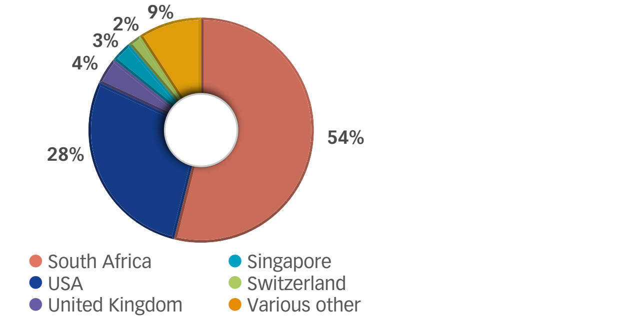
As required by paragraph 8.63 and terms of paragraph of 4.25 of the JSE's Listings Requirements, the spread of the ordinary shareholding at close of business 30 June 2014 was as follows:

	Number of shareholders	Number of shares	% of total shareholding
Non-public shareholders	18	134 030 685	29,4
Directors and directors of major subsidiaries	16	77 134 442	16,9
Glaxo Group	1	56 468 758	12,4
Employee share trusts – treasury shares	1	427 485	0,1
Public shareholders	37 177	322 310 352	70,6
Total shareholding	37 195	456 341 037	100,0

Geographical split of beneficial shareholders 2014

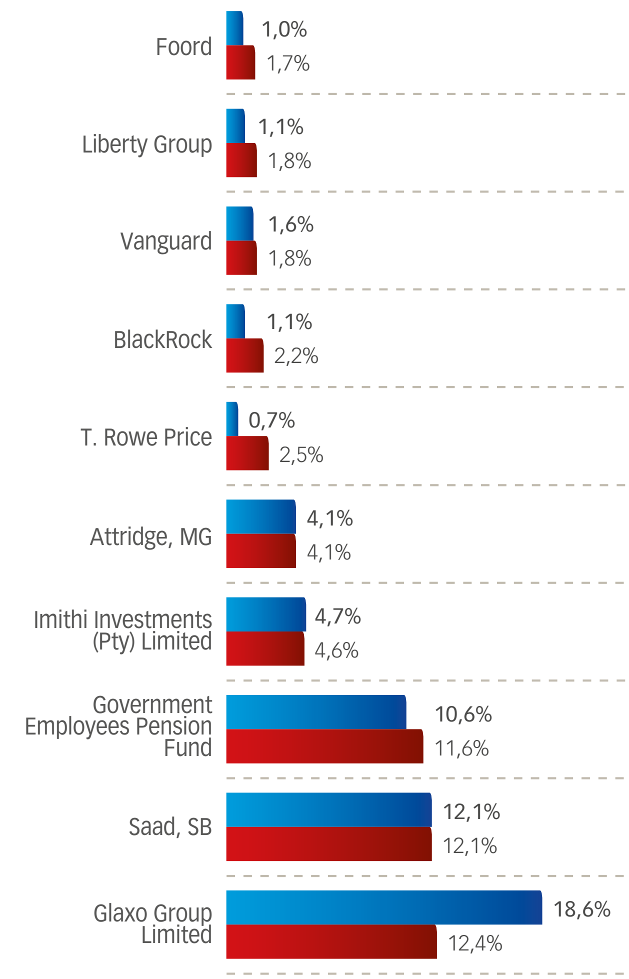


Geographical split of institutional shareholders 2014

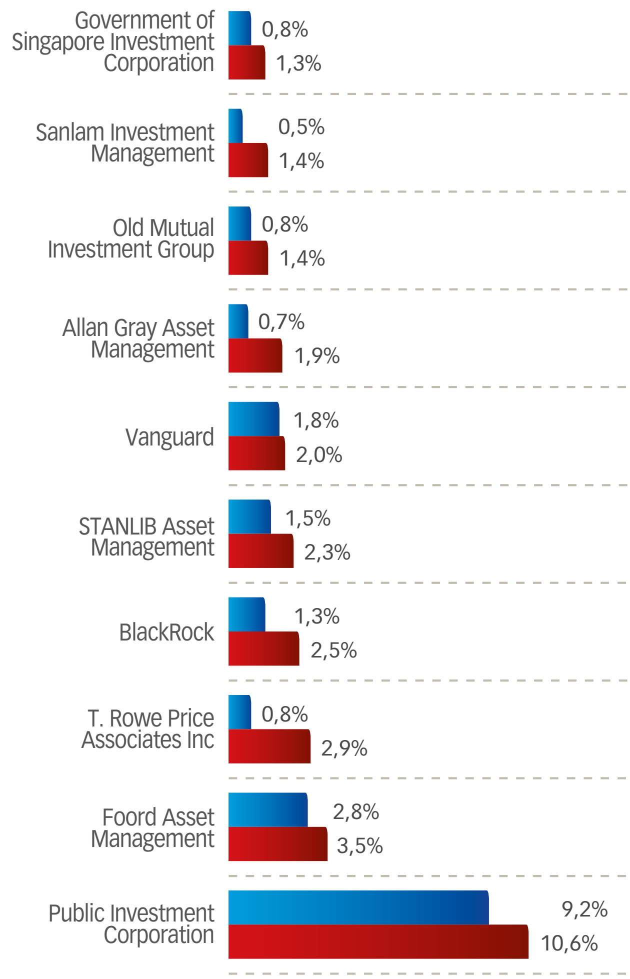


The analysis of the geographical split of beneficial shareholders is based on shareholders who own more than 50 000 shares.

Top 10 beneficial shareholders (Number of shares) (million)



Top 10 institutional shareholders (Number of shares) (million)



2013 2014

Administration

Company Secretary & Group Compliance Officer
Riaan Verster
BProc, LLB, LLM (Labour Law)

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Registration number
1985/002935/06

Share code
APN ISIN: ZAE 000066692

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Sponsors
Investec Bank Limited

Website address
www.aspenpharma.com

Transfer secretaries
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aspen
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