aspen
HOLDINGS

Aspen Pharmacare Holdings Limited
Integrated Report 2014

10 000 employees

Products distributed in more than 150 countries

16 consecutive years of double-digit growth

About this report

OVERVIEW

All Aspen company information is available online at *www.aspenpharma.com*

- Integrated Report;
- Annual general meeting, notice to shareholders and proxy form;
- Annual Financial Statements;
- Supplementary documents:
  - Sustainability Report;
  - Unabridged Corporate Governance Statement;
  - Audit & Risk Committee Report; and
  - Social & Ethics Committee Report.

Content and scope of the report

This is the fourth Integrated Report Aspen has prepared and is aimed at providing Aspen's stakeholders with an enhanced understanding of:

- the Group's strategic objectives, progress made in pursuit of these and the outlook;
- information which is relevant and material to the Group's business;
- how the Group operates;
- challenges and risks to which Aspen is exposed;
- the Group's key performance indicators ("KPIs") which measure the Group's financial and non-financial performance; and
- the governance framework which regulates the conduct of the business.

All these aspects, interwoven, represent the fabric of the business that is Aspen. The Integrated Report of Aspen Pharmacare Holdings Limited ("the Company") and its subsidiaries (collectively "Aspen" or "the Group") has been prepared in accordance with the integrated reporting principles as set out in the King Report on Corporate Governance for South Africa 2009 ("King III") and covers the Group's operations except where the scope is specifically stated as limited. This report has been structured to provide stakeholders with relevant financial and non-financial information and includes the Summarised Group Annual Financial Statements as approved by the Board of Aspen. The Summarised Group Annual Financial Statements are, however, not the Group's statutory accounts – the detailed audited Company and Group Annual Financial Statements for the financial year ended 30 June 2014 ("Annual Financial Statements") are available online or from the Company Secretary at rverster@aspenpharma.com, along with the supplementary documents as detailed on page 1.

Comments or feedback regarding this Integrated Report are welcomed and stakeholders are requested to direct these to the Company Secretary at the email address indicated above.

Company names, currencies and other references have been abbreviated throughout the Integrated Report. Full names can be referenced from the abbreviations bookmark. Abbreviations of the regulatory authorities and acronyms can be found on the inside back cover.

STRATEGIC FOCUS AREAS

- **Delivering growth from a diversified portfolio**
- **Providing high quality, affordable products**
- **Promotion of our products worldwide**
- **Delivering value to shareholders**
- **Relevant pipeline development**
- **Creating advantage through our production capabilities**
- **Stimulating work environment**
- **Responsible corporate citizenship**
- **Enhancing the value of the Group**

Supplementary documents

Accompanying this report is the notice of annual general meeting and related proxy form. The following documents are available online:

- Corporate Governance Statement and reports of the Aspen Audit & Risk and Social & Ethics committees for the 2014 financial year ("Unabridged Corporate Governance Statement");
- the Aspen Group's Sustainability Report for the 2014 financial year ("Sustainability Report"); and
- the Annual Financial Statements.

(collectively the "supplementary documents").

Significant changes during the reporting year

The following significant changes took place during the reporting period and are more fully detailed throughout this Integrated Report:

- effective 1 October 2013, the Company acquired an active pharmaceutical ingredient ("API") manufacturing business, primarily in the Netherlands, from Merck Sharp & Dohme ("MSD") for EUR31 million net of cash acquired. This business trades as Aspen Oss and there is a satellite operation in the United States ("US"), Aspen API. In a transaction which became effective on 31 December 2013, Aspen Global acquired a portfolio of 11 branded finished dose form molecules from MSD for USD600 million, USD67 million of which is subject to delayed payment terms;
- Aspen Global's acquisition of the Arixtra and Fraxiparine thrombolytic brands worldwide (excluding China, India and Pakistan) from GlaxoSmithKline plc ("GSK") for GBP505 million became effective on 31 December 2013. A further GBP194 million was paid to GSK for the acquisition of the specialised sterile production site in France which manufactures these brands and the inventory in a related transaction effective on 30 April 2014. This business trades as Aspen NDB; and
- 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.

Directors' responsibility and assurance

At its meeting held on 22 October 2014, the Audit & Risk Committee reviewed and recommended the Integrated Report and the supplementary documents for approval by the directors. The directors acknowledge that they are responsible for the content of the Aspen Integrated Report and the supplementary documents. The Board has applied its mind to this report and believes that, read with the supplementary documents made available online, it addresses all material issues and fairly represents the financial, operational and sustainability performance of the Group. Aspen's external auditors, PricewaterhouseCoopers Incorporated, have provided an opinion on the financial statements and assurance over the Summarised Group Financial Statements included in the Integrated Report. This opinion can be found on page 91 of this report. The Aspen Group Internal Audit function ("Internal Audit"), assisted by external expert service providers, where appropriate, has provided the relevant assurance on the following material aspects of this report:

- risk management;
- ethics management;
- IT governance;
- material business systems of internal control; and
- material financial systems of internal control.

External assurance providers and the Group's Internal Audit function have been engaged to provide limited assurance on the key sustainability aspects as referenced in the material sustainability issues and KPIs on page 36 of this report.

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Healthcare. We Care.

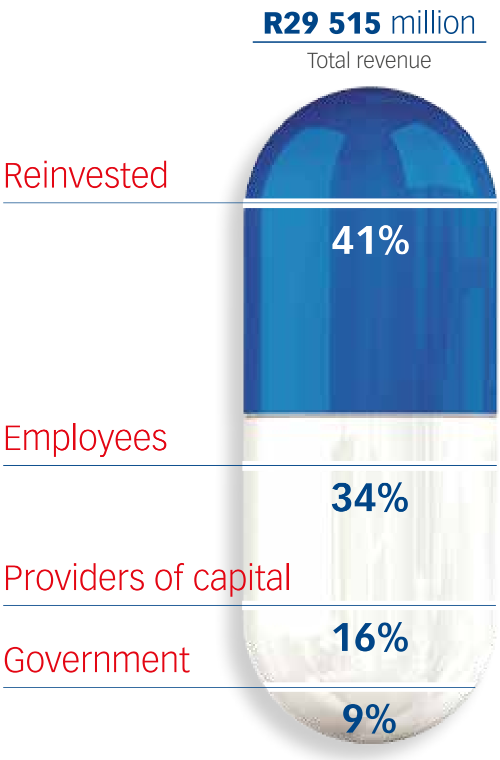
How we have performed

Highlights

- Significant transactions with MSD, GSK and Nestlé completed.
- Maintained its position as the leading supplier of generic medicines in South Africa and Australia.
- Multiple new Aspen businesses commenced trade across Latin America, Europe and the Commonwealth of Independent States ("CIS"), comprising former Soviet Republics.
- 2 800 new employees successfully integrated into the Group.
- Strong inherent cash generation allowed for an increased distribution to shareholders of 188 cents per share.
- The International business became the biggest contributor to Group revenue for the first time.
- As at 30 June 2014 Aspen was ranked 14th in the JSE's top 40 index, improving from 17th position as at 30 June 2013 and 25th position as at 30 June 2012.
- Aspen Bad Oldesloe obtained the ISO 50001 environmental management certification for the first time.
- Aspen Global successfully completed a funding syndication of USD1 985 million, while borrowing facilities of R7 330 million were raised in South Africa.
- Nelson Mandela International Day was again celebrated across the Group's businesses, reaching 50 000 beneficiaries.

The value we've created

Aspen recognises the importance of creating value for all its stakeholders. This diagram indicates how Aspen's wealth has been distributed and reinvested.



For more detailed information on the value Aspen created during the year refer to page 22 of the Sustainability Report.

Financial highlights

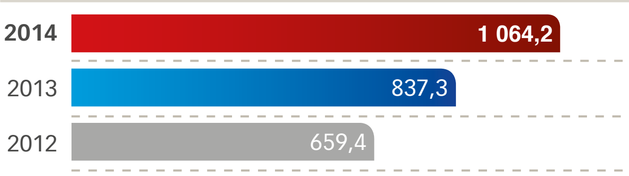
	Year ended 30 June 2014 R'million	Year ended 30 June 2013 R'million	Change	10-year CAGR#
Financial performance highlights				
Revenue	**29 515,1**	19 308,0	53%	30%
Gross profit	**13 721,9**	9 230,7	49%	29%
EBITA*	**7 730,8**	5 600,3	38%	28%
Normalised headline earnings	**4 853,8**	3 813,2	27%	29%
Cash generated from operating activities	**3 836,3**	3 986,1	(4%)	23%
Financial performance indicators				
EBITA margin (%)	**24,6**	27,0		
Gearing ratio (%)	**51,3**	32,7		
Return on ordinary shareholders' equity (%)	**19,7**	17,7		
Net interest cover (times)	**7,8**	9,7		
Performance per share	**cents**	cents		
Basic earnings per share	**1 097,9**	773,0	42%	27%
Normalised headline earnings per share	**1 064,2**	837,3	27%	26%
Operating cash flow per share	**841,1**	875,3	(4%)	20%
Share performance indicators				
Price to earnings ratio (times)	**28,1**	27,1	4%	
Closing share price (cents)	**29 889**	22 707	32%	
Market capitalisation (R'billion)	**136,4**	103,5	32%	

** EBITA represents operating profit before amortisation adjusted for specific non-trading items as set out on the segmental analysis contained in the Annual Financial Statements.*

 # The Compound Annual Growth Rate ("CAGR") represents 10-year compounded annual growth, calculated for the period 2004 to 2014 covered in the 11-year review.

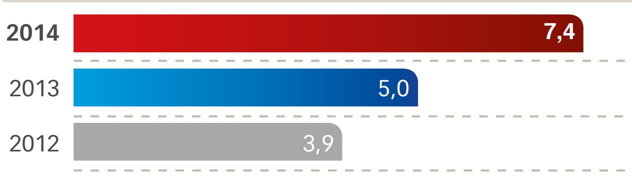
Normalised headline earnings per share increased
27%
to 1 064,2 cents

Normalised headline earnings per share (cents)



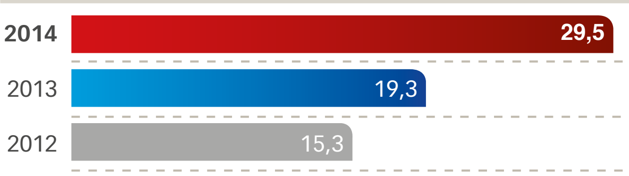
Operating profit increased
47%
to R7,4 billion

Operating profit (R'billion)



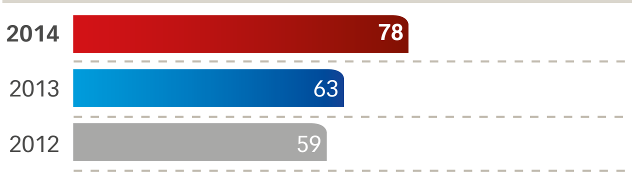
Revenue increased
53%
to R29,5 billion

Revenue (R'billion)



Offshore contribution increased to
78%
of Group operating profit

Offshore contribution (%)



Healthcare. We Care.

This is Aspen

ASPEN'S VISION

"To deliver value to all stakeholders as a responsible corporate citizen that provides high quality, affordable medicines and products globally."

ASPEN'S VALUES

Our values define the foundation on which Aspen has been built. These are values we share as we work together towards achieving the vision of the Group.

Values

The Group's five values that are the foundation on which Aspen has been built

Commitment

We go the extra mile, seeking to exceed expectations

Excellence

We strive to be the best we can be and to deliver to the highest standards

Innovation

We constantly search for better ways of doing things and are solution orientated

Integrity

Our integrity is not negotiable

Teamwork

We optimise our performance by pulling together. Our combined capabilities exceed the sum of each individual

Strategy

The Group's strategic direction is determined by our vision under the guidance of our values

Delivering value to shareholders

- To deliver sustainable growth in earnings from a diversified portfolio of products and geographies
- To achieve a strategic advantage through our production capabilities
- To achieve superior returns on investment for our shareholders over the long term
- To be alert to opportunities to enhance the value of the Group for its stakeholders

Providing high quality, affordable products

- To supply customers and patients with high quality medicines at competitive prices
- To increase the direct promotion of Aspen products worldwide
- To continuously increase and improve our offering to healthcare professionals and patients through a prolific product pipeline

Responsible corporate citizenship

- To provide a safe, challenging and rewarding environment for our employees
- To practise good corporate citizenship

Aspen's strength lies in its understanding of the dynamic markets in which it operates and identifying and pursuing opportunities that align with the Group's vision and strategy. The Aspen business model creates value for stakeholders by the application of high levels of expertise and advanced processes under the framework of the Group's values to optimise the returns on its unique assets, tangible, intangible and human.

Business model

Key enablers	Value enhancing processes	Outcome
Diverse, niche and innovative intellectual property that is relevant to the regions we operate in – acquired, developed and licensed	Sales and marketing representation wherever there is sufficient critical mass in product portfolio	Access to high quality, affordable medicines and products providing improved healthcare
Robust product pipeline for targeted strategic regions	Effective supply chain to distribute our products to healthcare professionals and patients	Diverse product portfolio and geographies leading to risk mitigation
Significant presence in emerging markets	Regulatory and technical expertise with deep understanding of the regions we operate in	Superior returns for shareholders
Accredited strategic and regional manufacturing facilities that are flexible and scalable to demand. In-house as well as third party manufacturing network	Centralised procurement leading to benefits in sourcing raw materials and products	A record of sustained growth
Committed employees living the Aspen values	Empowerment of accountable in-market management encouraging entrepreneurial and flexible decision-making	Mutually beneficial relationships with stakeholders

Healthcare. We Care.

Who we are

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

Aspen has a proud heritage dating back more than 160 years, and is committed to sustaining life and promoting healthcare through increasing access to its high quality, effective, affordable medicines and products.

Aspen is the largest pharmaceutical company listed on the South African stock exchange, JSE Limited ("JSE"), and is one of the top 20 companies listed on this exchange. Aspen's market capitalisation at 30 June 2014 was R136 billion (approximately USD13 billion). It is ranked among the top five generic pharmaceutical producers globally as assessed by EvaluatePharma® (refer to page 34 of this report). The Group has 26 manufacturing facilities at 18 sites on six continents and approximately 10 000 employees.

Why invest in Aspen?

The Group has delivered sustained growth for 16 consecutive years with a CAGR in revenue, operating profit and normalised headline earnings per share exceeding 40% for this period.

Aspen is well positioned in both developing and developed markets – it is the largest pharmaceutical company in Africa, and has an expanding presence in Latin America and South East Asia. Acquisitions completed in the 2014 financial year significantly extended the Group's emerging market presence to the CIS, as well as to Central and Eastern Europe ("CEE"). Aspen is also one of the leading pharmaceutical companies in Australia and is establishing a presence in other developed markets.

With an extensive basket of products that provide treatment for a broad spectrum of acute and chronic conditions experienced throughout all stages of life, Aspen continues to increase the number of lives benefiting from its products, reaching more than 150 countries across the world.

1 Strong market position

- One of the largest pharmaceutical companies in the southern hemisphere
- Substantial presence in major developing markets such as Latin America, CIS, CEE, sub-Saharan Africa ("SSA") and South East Asia
- Accredited manufacturing facilities that are scalable to demand
- Vertical integration advantages for the manufacture of certain of Aspen's leading global brands
- The leading pharmaceutical company in South Africa
- One of the top-five pharmaceutical companies in Australia

2 Diversified geographies and product offering

- Well positioned in both developing and developed territories with products distributed to more than 150 countries
- More than 75% of revenue and earnings are generated from territories outside of South Africa
- A broad product portfolio including branded medicines, biologicals, generics, infant milk formula and other consumer healthcare products
- Diverse manufacturing capabilities across 26 manufacturing facilities covering a wide variety of product-types, including oral solid dose, liquids, semi-solids, steriles, biologicals, APIs and infant milk formula
- Diversification of geopolitical and currency risk

3 Proven track record

- Delivered double-digit earnings growth to its shareholders for 16 consecutive years
- Total shareholder return of 14 659% from listing until 30 June 2014 equating to a 37% CAGR
- Five year shareholder return to 30 June 2014 of 431% equating to a 40% CAGR
- CAGR since listing in excess of 40% for revenue, operating profit and normalised headline earnings per share
- Skilled and experienced management team to execute Aspen's strategy across multiple territories

4 Leverages on local knowledge and expertise

- Empowered local management take ownership of their businesses and are responsible for growth in their respective markets
- Products are acquired and product pipeline is developed in line with targeted therapeutic categories for each region

5 Centralised Group activities facilitate synergies and mitigate pricing pressures

- Globally competitive manufacturing facilities that are aligned to commercial objectives and provide economies of scale
- Centralised regulatory, supply chain and procurement resources provide competitive advantages for the Group
- An ongoing focus on continuous improvement of efficiencies and performance

6 Positive growth drivers

- Provider of affordable, high quality medicines to historically underserved markets
- Exposure to faster-growing developing markets
- Expanding footprint in targeted strategic growth territories
- Ongoing consolidation of production volumes and procurement efficiencies at strategic manufacturing sites will deliver competitive advantages to the Group
- Capital investment in production technologies and capacities to harness added synergies from recent acquisitions in the medium term
- Strong cash generation enables reinvestment into the business

7 Responsible corporate citizen

- Committed to pursuing the Group's strategic objectives in a responsible and sustainable manner
- Operates on an established foundation of strong corporate governance
- Participant in the United Nations Global Compact ("UN Global Compact") initiative
- Has qualified for the JSE's Socially Responsible Investment ("SRI") Index each year since first applying for participation in 2010
- Participant in the annual Carbon Disclosure and Water Disclosure Projects
- Focused investment for the development of our human capital and empowerment of future leaders

8 Other considerations

- Aspen has good trading liquidity with an average daily trading volume of more than one million shares
- Aspen's executive directors are founders and material shareholders of the Group, thereby aligning shareholders' and executives' interests
- The defensive nature of the pharmaceutical industry makes it less vulnerable to economic fluctuations

Healthcare. We Care.

The Aspen timeline

Growth

Aspen has a proud heritage dating back more than 160 years

1850
- The commencement of the business in Port Elizabeth, South Africa, which later became Lennon Limited, the originator company to the Group today.

1997
- Aspen Healthcare (Pty) Limited began trading with Stephen Saad and Gus Attridge as two of the four founding members.

1998
- Aspen was listed on the JSE through reverse listing into Medhold Limited.

1999
- Aspen acquired the pharmaceutical business of South African Druggists for R2,4 billion in a hostile take-over.

2000
- Aspen commenced construction of an oral contraceptive facility at its East London site.

2001
- Aspen Australia commenced trade as a start-up operation.
- Nelson Mandela officiated at the opening of a clinic constructed for the disadvantaged citizens of Engobo, South Africa, the first of the community clinics established under Aspen's socio-economic development ("SED") programme.

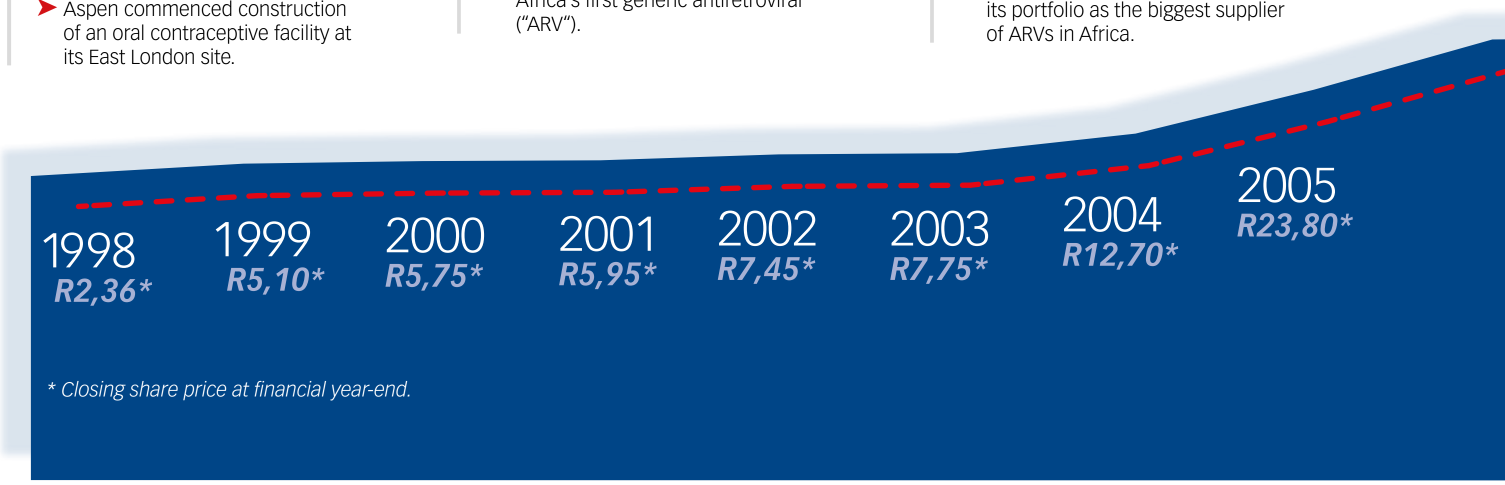
2002
- Aspen concluded a broad-based black economic empowerment ("BBBEE") deal with CEPPWAWU Investments (Pty) Limited, the investment arm of the trade union representing the majority of Aspen's labour force in South Africa.
- Aspen's new corporate identity was launched symbolising energy, innovation and nurturing.

2003
- Aspen entered into a fostering arrangement with GSK for the marketing and distribution of 40 branded products into the South African private sector.
- Aspen Stavudine was launched – Africa's first generic antiretroviral ("ARV").

2004
- Aspen acquired FCC, the only South African manufacturer of APIs.
- Aspen acquired Infacare, the infant nutritional brand, from Dutch-based Royal Numico.
- Aspen's multi-million Rand Port Elizabeth-based Unit 1 facility became operational.

2005
- Aspen extended its BBBEE ownership through the conclusion of an empowerment transaction with Imithi Investments (Pty) Limited.
- Aspen's Unit 1 facility in Port Elizabeth became the world's first manufacturing site to receive tentative US FDA approval for the production of certain generic ARVs.

2006
- Aspen secured distribution rights for a number of important ARVs from MSD, Bristol Myers Squibb, Roche and Tibotec as the Group extended its portfolio as the biggest supplier of ARVs in Africa.



** Closing share price at financial year-end.*

2007

- Prestige Brands Incorporated entered into an agreement with Aspen for the supply of eye drops from Aspen's sterile facility in Port Elizabeth to the US market.

2008

- Aspen entered the Latin American market through an investment with Strides in businesses established in Brazil, Mexico and Venezuela.
- Aspen acquired 60% of the share capital of Shelys with businesses in Kenya, Tanzania and Uganda.
- Aspen Global acquired the intellectual property rights to four GSK-branded products for R2,7 billion, enabling Aspen to distribute these global brands, namely Eltroxin, Imuran, Lanoxin and Zyloric, to more than 100 countries.

2009

- Aspen concluded a series of strategic transactions with GSK worth R4,6 billion comprising the acquisition of the rights to distribute GSK's pharmaceutical products in South Africa, the formation of The GSK Aspen Healthcare for Africa Collaboration in SSA to market and sell pharmaceuticals in SSA, the acquisition of eight specialist branded products for worldwide distribution and the acquisition of a manufacturing site in Bad Oldesloe, Germany.

2010

- Aspen took full control of the Latin American businesses acquired in 2008.

2011

- Aspen acquired the pharmaceutical business of Australian-based Sigma Pharmaceuticals Limited, now Aspen Pharma (Pty) Limited, for R5,9 billion.

2012

- Aspen established its first subsidiary in South East Asia.
- Aspen acquired a portfolio of established GSK over-the-counter ("OTC") products in selected territories for R2,1 billion.

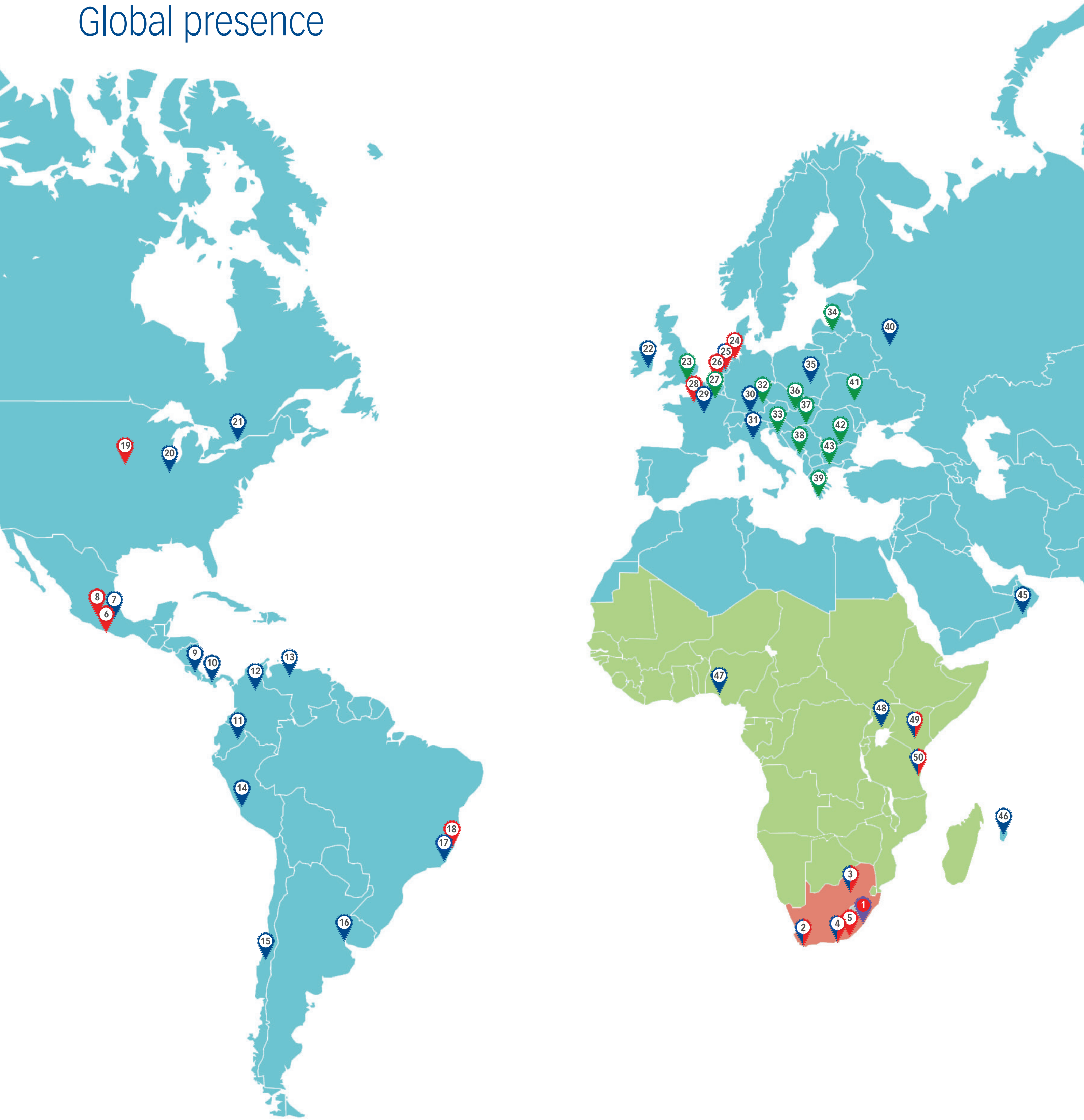
2013

- The Group acquired a portfolio of 25 established prescription-branded products from GSK ("classic brands") with distribution rights in Australia effective December 2012.
- In May 2013 Aspen Australia commenced the distribution of the leading infant nutritional products in that country following the acquisition of the rights to certain intellectual property licences and the related business by the Group.

2014

- Aspen acquired an API business and a portfolio of branded finish dose form molecules from MSD as well as two branded injectable anticoagulants and a specialised sterile production site from GSK.
- Aspen established a number of additional offices across Europe, the CIS and in Latin America, increasing coverage to more than 50 locations across the world.
- Intellectual property rights in related infant nutritional businesses in Latin America and South Africa were acquired from Nestlé.

Global presence



- Group headquarters
- Combined sales, marketing, distribution and manufacturing centres
- Sales, marketing and distribution centres
- Manufacturing sites
- Branch/representative offices

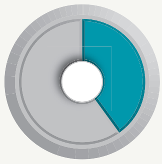
1	Durban, South Africa
2	Cape Town, South Africa
3	Johannesburg, South Africa
4	Port Elizabeth, South Africa
5	East London, South Africa
6	Toluca, Mexico
7	Mexico City, Mexico
8	Vallejo, Mexico
9	San José, Costa Rica
10	Panama City, Panama
11	Quito, Ecuador
12	Bogotá, Colombia
13	Caracas, Venezuela
14	Lima, Peru
15	Santiago, Chile
16	Buenos Aires, Argentina
17	Rio de Janeiro, Brazil
18	Vitória, Brazil
19	Sioux City, United States
20	Des Plaines, United States
21	Montreal, Canada
22	Dublin, Ireland
23	London, United Kingdom
24	Bad Oldesloe, Germany
25	Oss, the Netherlands
26	Boxtel, the Netherlands
27	Brussels, Belgium
28	Notre Dame de Bondeville, France
29	Paris, France
30	Munich, Germany

INTERNATIONAL BUSINESS

Gross revenue

R12,7 billion

40% of Group gross revenue



Key business units

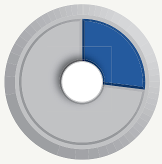
Aspen API
Aspen Bad Oldesloe
Aspen Brazil
Aspen Dubai
Aspen Europe
Aspen Global
Aspen Ireland
Aspen Mexico
Aspen NDB
Aspen Oss
Aspen Peru
Aspen Venezuela

ASIA PACIFIC BUSINESS

Gross revenue

R8,5 billion

27% of Group gross revenue



Key business units

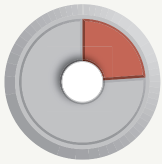
Aspen Australia
Aspen Hong Kong
Aspen Japan
Aspen Malaysia
Aspen Philippines
Aspen Taiwan

SOUTH AFRICAN BUSINESS

Gross revenue

R7,4 billion

24% of Group gross revenue



Key business units

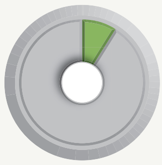
Aspen Pharmacare
FCC

SUB-SAHARAN AFRICA BUSINESS

Gross revenue

R2,7 billion

9% of Group gross revenue



Key business units

Aspen Nigeria
Shelys
The GSK Aspen Healthcare for Africa Collaboration

31 Verona, Italy
32 Prague, Czech Republic
33 Ljubljana, Slovenia
34 Baloži, Latvia
35 Warsaw, Poland
36 Bratislava, Slovakia
37 Budapest, Hungary
38 Belgrade, Serbia
39 Athens, Greece
40 Moscow, Russia
41 Kiev, Ukraine
42 Bucharest, Romania
43 Sofia, Bulgaria
44 Hyderabad, India
45 Dubai, United Arab Emirates
46 Grand Bay, Mauritius
47 Lagos, Nigeria
48 Kampala, Uganda
49 Nairobi, Kenya
50 Dar es Salaam, Tanzania
51 Kuala Lumpur, Malaysia
52 Quarry Bay, Hong Kong
53 Tokyo, Japan
54 Manila, Philippines
55 Taipei, Taiwan
56 Sydney, Australia
57 Melbourne, Australia

Healthcare. We Care.

Strategic objectives

The Board annually considers and agrees on the Group's strategic objectives and reviews the performance of the Group over the past year, the challenges and risks, and the outlook for each strategic objective. The result of this consideration is reported below. The material sustainability issues and KPIs supporting each strategic objective are also noted.

STRATEGIC OBJECTIVES	PERFORMANCE OF THE PAST YEAR

Delivering growth from a diversified portfolio

STRATEGIC OBJECTIVES	PERFORMANCE OF THE PAST YEAR
To deliver sustainable growth in earnings from a diversified portfolio of products and geographies Relevant KPIs: ➤ Growth in gross revenue (page 36) ➤ Growth in EBITA (page 38) ➤ Growth in normalised headline earnings per share from continuing operations (page 38)	Aspen delivered a 16th successive year of earnings growth. The Group's primary indicator of financial performance, normalised headline earnings per share grew by 27% to 1 064 cents. Territories that have been identified as future growth drivers performed well, with revenue from customers increasing strongly in Latin America and in Asia. In another territory targeted for future growth, the CIS, Aspen established a sales and marketing operation comprising 140 employees midway through the year.

Providing high quality, affordable products

STRATEGIC OBJECTIVES	PERFORMANCE OF THE PAST YEAR
To supply customers and patients with high quality medicines at competitive prices Relevant KPI: ➤ Number of product recalls (page 36)	In South Africa, Aspen ranks first in terms of the number of script lines dispensed and in Australia, Aspen ranks first in terms of pharmaceutical prescriptions written. These indicators reflect customer satisfaction as well as customer confidence in the Aspen brand. The Arixtra and Fraxiparine brands were acquired during the past year and are now the Group's top two products by value. They are widely recognised as effective treatments for venous thromboembolism, a leading cause of in-hospital deaths. A number of supply chain initiatives have been delivered during the course of the year. Predictive reviews of stock status allow for minimisation of supply disruptions. Management of the supply chain diversity has been enhanced through the development of platforms to record market intelligence. The Group has taken on new manufacturing sites as a consequence of transactions undertaken. These sites are being integrated into the Group under the Aspen quality systems and metrics. The Group's manufacturing sites have maintained their good manufacturing practice ("GMP") accreditations without any critical findings from reviews undertaken by various regulatory authorities. The quality systems management review process continues to facilitate delivery of quality products from the South African operations, Aspen Bad Oldesloe, Aspen Australia and Aspen Brazil operations. This system is in the process of being implemented at the newly acquired Aspen sites at Oss and Notre Dame de Bondeville. Aspen's South African manufacturing sites continue to successfully contain product cost increases despite inflationary pressures and rising energy costs. This is achieved through continuous improvement projects generating production efficiency enhancements, with associated reductions in operating expenses, as well as through innovative material sourcing initiatives. The Group's third-party manufacturing sites are monitored for quality compliance by means of a central Group regulatory audit matrix. The audit matrix has now been expanded to include API suppliers, third-party distributors and regulatory and pharmacovigilence service providers, enabling Aspen to maintain high standards of quality compliance. The Group quality department established at Aspen's Technical Centre in Ireland is providing ongoing support to the Aspen affiliates to ensure a consistent standard of quality practices across the Group. This will ensure all quality risks are proactively identified and managed. Generation of clinical data to support the newly acquired anti-thrombosis products, as well as some South African products has necessitated the formation of a clinical trials department within the Aspen Technical Centre. During the past year there were five product recalls across the Aspen Group. A full assessment of these recalls has taken place and remediation activities have been put in place to prevent any recurrence.

An analysis of these material sustainability issues and KPIs are set out on pages 36 to 43 of this Integrated Report and a review of how the Group has performed in respect of these KPIs is detailed in the Sustainability Report.

CHALLENGES AND RISKS	OUTLOOK
Competition in the global pharmaceutical market remains intense. In most countries the regulators are seeking to reduce the cost of pharmaceuticals through pricing legislation. Low-cost Asian pharmaceutical businesses are active in all major territories and there are frequently a number of competing generics launched upon patent expiry of a molecule. Evolving pharmaceutical regulations and application of increasingly stringent quality standards has led to raised costs of compliance across all territories and diminishing returns on investment. The South African business unit recorded negative EBITA growth primarily due to a substantial reduction in ARV sales under the public healthcare tender and the higher prices of imported raw materials which was not sufficiently compensated by the price increase awarded by the South African Department of Health. In Australia, aggressive legislated price cuts weighed on performance.	The existing Aspen businesses are each well positioned and provide a sound foundation for the Group's planned growth. Aspen will continue to strive to develop its standards ahead of global requirements in the pursuit of the delivery of high quality medicines at affordable prices. Aspen will benefit from the accretive influence of recently completed transactions which have assisted in reshaping and enlarging the Group's global product offering. The product portfolios of all Aspen business units are in the process of being assessed to determine sustainability and feasibility for future growth initiatives with the objective of ensuring that the product offering is aligned with identified areas of focus.
The integration of a large portfolio of newly acquired products in a relatively short period of time in addition to the ongoing maintenance of excellent service levels from the pre-existing business, has required careful planning and balancing of resources. The South African public healthcare tender requirements have been significantly amended. Therapeutic classification of products for tendering, serialisation of packs supplied for tender and application of specific pack sizes will raise costs of tender participation and will place further pressure on competitive pricing. Delays in approval of product variations for South African products has proven challenging in terms of ongoing continuity of supply and implementation of product upgrades and optimisations. Regulatory requirements and product regulations continue to evolve, placing increased focus on maintaining and upgrading the Group's intellectual property and further increasing the cost of product ownership. Certain products require extensive reformulation in order to comply with increased requirements. This increases the time to improve the products, as well as the time for approval. The expansion of Aspen's business in Europe, together with the publication of various new European directives, has required increased allocation of resource and reduced flexibility to trade. The transition of newly acquired products to newly established affiliates requires extensive planning and precise execution to ensure consistency of supply.	Aspen has established a platform of domestic and international distribution networks to serve its customer requirements across its territories. This platform is now being expanded to meet the increased product portfolio and business needs. Improved systems and processes are in place to ensure the scalability of the existing platform and the requisite diversification where required. The focus on intellectual property upgrades and regulatory processes will continue into the new year. All new intellectual property received will be assessed and plans developed to ensure ongoing compliance. The Development Centre established by Aspen in India focuses on aspects such as API comparisons, analytical validation, stability and regulatory compliance to enhance the capacity required to maintain intellectual property cost effectively. The establishment of a clinical trials department will allow Aspen to develop data in support of new indications for existing products and to continue to assure product safety. The Group quality department will continue to monitor quality and compliance across the Group and will assist with the integration of the new product acquisitions across the supply chain. Aspen will continue to seek transparent engagement and to build constructive and interactive relationships with the respective in-country regulators. Increased efforts will be made to engage regulators and concerned stakeholders in France and in the Netherlands in support of the newly acquired manufacturing sites. A number of products will be realigned into Aspen sites. Some of the newly acquired products will be moved into Aspen's Port Elizabeth and Bad Oldesloe sites. A project management team together with an experienced technical transfer team will oversee these initiatives. A Group procurement function has been set up to benchmark APIs, finished products and key components to ensure that Aspen costs remain competitive. In the year ahead all newly acquired products across the Group will transition to full Aspen management and control.

Healthcare. We Care.

Strategic objectives continued

STRATEGIC OBJECTIVES	PERFORMANCE OF THE PAST YEAR

Promotion of our products worldwide

To increase the direct promotion of Aspen products worldwide

Relevant KPIs:

- IMS Health (Pty) Limited ("IMS") value of product pipeline for the next five years (page 36)
- Growth in gross revenue (page 36)

During the past year, active new subsidiaries were established in France, Russia, Poland, Germany, Italy, the Netherlands, Russia, Colombia, Chile, Ecuador, Costa Rica, Panama and Peru to promote Aspen products. In addition, branch offices were opened In Belgium, Czech Republic, Greece, Slovenia, Hungary, Ukraine, Lithuania, Latvia, Romania, Slovakia, Bulgaria and Serbia for the same purpose.

More than 400 people have been employed in Aspen's new sales and marketing businesses across the Europe CIS territory which are focused on promoting Aspen products in this area.

In Spanish Latin America, the headcount devoted to sales and marketing has Increased to 500 with the addition of new businesses In this location.

Delivering value to shareholders

To achieve superior returns on investment for our shareholders over the long term

Relevant KPIs:

- Return on ordinary shareholders' equity (page 36)
- Growth in normalised headline earnings per share from continuing operations (page 38)
- Return on total assets (page 38)
- Value added per employee (page 38)
- Operating cash flow per share (page 38)

For the 16th consecutive year, Aspen has delivered double-digit earnings growth to its shareholders. Aspen's CAGR since listing exceeds 40% for revenue, operating profit and normalised headline earnings per share.

An investment in Aspen shares has yielded the following annual compound returns over the stated periods to 30 June 2014:
Since listing = 37%
Five years = 41%
Three years = 54%

Relevant pipeline development

To continuously increase and improve our offering to healthcare professionals and patients through a prolific product pipeline

Relevant KPI:

- IMS value of product pipeline for the next five years (page 36)

During the past year, the Group launched a total of 54 products in 17 countries, increasing access to high quality, affordable medicines.

An extensive review of all product development initiatives has been undertaken to refocus this on a more targeted basis in accordance with the Group's future growth plans. This has resulted in a substantial reduction in the value of the Group's product pipeline, particularly Asia Pacific and Latin America.

CHALLENGES AND RISKS	OUTLOOK
It is Aspen's preferred approach to support its products with direct promotion. Direct promotion of Aspen's product portfolio take place in those markets where there is sufficient critical mass in the product offering and revenue potential is sufficient to justify the investment. Until this point is reached, Aspen relies upon third-party distributors to take its products to the market. The introduction of large numbers of new sales representatives, particularly in countries where Aspen has not previously been represented, creates significant challenges of cultural orientation and alignment with the Group's business ethos. A considerable amount of time and attention has been given to communication and reinforcement of the Aspen way of doing business.	Aspen will work on optimising the contribution from the sales teams deployed while evaluating new markets which may justify the introduction of further territories to the Group's promotional footprint.
Worldwide pressure on medicine prices, ongoing reform of healthcare legislation, intense competition, currency volatility and market-specific risks add to the task of delivering superior returns.	Strategic initiatives taken to diversify market risks, currency risks and product risks support sustainable growth prospects. The Group's globally competitive production capabilities and economies of scale help to mitigate pricing pressure. Aspen's global distribution platform can be leveraged for the launch of its product pipeline and for innovative distribution partnerships with leading global pharmaceutical companies. The material transactions completed during the past year provide the Group with additional future growth opportunities in specialised product classes.
Regulatory standards for new product registrations and the maintenance of existing intellectual property continues to be raised, increasing the costs of bringing new products to the market and making the achievement of acceptable returns on investment from existing products and new introductions more difficult. The higher potential returns associated with differentiated products which make up an increased portion of the Group pipeline have greater investment requirements in the development phase. Product registration timelines are long in certain key countries, notably South Africa and Brazil. Registration times are unpredictable, which affects the supply chain readiness to launch products rapidly following registration.	The IMS value of products currently in Aspen's five-year product pipeline is USD6,7 billion. Launch timing is dependent upon the speed of processing of the necessary registrations by the regulatory authorities in each country. The product pipeline will continue to be developed in line with the Group's targeted therapeutic categories for each region.

Strategic objectives continued

STRATEGIC OBJECTIVES	PERFORMANCE OF THE PAST YEAR

Creating advantage through our production capabilities

To achieve a strategic advantage through our production capabilities

Relevant KPI:

- EBITA margin (page 38)

The South African production facilities have established site-specific centres of production excellence. A process to concentrate large-volume tablet manufacture in South Africa to obtain the greatest benefit from the existing large-scale manufacturing capacities has been successfully established.

The Bad Oldesloe manufacturing site continued to perform a valuable role in the production of a number of the global brands. The sterile manufacturing site acquired in May 2014 from GSK situated in France, Aspen NDB, has recommenced production following a short shut-down to facilitate a SAP implementation project. The new IT system was required in order to ensure the functionality of the site following the termination of IT services from GSK at acquisition.

The transfer of international volumes, especially from Australia, into the Port Elizabeth site continues to deliver competitive advantages to the Group.

The capital expansion projects for the Eltroxin line extension and for the manufacture of Ovestin cream at the Aspen Bad Oldesloe site have been completed and further projects have been initiated for inward transfer of the acquired MSD products.

At Aspen Australia, the projects to consolidate the manufacturing sites are proceeding in accordance with plan. The transfer of selected non-core Australian manufacture to other production sites in Aspen's manufacturing and sourcing network is progressing to schedule.

The accreditations of the solid dose and Sterile facilities at Port Elizabeth were confirmed following inspections by, *inter alia*, the US FDA, MHRA and WHO. The FCC facility was also inspected by the US FDA and had its accreditation extended.

Stimulating work environment

To provide a safe, challenging and rewarding environment for our employees

Relevant KPIs:

- Annualised value added per employee (page 38)
- Disabling incident frequency ratio ("DIFR") (page 40)
- Lost work day frequency ratio ("LWDFR") (page 40)
- Average staff turnover (page 40)
- Average training spend per employee (page 40)

Safety, health and environment ("SHE") compliance in the South African operations and Aspen Bad Oldesloe sites has been well entrenched and are of a very high standard, as was evidenced by very successful external legal compliance audits – sites are ISO 14001 and OHSAS 18001 certified. During 2014, Aspen Bad Oldesloe received ISO 50001 certification.

The Group SHE structure continued to provide support to all business units in respect of SHE legal compliance and with the development, implementation and monitoring of SHE management systems in accordance with Aspen's internationally aligned standards. Group SHE standards have been implemented throughout the Group to ensure greater consistency on these aspects.

Aspen recorded no work-related fatalities during the year.

The Group SHE team has drafted standard Aspen control procedures for specific activities being inherent SHE risks for adaption by all business units.

At the Aspen Oss site in the Netherlands, acquired in October 2013, there has been significant executive attention paid to SHE matters due, in particular, to an unsatisfactory safety culture on that site at the time of acquisition as evidenced by an unacceptable number of SHE incidents. In addition, a number of capital expenditure projects have been planned and initiated at the site to rectify SHE deficiencies.

Customised management development programmes were introduced in partnership with globally recognised business schools to develop high-potential employees in South Africa.

The first global employee engagement survey for the Group was undertaken. The survey was completed by 5 075 employees out of a sample of 6 669 employees, a participation rate of 65%, which exceeds the global benchmark participation rate of 56% in such surveys. Each business unit has developed action plans to address areas requiring Improvement that were identified from the survey.

Close to 3 000 employees were "on-boarded" into Aspen from acquired businesses across several countries in Europe and Spanish Latin America as well as the US. This included the consistent alignment of employment terms and conditions, such as salary structures and pensions, and negotiations with trade unions and works councils.

The first Aspen Women's Forum was launched in the South African business. The purpose of the forum is to create a platform for female employees to engage on issues that affect women in the workplace and to provide solutions and recommendations to the business. Women-in-leadership training programmes have been introduced in order to enhance the development of women who are in management positions and those aspiring to be managers.

CHALLENGES AND RISKS	OUTLOOK
A considerable number of projects are in progress within Aspen's manufacturing operations. Dedicated project teams and experienced project leaders are in place to manage the complexity and the scale of projects. Project Steering Committee meetings are held regularly and the execution of projects is on target according to the project plans. The management teams at Aspen Oss and Aspen NDB have new business strategies to implement based on achieving production standards and efficiencies consistent with Aspen's strategic manufacturing sites. Wage and electricity costs are material contributors to conversion costs at the South African manufacturing sites. Consequently, rising wage inflation and electricity rates have a negative impact on product costs. Meaningful gains continue to be made in energy conservation/reduction projects across all facilities and have mitigated price increases. Material fluctuations and reductions in offtake volumes from South African public healthcare tenders continue to have an adverse effect on optimising production planning and capacity utilisation at the South African sites, thereby compromising manufacturing efficiencies and impacting product cost. The weakening of the Rand has raised imported raw material prices and product costs, but has also increased the earnings from products exported from the South African sites.	Extensive work on a number of projects to improve production and procurement efficiencies at Aspen Oss and Aspen NDB is planned to Improve future cost competitiveness from these sites. Targeted plans are in place to increase production volumes via new product introductions and realignments of outsourced volumes to Aspen-owned manufacturing facilities. The plan for the consolidation of manufacture in Aspen Australia will continue. The strategic capital expansion projects at FCC comprising three specialised API manufacturing suites will progress. Strategic capital expansion projects in Port Elizabeth will continue, specifically the construction of a high-containment suite, where construction is at an advanced stage, and the construction of an extension to the Sterile facility, where construction started in May 2014. Product realignment projects will increase production efficiency and result in improved cost of goods.
Businesses outside South Africa and Germany are at various levels of SHE compliance against Aspen's standards and alignment of these disparate systems can only be achieved over a phased period. There is ongoing exposure to SHE issues at the Moleneind site situated at Aspen Oss. There are a number of mitigation projects underway which will improve the circumstances over time. However, the age and design of this site gives rise to an inherently high risk of SHE incidents in the sustained manufacture of synthetic chemicals at this location. Aspen is in the process of addressing divergent human resource practices and SHE standards throughout the Group to ensure greater consistency on these aspects. Lack of an integrated human resources management system within the Group results in significant manual processing of employee data. Acquired businesses come with their own organisational cultures which require alignment with the Aspen culture.	The SHE initiatives implemented at Aspen Oss are expected to yield improved SHE performance outcomes. The site leadership team will continue to work closely with the applicable regulatory authority, Major Hazard Control, to provide evidence of progress against the plans tabled. Given the introduction of the newly acquired businesses, a review of human resource policies and practices will be undertaken with a view to identifying areas where consistent application will be beneficial and areas where local practice should prevail. This is envisaged to be a long-term process as the Group continues to grow organically and acquisitively. Research will be undertaken to identify the most appropriate IT platform to access employee data in an integrated manner across the Group. Change management programmes will be undertaken to assist in the integration of acquired businesses into the Aspen culture. The Aspen competencies framework will be rolled out across the business in order to drive the appropriate activities that lead to excellent performance. The first Aspen employee recognition awards programme was launched in 2014. Aspen employees globally will nominate the outstanding performers in the Group who will receive awards in November 2014 at the gala dinner of the Aspen Global Strategic Leadership Conference.

Strategic objectives continued

STRATEGIC OBJECTIVES	PERFORMANCE OF THE PAST YEAR

Responsible corporate citizenship

To practise good corporate citizenship

Relevant KPIs:

- BBBEE accreditation in South Africa (page 40)
- Carbon emissions (page 42)
- Waste recycled (page 42)
- Electricity used (page 42)
- Volume of water used (page 42)
- Number of incidents of legislative infringements (page 42)

Aspen's listing on the SRI of the JSE for the fourth consecutive year was confirmed in November 2013.

The Social & Ethics Committee continues to play an active role in assisting the Board to ensure focus on Aspen's profile as a responsible corporate citizen and the Group's efforts aimed at enhancing this profile. In pursuance of these goals Aspen is an active participant of the UN Global Compact and embraces the 10 principles associated with the Compact.

Aspen operates on an established foundation of strong corporate governance. The Group has applied King III and an unabridged Corporate Governance statement and King III application register can be viewed online.

The Board is satisfied that the Group's governance processes, including Aspen's ethics management programme, have been appropriately implemented to maintain good governance standards throughout the Group. Efforts are underway to ensure that these processes are effectively embedded in those businesses acquired and established during the past financial year.

A dedicated Resource Conservation Engineer has been employed within the Group SHE department and has supported the South African sites in identifying and managing new, additional energy projects. Aspen again participated in the 2014 Carbon Disclosure Project and improved its performance score to 89C (2013: 87C).

Aspen has retained its Level 3 contributor BBBEE status this year and continues to consider measures aimed at maintaining and improving its standing in terms of BBBEE and transformation in South Africa.

Enhancing the value of the Group

To be alert to opportunities to enhance the value of the Group for its stakeholders

Relevant KPI:

- Return on ordinary shareholders' equity (page 36)
- Growth in normalised headline earnings per share from continuing operations (page 38)
- Return on total assets (page 38)
- Annualised value added per employee (page 38)
- Operating cash flow per share (page 38)
- Net interest cover (page 38)

During the course of the year the following substantial transactions were completed which have materially increased the footprint of the Group and which will have an important influence on the future development of the Group:

- the acquisition of an API business and a portfolio of branded finished dose form molecules from MSD;
- the acquisition of two branded injectable anticoagulants and the specialist sterile production site at which they are manufactured from GSK; and
- the acquisition of further intellectual property rights and the related infant nutritional businesses in Latin America and South Africa from Nestlé.

CHALLENGES AND RISKS

Reporting and disclosure requirements in respect of Aspen's corporate citizenship and the application of international best practice remain onerous and require management focus and attention – Aspen will continue to meet these reporting requirements in a balanced and responsible manner.

The Board and management remain aware of the importance of practising good corporate governance while retaining Aspen's entrepreneurial corporate culture and the associated agility of decision-making. This balance has been best achieved by embedding principles of good corporate governance in business practices at an operational level wherever practicable.

The Group acknowledges the criticality of energy and water supply to its business and remains cognisant of risks which influence future availability of these scarce resources.

On 11 October 2013, the revised Department of Trade and Industry's BBBEE Codes of Good Practice ("BBBEE Codes") were gazetted in South Africa. The impact of the revision has been assessed in detail, and the more onerous obligations of the new BBBEE Codes are likely to give rise to a less favourable BBBEE rating for Aspen in the 2015 financial year.

Operationalisation of multi-site, multi-product, multi-territory transactions of the nature that Aspen has undertaken during the past year is exceptionally complex. This process is being undertaken with the benefit of teams which have extensive experience in executing transactions of this nature.

OUTLOOK

Aspen will continually seek to achieve its strategic objectives in a manner which reflects its commitment to being a responsible corporate citizen.

Aspen's corporate governance practices extend beyond legislative and regulatory compliance – good governance standards are upheld throughout the Group. Governance structures, practices and processes will continue to be monitored and revised from time-to-time, taking into account best practice as well as practicable and cost-effective implementation.
The Group's Environmental Management Principles will continue to be promoted.

The Nelson Mandela International Day initiative, introduced in 2011, has been retained as an annual event. Many of Aspen's new business units around the world became involved in the adoption of community upliftment projects with employees contributing time and resources to the projects for the first time in 2014.

The new BBBEE Codes will be implemented for the first time in the 2015 financial year. The Group plans to significantly increase its investment in applicable skills development and enterprise development initiatives to meet increased compliance levels.

Assessment of opportunities which are aligned with Aspen's global and regional objectives will be ongoing.

The possible divestiture of products and businesses which are not aligned with the Group's areas of focus will be assessed.

Engaging stakeholders

Aspen recognises the benefit of fostering and maintaining strong relationships with its stakeholders through transparent and effective communication. The Board is committed to sustaining Aspen's established credibility and rapport among its stakeholders.

Aspen has, after having engaged with various stakeholders for more than 16 years since its listing on the JSE, identified its stakeholders as those persons, groups or organisations who are directly impacted by its activities, as well as those persons, groups or organisations who can reasonably be foreseen to be impacted by the Group's activities. A structured system of engagement exists to ensure the timeous communication of accurate and relevant information to and interaction with each stakeholder group in a consistent manner.

The Board has, after a thorough consideration of the Group's various stakeholders, categorised its key stakeholders as follows:

PEOPLE	OPERATIONS	CORPORATE
➤ Employees ➤ Trade unions ➤ Bargaining councils ➤ Academia and educational institutions	➤ Pharmaceutical regulatory authorities ➤ Healthcare industry ➤ Suppliers ➤ Government and local authorities ➤ Customers and consumers ➤ Business and alliance partners ➤ Service providers	➤ Shareholders ➤ Investors, healthcare analysts and media ➤ Communities ➤ Consultants and service providers ➤ Funders and corporate bankers

The Board takes overall responsibility for ensuring a stakeholder-inclusive governance approach and has, for this purpose, approved the Group's Stakeholder Engagement Report (available online). Executive management has been entrusted with the responsibility for implementing this policy and for maintaining a robust and consistent system of communication with the identified stakeholder groups.

A wide range of regular, structured and *ad hoc* engagements take place at various levels in the organisation. Stakeholder engagement is a standing agenda item at scheduled meetings of the Board. Executive management submit quarterly stakeholder engagement reports detailing notable engagements with the Group's key stakeholders and any material topics or matters of concern which may have arisen are considered under this item. The documented feedback from these engagements assists Aspen in preparing its Integrated Report and to decide on what is to be included in the report from a materiality perspective. Management responds to material issues raised by stakeholders, as appropriate, in the ordinary course of business.

Included below are the more notable stakeholder engagements undertaken during the year:

SUBJECT OF ENGAGEMENT	CONCERNS RAISED AND ADDRESSED
Business and alliance partners	
Significant transactions undertaken during the year	➤ Exhaustive commercial and legal negotiations undertaken to resolve matters arising during due diligence processes; and ➤ Significant pre- and post-acquisition engagement with vendors to ensure the successful disentanglement of shared services and transition of the acquired businesses.
European works councils	
Employee transfers to Aspen from GSK and MSD as a consequence of significant transactions	➤ Aspen's sustainability, reputation as an employer and commitment to ensuring an equitable transfer of employees to Aspen.

SUBJECT OF ENGAGEMENT	CONCERNS RAISED AND ADDRESSED
Employees transferred to Aspen as a result of significant transactions	
Employment transfers from vendor businesses to Aspen	➤ Confirmations in respect of employment security and conditions of service; and ➤ Assimilation into Aspen and adoption of the Aspen culture.
Funders and corporate bankers	
Syndicated loan to Aspen to the value of USD2,7 billion	➤ Aspen's ability to service debt levels and meet funding covenants.
Investors, healthcare analysts and media	
Significant transactions undertaken during the year	➤ Rationale for transactions and ability to effectively integrate the acquired businesses into the Group; and ➤ Aspen's future organic and inorganic growth prospects subsequent to these transactions.
Shareholders	
Significant transactions undertaken during the year	➤ Communication of transactions undertaken and obtaining approval in respect of the Arixtra and Fraxiparine brands transaction concluded with GSK.
Environmental and safety regulatory authorities in the Netherlands	
Soil contamination and safety challenges at the acquired Moleneind site in Oss, the Netherlands	➤ Confirmation of MSD's pre-existing environmental liabilities in respect of this site; ➤ Aspen's ability to avoid and prevent further contamination at this site; and ➤ Remediation plans in respect of reportable safety incidents.
South African Competition Commission	
Approval of the infant nutritionals transaction between Aspen and Nestlé in South Africa	➤ Impact on the competitive pricing of infant nutritionals given Aspen's share in this market
Review of exclusive supply agreements between Mylan and Aspen in respect of fixed dose combination ARV products	➤ Provision of documentary evidence which allowed the Competition Commission to confirm that agreements were not anti-competitive, to reach its decision not to refer the complaint to the Competition Tribunal and to regard the matter as closed.

Value enhancing transactions during the year

Acquisition of an API manufacturing business and a portfolio of branded molecules from MSD

Effective 1 October 2013, Aspen 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, Aspen Global acquired a portfolio of 11 branded finished dose form molecules from MSD for USD600 million, USD67 million of which is subject to delayed payment terms.

These transactions strongly complement Aspen's strategic intent of increasing its offering of specialised products, including biochemicals, to global territories.

In terms of the API transaction, Aspen will continue to supply products to MSD under a 10-year supply contract, which will provide significant ongoing volumes. There are also future opportunities for Aspen to develop finished dose form products from certain of the APIs such as hormones and peptides.

Aspen's manufacturing site at Moleneind in Oss, the Netherlands produces specialised biochemical, hormonal and chemical APIs.

Chairman's statement

"Aspen has strengthened its position in the branded medicines and nutritional market with an impressive 51% growth in gross revenue and 47% increase in operating profit."

Dr Judy Dlamini
Chairman

Building on a proven track record

Expansion and delivery

Aspen's 2014 financial year has seen it making great strides in establishing itself as a multinational pharmaceutical company. In addition to cementing its position as one of the top generic pharmaceutical producers globally, it has strengthened its position in the branded medicines and nutritional markets.

The impressive 51% growth in gross revenue and the 47% increase in operating profit reflect the benefits from the significant transactions with MSD, GSK and Nestlé completed during the year – these transactions are more fully detailed on pages 23, 29 and 45 of this report. Although the bedding down of these transactions is still work in progress, management's proven track record for successfully integrating acquired businesses into the Group speaks for itself. These acquisitions have not only supported very pleasing results for the 2014 financial year but have also assisted Aspen in positioning itself to take advantage of a number of synergistic opportunities, creating continued and scalable organic growth opportunities for the Group.

Industry outlook

Global pharmaceutical industry projections for the medium to long term indicate that greater cost pressures, a higher bar for product innovation and an increased demand for value from both regulators and patients is to be expected. The continued rise of emerging markets, weak growth in the developed markets and increased focus on speciality medicines have also been forecast as significant outcomes for the global pharmaceutical market over the next five years. These market realities will continue to demand co-operation between the pharmaceutical industry and governments to ensure a sustainable model for the production and distribution of good quality medicines at prices that allow public access while continuing to attract investment to the industry.

> "Aspen's ability to enter the pharmerging countries and establish growing and profitable businesses in such markets has been one of its hallmarks."

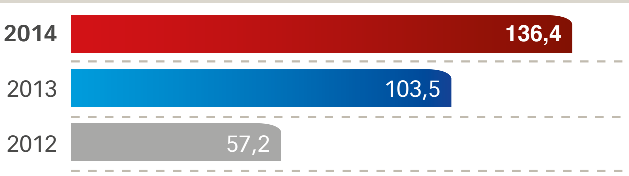
CAGRs

	Since listing	Last 5 years	Last 3 years
Gross revenue	46%	30%	33%
EBITA	48%	27%	30%
Normalised headline earnings per share	42%	23%	25%

As a consequence of the recent acquisitions referred to earlier, and despite the projected weaker growth of developed markets, Aspen has ambitiously set its sights on growing its acquired market share in a number of developed European markets. A number of strategic initiatives have been identified with this objective in mind and the Board will continuously monitor whether targets set in this respect are being achieved. The Group's strategy also calls for ongoing focus on those developing markets earmarked by Aspen for growth, including Latin America, CIS, CEE, SSA and parts of Asia. Aspen's ability to enter the emerging pharmaceutical countries referred to as "pharmerging countries" and establish growing and profitable businesses in such markets has been one of its hallmarks and should hold the Group in good stead as it aims to expand the territories which it reaches with its product offering.

The addition of the acquired nutritional businesses in Latin America and southern Africa to Aspen's established nutritional businesses in Australia and South Africa, will serve to diversify Aspen's revenues and to provide Aspen with an additional growth platform to support its global reach and revenue generation ambitions.

Market capitalisation (R'billion)



Pleasing performance

The Group results for the year have again shown growth in all business segments translating into notable overall increases in revenue, operating profit and normalised headline earnings per share. The significant acquisitions concluded during the year assisted the International business to more than triple revenue to R12,7 billion. In so doing, it has become the largest contributor to the Group's gross revenue at 40%, confirming Aspen's status as a truly globalised company. The Latin American territory which forms part of the International business, continued to deliver on the growth potential Aspen sees in this region.

Enhancing Aspen's manufacturing capacity

The ongoing expansion and enhancement of the Group's manufacturing capabilities confirms its commitment to pursuing a strategic advantage through these capabilities. The expansion projects at the Group's Port Elizabeth and Cape Town sites are aimed at ensuring cost reductions, enhanced security of supply of certain products and the development of the Group's API supply strategy. The Board will continuously assess the need for further investment into these sites and other sites throughout the Group, as appropriate.

Development of our people

I take this opportunity to welcome more than 4 000 new employees who have joined the Aspen ranks since the previous financial year, mostly as a result of the recent significant transactions – you are now part of a high-performance organisation and a winning team. The Social & Ethics Committee continues to take a keen interest in the investment in the talent pipeline fostered by the Group and the manner in which the South African business is meeting its transformation targets. The ongoing development of the Aspen Women's Forum launched in South Africa in the previous year has been very encouraging and has made progress in focusing attention on uplifting women throughout the organisation. As reported previously, this forum seeks to fast track the development of our women's leadership capability and has been led from the highest level in the organisation.

Chairman's statement continued

"I take this opportunity to welcome the more than 4 000 new employees who have joined the Aspen ranks since the previous financial year."

I am pleased to confirm that there have been no Aspen employees involved in fatal accidents while on duty during the year. Concerted efforts to improve safety conditions at the Group's manufacturing sites and to thereby reduce injuries on duty are ongoing. There are challenges in this regard at the newly acquired Aspen Oss business which is receiving particular focus from management and close oversight from the Board.

Governance and socio-economic development – integral to the Aspen way

Aspen is an active participant in the South African Public Healthcare Enhancement Fund ("PHEF"), which was established in August 2012, between the South African Department of Health and other South African healthcare companies. The PHEF continues to achieve greater interaction between the private and public spheres of healthcare in South Africa and has also resulted in notable socio-economic benefits, including the upliftment of critical community healthcare projects in South Africa and the acceleration of access to primary healthcare and educational facilities in this country. Support to Aspen's other SED initiatives continues, despite the significant investment made by the Group in the PHEF.

This year marked Aspen's fourth consecutive year of participation in the Nelson Mandela International Day, held on 18 July of every year. The Group's initiatives this year again saw a multitude of Aspen employees across the globe rolling up their sleeves and getting involved in 58 projects worldwide that assisted approximately 50 000 beneficiaries. The selfless participation of these employees in this initiative was another shining example of Aspen's culture of caring which is fostered throughout the Group.

Distribution to shareholders (cents)

For the second year Aspen participated in the UN Global Compact and its commitment to the compact's principles in the areas of human rights, labour, environment and anti-corruption which have been detailed in Aspen's first Communication of Progress Report available online. The Group's participation in the UN Global Compact enjoys the Board's full support and the co-operation between Aspen, the other participants and the United Nations to enhance the focus on these critical issues continues to be closely monitored and reported upon. Aspen's fourth consecutive inclusion into the JSE's SRI Index further bears testimony to the Group's commitment towards enhancing its approach to environmental, social and governance management.

In closing, I extend my sincere thanks to my fellow directors – their guidance has been instrumental in the Group's success and I look forward to their continued support and contributions to Aspen's development, growth and advancement. It has been a momentous year for the Group and special mention must be made to the visionary and tireless efforts of Stephen, Gus and the Aspen management team, as a whole, in the achievement of enduring growth and in guiding Aspen towards new and exciting opportunities.

Dr Judy Dlamini
Chairman

22 October 2014

Accolades and achievements

- Aspen was ranked as the **10th most innovative company** by Forbes' "The Top 25 Most Innovative Companies in the World 2014" list (Forbes September 2014).
- Aspen was ranked **10th in the top 100 companies** over five years category and **second in the top 40 index companies** over five years in the 2013 Sunday Times "Top 100 Companies Awards" in South Africa.
- In November 2013, Aspen qualified for inclusion in the **JSE's SRI Index** for the fourth consecutive year.
- Aspen was ranked in the **top 10** of Visiongain Pharma's report on **the world's leading generic companies for 2014.**
- Aspen's 2013 Integrated Report was ranked in the top 10 (sixth overall) of **Ernst & Young's Excellence in Integrated Reporting Awards 2014**.
- EMEA Finance magazine named the USD2,7 billion syndicated loan to Aspen as the **"Best syndicated loan in Africa"** in its annual achievement awards.
- The Aspen 2013 Sustainability Report was recognised as the **best sustainability report** at the 2014 Chartered Secretaries South Africa/JSE Annual Report Awards.
- The Aspen Group legal function was recognised as the **"Legal Department of the Year – Large team"** at the 2013 African Legal Awards.
- Aspen's 2013 Integrated Report was ranked **82nd best annual report globally** by Report Watch – only one of three South African companies to be in the top 100.
- The Banker magazine recognised the USD1,985 billion acquisition funding loan to Aspen as one of its **Deals of the Year 2014** for the Africa region.
- The Investment Analysts Society awarded Aspen with its **Best Presentation to the Society** in 2013/2014 (companies with market capitalisation above R30 billion) award.
- Aspen's Group Human Resources Executive, Nhlanhla Qwabe, was a recipient of the **2013 Africa HR Leadership Award.**
- Aspen received the **Top Gender-Empowered Multinational Company** award at the Topco 11th Standard Bank Top South African Women Awards. The Group Operating Officer, Lorraine Hill, was nominated as a finalist in the **Businesswoman of the Year** category of these awards.
- Aspen was one of four South African companies included on the Boston Consulting Group's 2014 list of **"100 Global Challengers"** companies from emerging markets that are "growing so quickly overseas that they are reshaping industries and surpassing many traditional multinational companies".

Value enhancing transactions during the year

Acquisition of the Arixtra and Fraxiparine thrombolytic brands and the related manufacturing site from GSK

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.

In a related transaction, effective on 30 April 2014, a further GBP194 million was paid to GSK for the acquisition of the specialised sterile production site in France which manufactures these brands and the related inventory. This business trades as Aspen NDB.

These transactions have positioned Aspen as a leading global player in the provision of injectable anticoagulants and have created the opportunity to harness benefits from vertical integration with Aspen Oss which manufactures the heparin API used in Fraxiparine. The Arixtra and Fraxiparine brands acquired have strong brand equity and established demand in the markets where they have been promoted. Aspen plans to increase promotion of these brands and to take these life-saving products to new territories.

The Arixtra and Fraxiparine brands are manufactured under sterile conditions, a specialist production activity with high barriers to entry, which is in short supply globally.

Arixtra prefilled sterilised syringes being manufactured at Aspen NDB in France.

Group Chief Executive's report

A new foundation for growth established

Impressive growth and material acquisitions

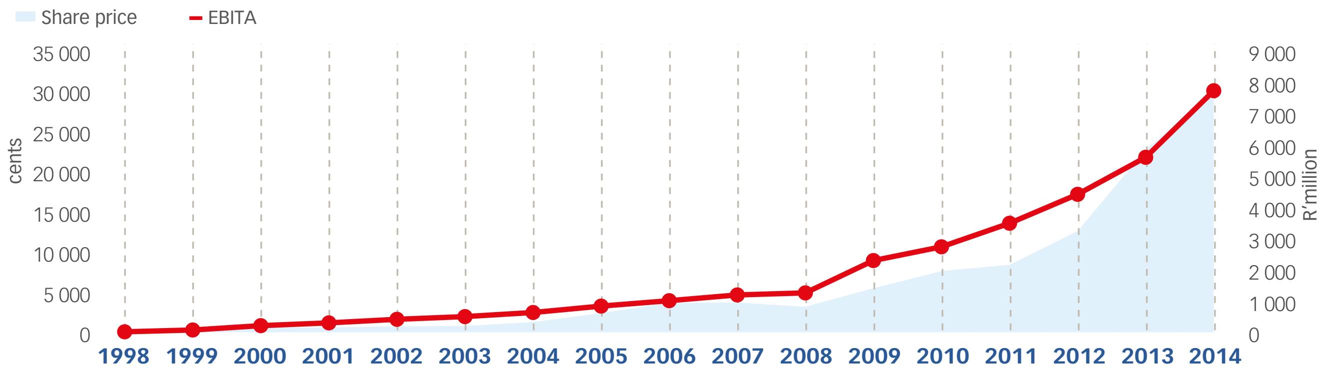
Aspen's performance for the year ended 30 June 2014 showed major growth on each of the material reporting lines:

- Gross revenue increased 51% to R31,4 billion.
- Operating profit increased 47% to R7,4 billion.
- Profit for the year increased 42% to R5,0 billion.
- Normalised headline earnings per share increased 27% to 1 064 cents.

This outcome was assisted by the addition to the Group of the following significant transactions undertaken during the year:

- With effect from 1 October 2013, Aspen's acquisition from MSD of Aspen Oss and Aspen API, an API manufacturing business located in the Netherlands with a satellite operation in the US;
- With effect from 28 October 2013, Aspen Global and its subsidiaries' acquisition from Nestlé of certain licence rights to infant nutritional intellectual property, net assets including a production facility in Mexico and shares in infant nutritional businesses in several countries in Latin America;
- With effect from 31 December 2013, Aspen Global's acquisition of 11 branded finished dose form molecules from MSD;
- Also with effect from 31 December 2013, Aspen Global's acquisition of the Arixtra and Fraxiparine/Fraxodi thrombolytic brands worldwide (excluding China, India and Pakistan) from GSK;
- With effect from 27 January 2014, Pharmacare's acquisition from Nestlé of certain rights to intellectual property licences and net assets of the infant nutritionals business previously conducted by Pfizer in certain southern African territories, including South Africa; and
- With effect from 30 April 2014, Aspen's acquisition from GSK of Aspen NDB, the specialised sterile production site in France which manufactures Arixtra and Fraxiparine.

Aspen performance timeline



Adding value by organic growth

Aspen's performance was also supported by pleasing organic growth in all of the business segments. This is an important element of the Aspen business model. While the Group has always looked for acquisitive opportunities to accelerate the implementation of its growth strategies, there is absolute recognition that the organic growth generated once the acquisitions are complete is the key factor in creating incremental value for Aspen and its stakeholders.

The acquisitions undertaken during the past year are each important elements of building a new platform from which the Group can achieve further growth. The acquisitions have added to the product offering, expanded Aspen's geographic coverage, brought additional specialised manufacturing capability to the Group and introduced new skills.

A global leader in anticoagulants

The Arixtra and Fraxiparine brands acquired from GSK, together with Orgaran acquired from MSD, position Aspen as the second biggest provider of injectable anticoagulants worldwide, behind Sanofi. Injectable anticoagulants are a critical medication, used in the treatment of venous thromboembolism (blood clots), a preventable, but common cause of in-hospital death. Plans are in the process of implementation to heighten promotional focus on Arixtra and Fraxiparine. Orgaran is presently constrained by the availability of the API, which, like Fraxiparine, is derived from heparin. Mucosa from the stomach-lining of pigs is the primary source of heparin. Aspen has already made considerable progress in improving the production process for danaparoid, the API used in Orgaran. Resolution of the API constraint for Orgaran will allow Aspen to widen the global availability of Orgaran which is used in the treatment of heparin-induced-thrombosis, a rare, but generally fatal condition if untreated.

Vertical integration in supply from Aspen Oss

A key factor in Aspen's anticoagulant strategy is the supply of the APIs for both Fraxiparine and Orgaran from Aspen Oss. This vertical integration of the value chain allows Aspen to control and manage quality and cost of supply. A number of initiatives are already underway aimed at taking advantage of this by achieving meaningful improvements in the cost of goods for Fraxiparine and by increasing the supply of danaparoid for Orgaran. Projects are also established at Aspen NDB, the manufacturer of Arixtra and Fraxiparine, targeting reduced costs through efficiency gains. Added capacity at Aspen NDB, increasing output from 150 million syringes to 300 million syringes, due to be completed by December 2015, will enhance to economies of scale.

Aspen Oss also provides APIs for a number of the branded molecules acquired from MSD during the past year. This portfolio of products has been important in strengthening the Group's presence in the targeted growth territories of Latin America, the CIS and Asia.

Building critical mass in infant nutritionals

The completion of the infant nutritional transactions in Latin America and Southern Africa has added further critical mass to Aspen's established infant nutritional businesses in Australia and South Africa. The manufacturing facility acquired at Vallejo, Mexico adds significant manufacturing capacity as well as bringing new technical skills in infant nutritional production. From this enlarged base of specialist knowledge in this field, the Group is assessing the prospect of entering new markets with infant nutritionals. China, which has massive and growing demand for infant milk formula, is of particular interest.

Group Chief Executive's report continued

Strength in executing complex transactions

Aspen's success in executing a number of complex multi-territory transactions in less than one year is testimony to the exceptional skills of the employees who negotiate and implement these transactions. The scale of these transactions requires multi-functional teams covering all aspects of Aspen's business working together across different regions and time zones. The expertise in undertaking transactions of this nature has become an invaluable asset to the Group. It makes Aspen an obvious and qualified candidate to participate in further projects requiring the ability to navigate difficult regulatory environments and to find solutions to unresolved problems.

Investment in production capacity and capability

The Group continues to pursue a strategic advantage through its manufacturing capabilities. Reduced cost of goods by way of better procurement and improved production efficiency is at the core of many of the profit improvement projects underway. This is facilitated by the critical mass offered by high volume manufacture, the experience and technical skills of Aspen's production personnel and ongoing investment in technology. New production capacities and capabilities are in the process of installation at several sites across the Group. The largest projects are underway at Port Elizabeth where building of the high containment facility is reaching finalisation and construction of an additional specialist sterile facility has commenced. Once operational, the new specialist sterile facility will provide enhanced security of supply for Arixtra and Fraxiparine as an alternate manufacturing source to Aspen NDB. The upgrading of the FCC API manufacturing site is also nearing completion and will play an important role in the development of the Group's API supply strategy together with Aspen Oss.

SHE receives focus

Improvement of SHE management of the Aspen businesses is a key focus area of management attention. Pleasing progress has again been made across the Group and best practice is in place at more sites. The acquisition of Aspen Oss has brought with it pre-existing environmental remediation requirements which MSD is responsible for settling. MSD is actively engaged in dealing with the necessary activities to meet its obligations. Advancing safety and environmental legislation in Europe and the ageing infrastructure at the Moleneind and Boxtel sites has given rise to material concern regarding compliance to safety legislation at Aspen Oss. Mitigation plans are in place and progress is being closely monitored by Group executives as well as the Social & Ethics Committee. Proactive engagement with affected stakeholders and the relevant authorities in the Netherlands is in place.

Product pipeline rationalised

Assessment of the product portfolio is ongoing to ensure that the Group invests resources in areas that are likely to achieve the best medium-term outcomes for stakeholders. This has resulted in a rationalisation of the product pipeline and disposals of intellectual property and commercialisation rights in the Asia Pacific and International regions over the past year. Since the financial year-end, the decision was taken to dispose of Aspen's rights to commercialise the fondaparinux products it recently acquired from GSK (being Arixtra and the authorised generic thereof) in the US to Mylan for USD300 million. The decision to enter into this transaction was taken 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.

International business leads growth

The greatest portion of revenue and profits attributable to the recent significant transactions falls into the International segment. This supported a 242% advance in revenue to R12,7 billion. Performance was also boosted by positive organic growth from the pre-existing global brands portfolio. A full year of ownership of the recent acquisitions should contribute to strong growth in this business segment in the year ahead. These transactions have facilitated a substantial increase in Aspen's footprint with several new business units established across Europe, the CIS and in Latin America in the past year. Approximately 3 600 employees were added to the International business over this period.

Organic growth prospects for this region are strongest in the emerging markets of Latin America, Russia and Eastern Europe. The disposal of the fondaparinux products to Mylan for the US will clearly lead to the termination of the related revenue and profits.

New companies perform well in Asia Pacific

Revenue in the Asia Pacific region increased 12% to R8,5 billion in the past year, assisted by a full year of contribution from the pharmaceutical and infant nutritional products acquired in the prior year, good performances from the recently established companies in South East Asia and a favourable relative exchange rate. Legislated price cuts in Australia have neutralised cost of goods savings achieved by improved procurement and manufacturing. A decline in revenue and EBITA in the Asia Pacific segment is anticipated in the next year due to the disposal of certain non-core products in the current year and the impending exit from license arrangements. This is aligned with the Group strategy to narrow and intensify promotional support on owned brands.

ARV tender weighs on South African performance

The South African business raised revenue 1% to R7,4 billion in the 2014 financial year. Aspen's private sector pharmaceutical sales grew at 9%, maintaining the Group's leadership position. The Consumer division performed well, particularly as there has been diminishing consumer spending, with revenue rising 12% to R1,3 billion through organic growth and the bolstering of he infant nutritionals offering following completion of the transaction with Nestlé. However, in the public sector, revenue contracted due to a combination of lower ARV prices under the most recent tender award, sharply lower ARV volumes in the second half of the financial year as the Department of Health amended its procurement plans and a decline in revenue from other public sector tenders. In the year ahead, the South African business is expected to deliver solid organic growth with the Pharmaceutical division retaining its position as the leader in both the private and public sectors. Performance will be influenced by the extent and direction of fluctuations in the value of the Rand, the quantum of the single exit price ("SEP") increase granted in 2015 and the outcome of proposed changes to legislation. Aspen has remained the largest supplier of tablets and capsules to the public sector under the recently awarded oral solid dose tender. The ARV tender is due for renewal in the second half of Aspen's 2015 financial year. Prospects for this tender will be better understood once the requirements are published. The Consumer division is expected to maintain its favourable progress.

Growth momentum maintained in SSA

In SSA, strong organic growth by all parts of the business contributed to an increase in gross revenue of 32% to R2,7 billion. This business is set to continue to deliver positive results into the 2015 financial year provided socio-political influences do not interfere unduly.

An exceptional team

A high calibre team of committed employees has always been fundamental to Aspen's success over the years. This continues to be the case with the expanded Group. Substantial efforts have gone into ensuring alignment with the Aspen way of doing business for all new recruits. Skills enhancement initiatives will play an important role in building the capability of the team going forward, particularly with Aspen's preference for developing future leaders from within. Congratulations and thanks are extended to all those responsible for the achievements of the past year which required extraordinary dedication and competence.

> "Skills enhancement initiatives will play an important role in building the capability of the team going forward, particularly with Aspen's preference for developing future leaders from within."

Multiple initiatives to influence the future

During the 2015 financial year, progress should be achieved in respect of the multiple initiatives flowing from the significant transactions recently completed. The benefit of these transactions was reflected in the second half performance of the past year and 2015 will be the first full year of operation for a number of newly established business units. Performance will be further positively influenced by organic growth and will be impacted by reductions arising from disposals.

Stephen Saad
Group Chief Executive

22 October 2014

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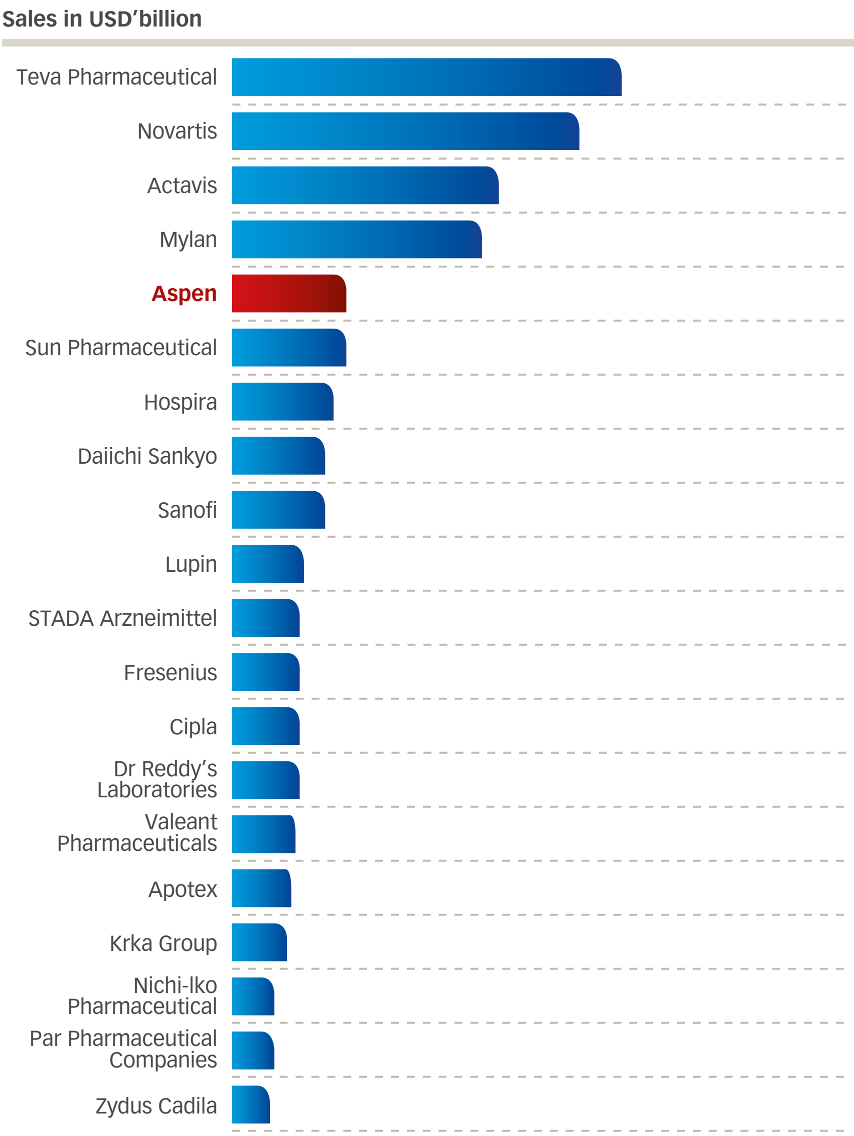
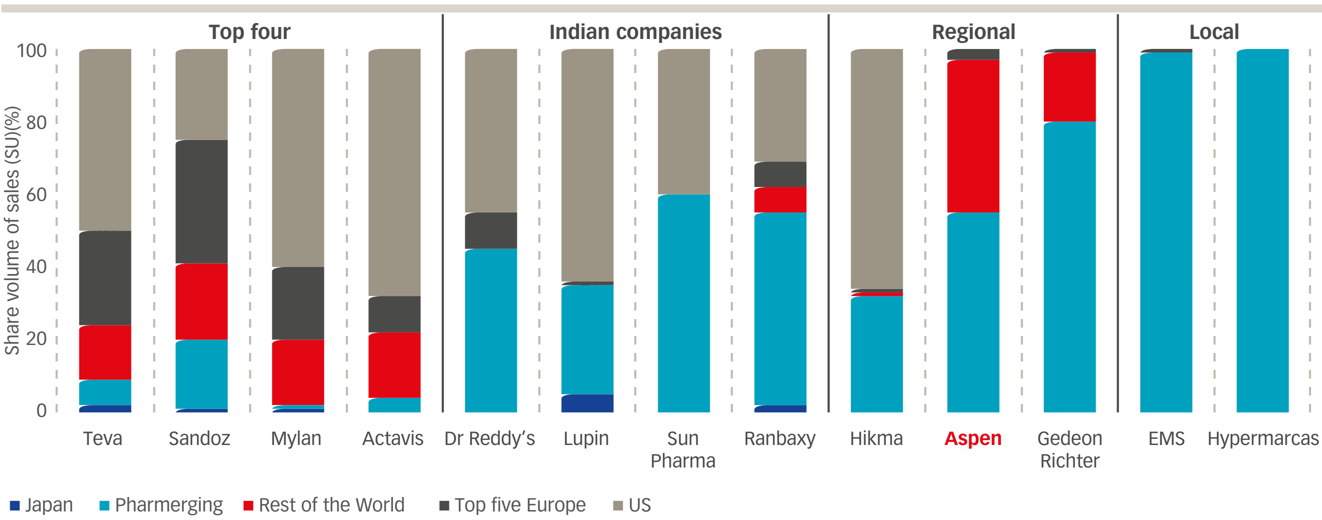
Global competitiveness



Source: EvaluatePharma® coverage: 60 generic companies.

Note: Sales in 2013 based on company reported data (Aspen, Sun Pharmaceutical Industries, Lupin, Cipla, Dr Reddy's Laboratories, Apotex and Nichi-Iko based on forecast data for 2013).

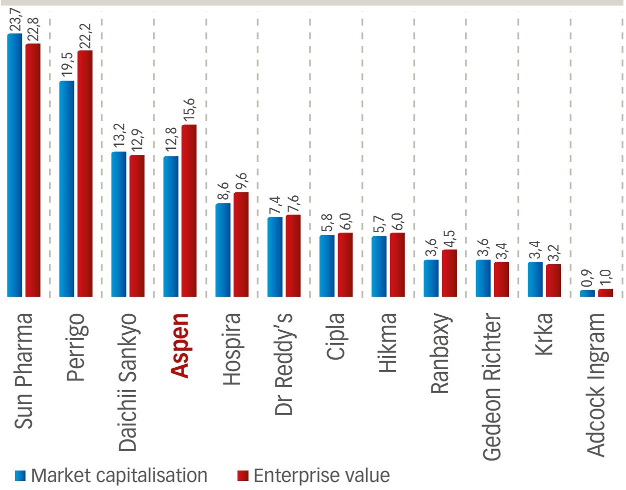
Selected top generic pharmaceutical companies – segmental distribution of sales 2013



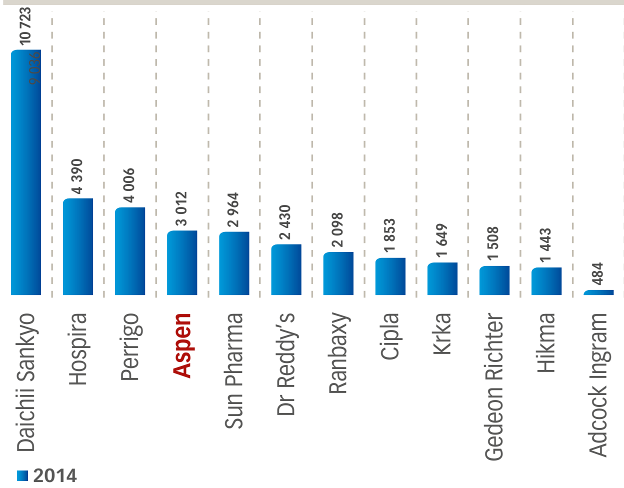
Source: IMS Health, MIDAS, MAT December 2013. Market segmentation and licensing classification countries for which additional information is available. (Market segmentation not coded and protection not covered excluded.)

Peer company comparatives

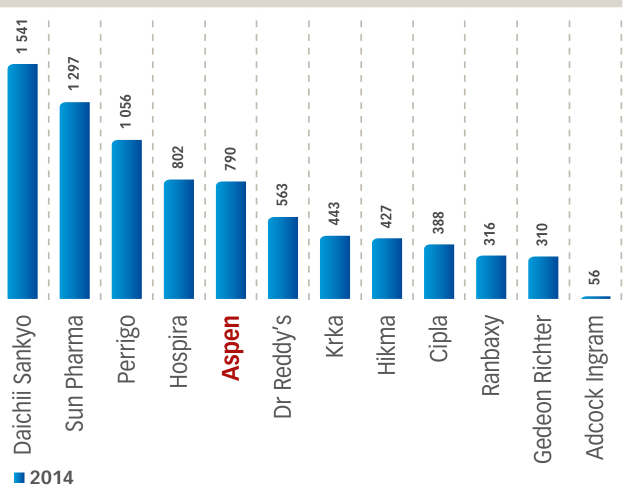
Market capitalisation and enterprise value* (USD'billion)



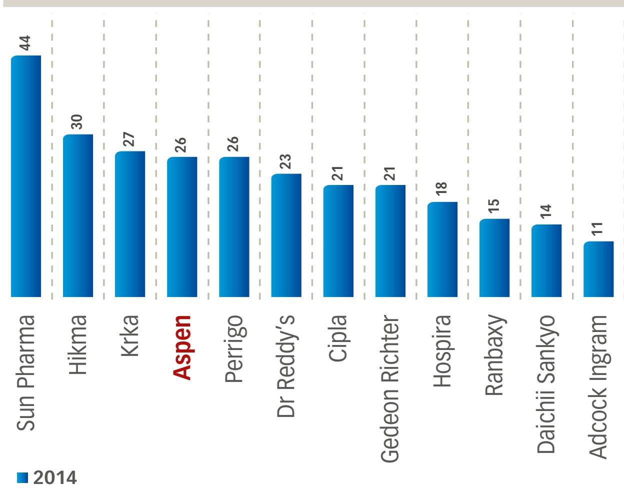
Revenue (USD'million)



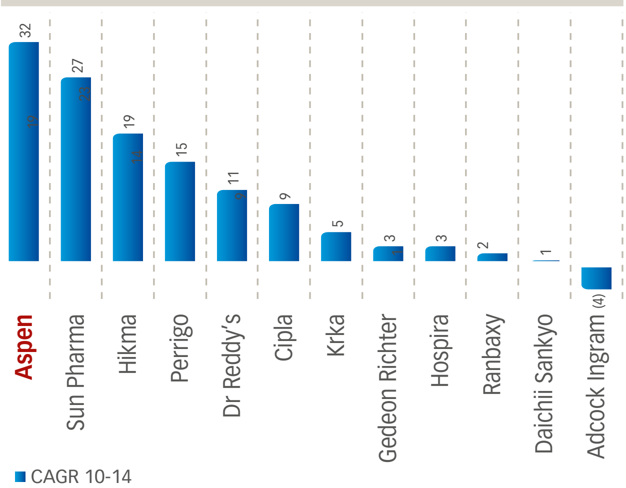
EBITDA (USD'million)



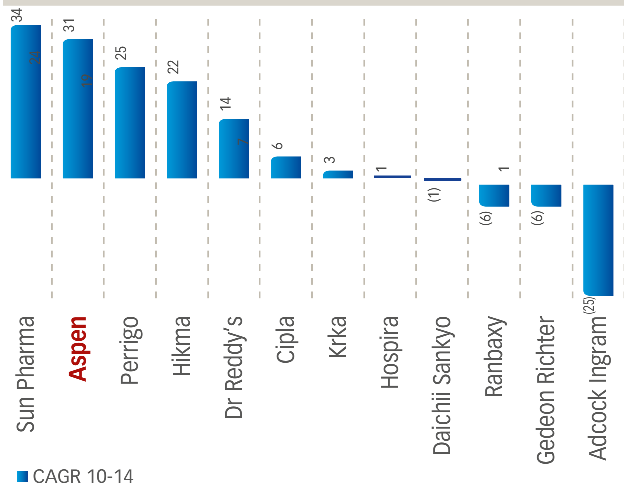
EBITDA margin (%)



Revenue CAGR (%)



EBITDA CAGR (%)



Source: JP Morgan – All information for peer companies is as per Bloomberg annualised consensus forecasts as at 30 June 2014. Aspen's actual results for the year-end 30 June 2014 have been reflected.

**Enterprise value is calculated as market capitalisation plus debt, non-controlling interest minus total cash and cash equivalents.*

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Material sustainability issues and five-year KPI review

Aspen believes in the importance of conducting its business in a way that is sustainable, which considers the future and which is accountable to stakeholders. In practising good corporate citizenship, consideration is given to the responsible management of ethics, human rights, health and safety, SED, as well as the environment.

Aspen's material sustainability issues are those economic, social and governance aspects which are considered to be relevant to the Group's strategic objectives which are reported on page 12 to 19. Material issues are determined through ongoing interactions with the Group's key stakeholders with reference to:

- the Group's strategic objectives;
- external factors impacting the Group's business model and pursuit of strategic objectives;
- key business risks impacting the Group's sustainability;
- the Group's mandated responsibility to its stakeholders in terms of the business model and related stakeholder expectations;
- the value and/or opportunity cost of the applied financial, intellectual, technical, human and environmental capitals to the business and responsible management of these; and
- the Group's responsibility to stakeholders in accordance with Global Reporting Initiatives ("GRI"), King III, Companies Act of South Africa, BBBEE Codes in South Africa, SRI, Carbon Disclosure Project and the UN Global Compact.

MATERIAL ISSUES AND KPIs	RELEVANCE TO THE BUSINESS	2014 ASSURANCE PROVIDED BY
Sustaining life and health through high quality and affordable medicines		
Number of product recalls	Products that regulatory authorities determine to be potentially harmful to patients and require to be recalled. Indicate the extent to which quality systems are effective.	Internal Audit
IMS value of total product pipeline for the next five years (USD billion)	Leading indicator of potential organic revenue growth over the next five-year period. References IMS sales values as at 31 December 2013 for currently patented originator molecules which are included in the Group's pipeline as at 30 June 2014 and that are in the process of developing into generic equivalents of the originator product.	Internal Audit
Adding economic value to stakeholders		
Return on ordinary shareholders' equity	Measures productivity of ordinary shareholders' equity. Can be benchmarked against other potential investments by shareholders.	PricewaterhouseCoopers Inc.
Growth in gross revenue	Revenue is the foundation of business performance. The product of the volume and price of products sold. Change in revenue is a leading indicator of the growth or contraction of a business.	PricewaterhouseCoopers Inc.

Refer to Aspen's Stakeholder Engagement Report on page 20 for key matters concerning stakeholders which were identified and addressed during the year. Aspen's Communication on Progress Report is available online.

The Group's 2014 Sustainability Report, available online, outlines Aspen's management approach to these material issues under sustainability development themes and progress of related KPIs during the year. The 2014 Sustainability Report has been prepared in accordance with GRI 3.0 as assurance by Environmental Resources Management ("ERM"). Aspen's GRI standard disclosure table is available online.

A combined assurance approach is implemented to obtain assurance over the Group's material KPIs. ERM and PricewaterhouseCoopers Inc. have provided moderate/limited assurance on selected KPIs. These assurance statements are available online and conclude that the tested KPIs have been prepared in accordance with defined reporting criteria and are free from material misstatement. Aspen's Internal Audit department also provided limited assurance on selected KPIs.

For queries regarding Aspen's Sustainability Report or its contents, contact: Roshni Gajjar, Group Risk & Sustainability Manager, at rgajjar@aspenpharma.com

ACHIEVEMENT					
2014	2013	2012	2011	2010	**PERFORMANCE IMPLICATIONS**
5	4	8	3	0	During the year, five products were recalled due to quality-related issues of which one product has subsequently been discontinued. Appropriate corrective action has been implemented to secure customer safety on the remaining products. In response to the Group's geographic and product expansion, the Group's quality resources have been increased to support the establishment and implementation of quality management systems and processes across the expanded supply chain.
6,7	8,9	9,1	8,9	6,7	During the year, the product pipeline was rationalised to include molecules that are considered to be commercially feasible to support targeted commercial strategies. This led to a reduction in the value of the product pipeline by USD3,7 billion. Molecules to the value of USD2,1 billion were added to the pipeline during the year and USD0,6 billion was unlocked through the launch of new products.
20%	18%	17%	18%	23%	Contributions from recently acquired businesses in Europe and Spanish Latin America have contributed positively to the increase in Aspen's return on equity. The Group's global presence, diversified business model and proven strategy execution capability presents a feasible investment case for shareholders.
+51%	+27%	+24%	+31%	+20%	The Group delivered a significant growth in gross revenue, led by the International business, which benefited most from the Group's acquisitive activities completed during the year and strong performance in Latin America. Aspen's established businesses in South Africa, SSA and Asia Pacific continued to deliver good organic growth.

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Material sustainability issues and five-year KPI review continued

MATERIAL ISSUES AND KPIs	RELEVANCE TO THE BUSINESS	2014 ASSURANCE PROVIDED BY
Adding economic value to stakeholders continued		
Growth in EBITA	A leading indicator of growth in operating profitability.	PricewaterhouseCoopers Inc.
Growth in normalised headline earnings per share from continuing operations	Measures earnings performance per share year-to-year in relative terms on a consistent and comparable basis. The leading indicator of overall improvement in earnings performance.	PricewaterhouseCoopers Inc.
Annualised value added per employee (R'000)	The leading indicator of the productivity of the Group's permanent employees in value creation.	PricewaterhouseCoopers Inc.
Maintenance of financial health		
Operating cash flow per share (cents)	Indicates the Group's ability to generate cash which is key to meeting cash outflow commitments.	PricewaterhouseCoopers Inc.
Net interest cover (times)	The leading indicator of the headroom the Group has servicing its debt.	PricewaterhouseCoopers Inc.
Sustaining a cost-competitive manufacturing base		
Return on total assets	Measures productivity of the assets of the Group. Can be benchmarked against other companies.	PricewaterhouseCoopers Inc.
EBITA margin	EBITA is a leading indicator of the efficiency of profit generation which is influenced by relative selling price, relative cost of goods and operating expenses.	PricewaterhouseCoopers Inc.

ACHIEVEMENT					
2014	2013	2012	2011	2010	**PERFORMANCE IMPLICATIONS**
+38%	+27%	+27%	+28%	+19%	The Group increased its growth in EBITA off the expanded revenue base. The quantum of growth trailed that of gross revenue due to a lower margin base in the acquired API business, inflationary cost increases and a weakening currency in South Africa as well as the full-year effect of lower margins from distributed products in Australia that were acquired in the previous financial year.
+27%	+27%	+21%	+19%	+21%	The Group delivered another year of growth in normalised headline earnings per share through acquisition of businesses which were integrated for a partial period from effective transaction date and through focused organic growth strategies.
1 756	1 493	1 258	1 029	934	Value added per employee increased by 18% through the effective alignment of employee performance to business unit and Group objectives and management of employee development requirements to meet required deliverables.
841	875	666	555	471	The Group continued to generate strong cash flows. Once-off investments in working capital were required to be made in building a debtors' book in businesses acquired during the year which led to dilution in operating cash flow per share.
8	10	6	8	5	Net interest cover of eight times was achieved despite the sharp increase of net borrowings to R29,8 billion to fund the acquisition of new subsidiaries and businesses during the course of the year. This exceeds the Group's internal medium-term target of five times cover.
13%	16%	17%	17%	20%	The dilution in return on total assets has been influenced by the inclusion of the acquired asset base for the businesses in the Netherlands, France and Latin America which are targeted to be effectively integrated into the Group by 2016 after transitional arrangements and targeted new business alignment programmes have been successfully completed.
25%	27%	27%	26%	27%	The Group's margins declined by 2% due to a lower margin base in the acquired API business and in the Latin American infant nutritional business, inflationary cost increases and a weakening currency in South Africa as well as the full-year effect of lower margins from distributed products in Australia that were acquired in the previous financial year.

Material sustainability issues and five-year KPI review continued

MATERIAL ISSUES AND KPIs	RELEVANCE TO THE BUSINESS	2014 ASSURANCE PROVIDED BY
Providing a safe working environment		
DIFR#	Percentage of employees who suffered disabling injuries in the 12 months ended 30 June, irrespective of whether such incidents resulted in lost work days.	ERM
LWDFR#	Percentage of employees who had to be booked off due to work-related disabling injuries or illnesses over the last 12 months.	ERM
Promoting equality		
BBBEE accreditation in South Africa (contributor level)**	Measures Aspen's adherence to BBBEE legislation in South Africa and indicates Aspen's success in transformation. Supports the credibility of the Group as a partner of choice in terms of South African preferential procurement criteria in the public and private sectors.	Empowerdex
Creating an environment in which our employees can thrive		
Average staff turnover#	Indicates the percentage of Aspen's permanent employees who have left the Group in the year.	Internal Audit
Average training spend per employee (Rand)#	Aspen invests in the enhancement of employees' capabilities aligned to the short and medium-term business objectives.	Internal Audit

** *Relevant to South Africa only.*

\# *These indicators have not been measured and reported on in respect of new and acquired business units which were integrated into the Group during 2014 due to business integration programmes which are in progress. Please refer to scope and boundaries of the Sustainability Report which is available online. New and acquired business units include:*
- *The API facilities acquired from MSD with effect from 1 October 2013: Aspen Oss, the Netherlands and Aspen USA;*
- *The Nestlé infant nutritionals facility acquired with effect from 28 October 2013: Vallejo, Mexico;*
- *The GSK pharmaceutical manufacturing facility acquired with effect 30 April 2014: Aspen NDB, France; and*
- *Aspen's recently established commercial businesses in the Europe CIS region.*

ACHIEVEMENT					
2014	2013	2012	2011	2010	**PERFORMANCE IMPLICATIONS**
1.32	1.08*	0.94	0.81	Not measured	The DIFR and LWDFR ratios increased largely as a result of corrected calculators to record safety indicators, applied prospectively from 2014, and an improved awareness of safety incident classification. Objectives and targets to improve safety management will be implemented across the Group's facilities and progress in this regard will be monitored by the Group's Social & Ethics Committee. There were no incidents of work-related fatalities during the year and one permanent disabling injury was recorded in South Africa. A three-year programme is in place for the phased enhancement of safety systems at the Group's facilities in Australia, Latin America, Europe and SSA in alignment to OHSAS 18001 standards. The Group's South African and German facilities have already received the OHSAS 18001 certification.
1.14	0.86*	0.87	Not measured	Not measured	
Level 3	Level 3	Level 3	Level 3	Level 4	The Group retained its Level 3 BBBEE status during the year through initiatives targeted at addressing the Group's transformational objectives in the areas of employment equity, skills development, preferential procurement, enterprise development and SED.
13%	14%	18%	16%	16%	The Group's staff turnover has declined to 13%. Steps taken to improve employee retention in designated businesses have shown benefits.
3 477	3 344	2 689	2 230	2 144	Average training spend per employee has increased by 4% to R3 477 due to additional training interventions implemented at Aspen Global, Aspen Ireland and in the businesses in Latin America. The Group continues to invest in the development of future business leadership skills and to build the pool of scarce pharmaceutical skills.

* *The 2013 DIFR and LWDFR have been restated following correction of identified calculation errors at Aspen Brazil and Shelys.*

Material sustainability issues and five-year KPI review continued

MATERIAL ISSUES AND KPIs	RELEVANCE TO THE BUSINESS	2014 ASSURANCE PROVIDED BY
Preserving the environment		
Carbon emissions# (tCO_2e)*	Aspen recognises that greenhouse gas emissions are required to be controlled in order to prevent environmental damage which could threaten global environmental sustainability. The Group therefore seeks to go beyond mere regulatory compliance in responsibly managing its carbon footprint.	ERM
Amount of waste recycled (tons)#	Waste recycling is undertaken to manage waste in an environmentally responsible and resourceful manner, extending utilisation of finite resources and limiting waste disposal. In addition to supporting the environment, this is cost effective.	ERM
Managing efficient utilisation of scarce resources		
Electricity used (gigajoules)#	Electricity provides the primary source of power to the Group's manufacturing sites. It is an increasingly expensive commodity. In many markets there is a risk of supply interruptions at times of excess load on the source of supply. Efficient electricity utilisation supports lower costs of production and reduces demand, prolonging energy sources.	ERM
Volume of water used (kilolitres)#	Water is essential for the manufacture of Aspen's products, as an energy source (steam), as a lubricant in manufacture, as a delivery medium in liquid medicines, as a cooling agent in temperature control and as a cleaning material. As a limited resource in scarce supply, it is recognised that initiatives to curtail water utilisation will allow for more sustainable water availability.	ERM
Conducting our business in a responsible manner		
Number of material incidents of legislative infringements	Lawful compliance underpins an ordered and effective society. Aspen strives to conduct its business with due care and regard for all legislation relevant to the Group.	Internal Group Compliance Officer review

These indicators have not been measured and reported on in respect of new and acquired business units which were integrated into the Group during 2014 due to business integration programmes which are in progress. Please refer to scope and boundaries of the Sustainability Report which is available online. New and acquired business units include:

- *The API facilities acquired from MSD with effect from 1 October 2013: Aspen Oss, the Netherlands and Aspen USA;*
- *The Nestlé nutritionals facility acquired with effect from 28 October 2013: Vallejo, Mexico;*
- *The GSK pharmaceutical manufacturing facility acquired with effect 30 April 2014: Aspen NDB, France; and*
- *Aspen's recently established commercial businesses in the Europe CIS region.*

* *2014 emissions data was verified by ERM for Aspen's sites where this information was recorded including South Africa, Germany and Australia. In addition, Aspen's 2014 CDP submission, containing Scope 1 and Scope 2 emissions data for South Africa, Germany and Australia as recorded for the 2013 financial year, was reviewed by ERM.*

ACHIEVEMENT					
2014	2013	2012	2011	2010	**PERFORMANCE IMPLICATIONS**
Scope 1: 10 917 **Scope 2: 114 615**	Scope 1: 10 744 Scope 2: 119 189	Scope 1: 6 774 Scope 2: 88 008	Scope 1: 15 012 Scope 2: 97 855	Scope 1: 16 609 Scope 2: 37 278	Scope 1 emissions increased 2% and Scope 2 emissions reduced by 4% during the year. Some increases were recorded in Scope 1 emissions at the Port Elizabeth site due to a fault in the chiller units which have subsequently been repaired. Scope 2 emissions benefited from emissions-free electricity at the Aspen Bad Oldesloe site. Closure of sites in Australia continued to reduce emissions. Priority has been assigned to consistent measurement of emissions across the Group's facilities to set a baseline. Where a risk of harmful emissions is identified, consideration will be given to implementing emissions reduction targets. The risk of harmful emissions is currently negligible.
3 496	2 476	1 698	1 574	1 349	The amount of waste recycled increased by 41% during the year through focused waste recycling initiatives. The Port Elizabeth site achieved a reduction in landfill waste of 7% against a target of 5% for 2014.
445 224	469 767	454 357	440 784	276 673	Electricity usage decreased by 5% during the year, mainly as a result of site closures in Australia. Electricity conservation initiatives, implemented during previous years, continued to receive focus in South Africa.
443 893	499 715	545 372	484 168	418 321	Water used decreased by 11% led by closure of the facilities in Australia. Benefits continue to be realised from water recycling initiatives implemented at the Port Elizabeth facility during previous years.
0	0	0	0	0	No material incidents of legislative infringements were recorded during the year as a result of effective compliance management and governance processes that are adhered to across the Group.

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Value enhancing transactions during the year

Aspen invests in infant nutritional assets acquired from Nestlé

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.

This transaction is strategically significant as it enhances Aspen's geographic coverage for nutritional products and provides further scope for the Group to expand its global participation in infant nutritionals. It has also provided Aspen with the opportunity to expand its commercial presence into a number of additional Latin American territories.

Subsequent to the approval by the relevant competition authorities, the acquisition from Nestlé of certain rights to intellectual property licences and net assets of the infant nutritionals business previously conducted by Pfizer in certain southern African territories, including South Africa, became effective on 27 January 2014. The purchase consideration for this transaction of USD43 million was prepaid in the prior financial year.

This transaction is a good commercial and strategic fit for Aspen, given it previously marketed these brands in southern Africa and given the complementary fit of the products with the Group's existing business in infant milk formula in South Africa which includes manufacturing capabilities.

S-26 Gold infant milk formula being manufactured at the Aspen Nutritionals site in Johannesburg, South Africa.

Financial review

R31,4 billion

Group achieved gross revenue growth of 51%

R7,4 billion

Operating profit increased by 47%

1 064 cents

Normalised headline earnings per share increased 27%

"The Aspen business model continued to generate excellent underlying cash flows which allowed for a 20% increase in the distribution to shareholders at 188 cents per share."

Gus Attridge
Deputy Group Chief Executive

Acquisitions provide growth impetus

Positive results

Strong growth in gross revenue (+51% to R31,4 billion) and in operating profit (+47% to R7,4 billion) was augmented by the significant acquisitions undertaken during the year. Aspen's primary measure of financial performance, normalised headline earnings per share, increased by 27% to 1 064 cents. The percentage growth in earnings was diluted by a doubling in the net cost of financing arising from the increased borrowings which funded the acquisitions. The Aspen business model continued to generate excellent underlying cash flows which allowed for a 20% increase in the distribution to shareholders at 188 cents per share.

There are three different levels at which the Group reports earnings per share as set out in the table below:

	Cents	%
Basic earnings per share	1 098	+42
Headline earnings per share	1 016	+29
Normalised headline earnings per share	1 064	+27

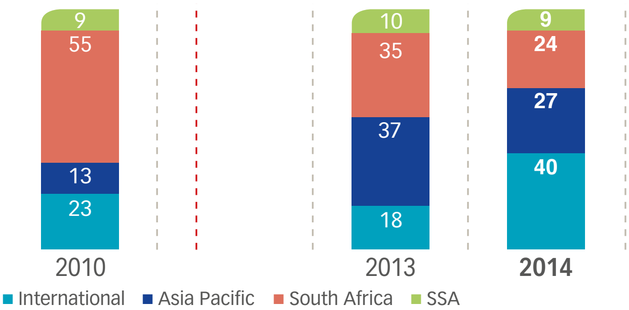
Basic earnings per share is calculated from the fully inclusive profit for the year. Headline earnings are adjusted for certain items as specified on page 94. In the current year these adjustments comprised an add back for net impairments and the removal of net profit on the sale of assets. In arriving at normalised earnings, Aspen adjusts for specific non-trading items, the most material of which related to the transactions undertaken during the year.

International business leads performance

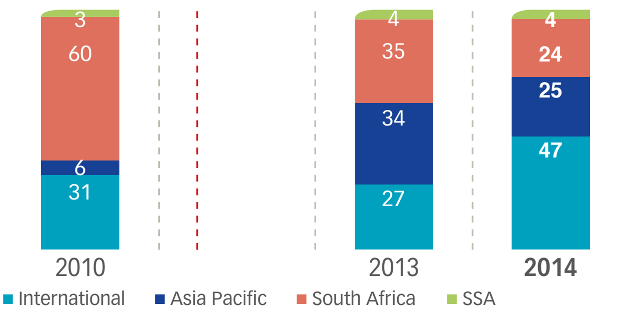
Aspen's increase in product offering, geographic representation and currency exposure as a result of the recent acquisitions further diversifies the risk potential of the Group.

The International business was the biggest contributor to Group revenue and EBITA, being the region which benefited most from the acquisitions which took place during the year.

Gross revenue by region (%)

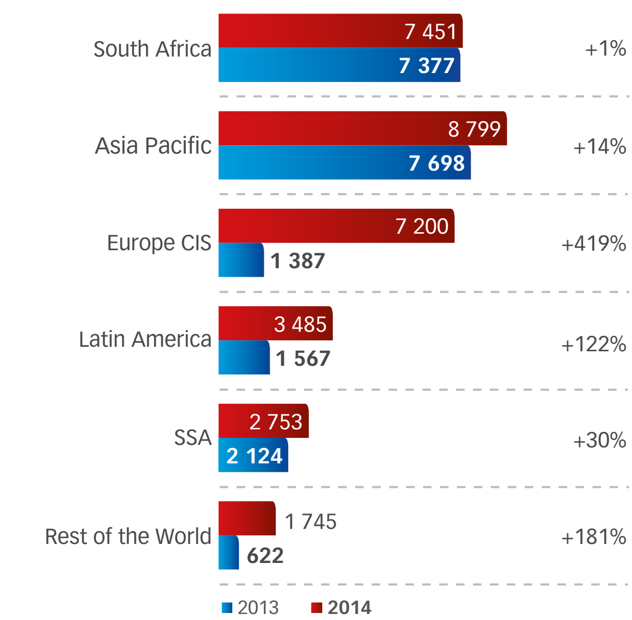


EBITA by region (%)



Europe CIS has emerged as a material territory within the International business. Of the R7,2 billion of revenue from customers in Europe CIS, R4,0 billion was from sales of pharmaceuticals to healthcare providers while the balance was mainly sales of APIs with some finished dose contract manufacturing making up the remainder.

Gross revenue by customer geography (R'million)



The majority of gross revenue was accounted for by seven currencies as indicated in the table below:

	Average rate ZAR/Forex 12 months to June 2014	June 2013	Variance	Gross revenue June 2014 ZAR'billion
ZAR	–	–	–	7,4
USD	10,44	8,93	17%	2,2
EUR	14,20	11,60	22%	7,0
AUD	9,55	9,12	5%	8,1
BRL	4,56	4,34	5%	0,8
MXN	0,80	0,70	14%	1,0
VEF	1,25	1,58	(21%)	1,1
Other currencies				3,8
Total gross revenue				**31,4**

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Financial review continued

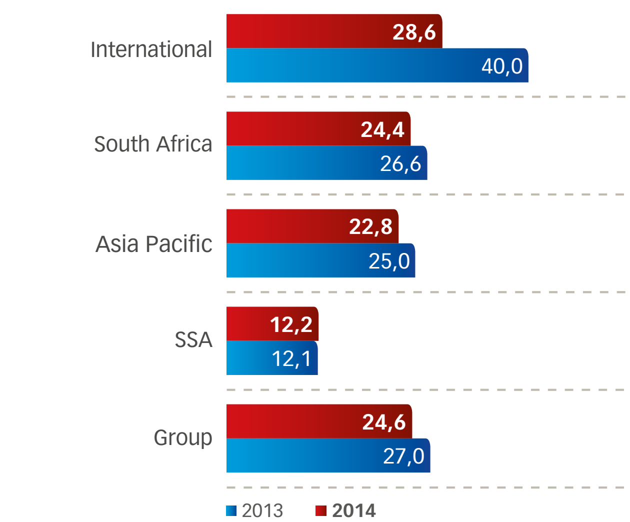
Hyperinflationary accounting was applied in respect of the Venezuelan business unit. An exchange rate of VEF8,50/USD has been assumed. The official applicable rate was VEF6,30/USD during the 2014 financial year. An EBITA loss of R81 million arose as a consequence.

Reduced margin percentage

The EBITA margin percentage for the Group declined from 27,0% to 24,6%. The following were the influencing factors by business segment:

- In the International business the EBITA margin percentage fell from 40,0% to 28,6% despite positive outcomes from profit improvement initiatives. This was due to a reweighting caused by the acquisition of the API business in Europe and the infant nutritional business in Latin America, both of which have relatively high revenue and low EBITA margin percentages.
- In the South African business the failure of the SEP to adequately compensate for currency weakness and rising inflation was the main influence in a reduction from 26,6% to 24,4%.
- In the Asia Pacific business the EBITA margin percentage moved from 25,0% to 22,8%, primarily because of the lower margins earned on Group acquisitions in the prior year from which the region recorded a full year of profits for the first time at lower distribution margins.

EBITA margin (%)



> "The enlarged Group continued to generate strong cash flows and cash operating profit improved 33% to R7,9 billion."

A number of initiatives have been implemented across the Group with the objective of improving the EBITA margin percentage. The benefits of these projects are expected to be phased over several years.

Acquisitions affect financial position

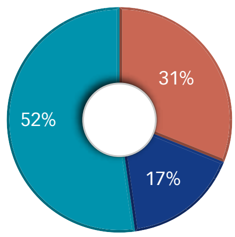
The statement of financial position reflects the consequence of significant transactions undertaken during the year. This is most apparent in the increase in intangible assets from R18,9 billion to R35,7 billion and in the rise in net borrowings from R11,1 billion to R29,8 billion. A further amount of R3,1 billion in Fraxiparine intangible assets has been classified as assets held for sale, representing the amount attributable to the intangible assets which were sold to Mylan for the US subsequent to the year-end. There are two unusual items appearing on the statement of financial position necessitated by the application of *IFRS 3 – Business Combinations* to the transactions concluded during the year.

- A contingent environmental liability and a matching contingent environmental indemnification asset of R727 million has been disclosed relating to soil decontamination which requires to be undertaken at the Moleneind API site at Aspen Oss in the Netherlands. Aspen is indemnified against this obligation by MSD so far as it relates to the pre-existing condition at the time the transaction closed.
- Unfavourable and onerous contracts have been recognised as a liability of R3,0 billion at 30 June 2014. This relates to contracts with GSK and MSD which formed part of the transactions completed during the past year and which are not at market-related terms. This liability is amortised to revenue over the contract periods. As a consequence R226 million was recognised as revenue in the 2014 financial year.

Successful debt syndication

Net borrowings of R29,8 billion is split across three discreet debt pools. Highly successful local and international debt syndication processes were concluded during the period providing the Group with the necessary funding to support the recent transactions. Gearing moved up to 51% at the period end. Financing costs, net of interest received, were covered eight times by operating profit before amortisation. The relative weighting of net borrowings between the three debt pools is indicated below together with the blended interest rates applicable as at 30 June 2014.

Net borrowings of R29,8 billion



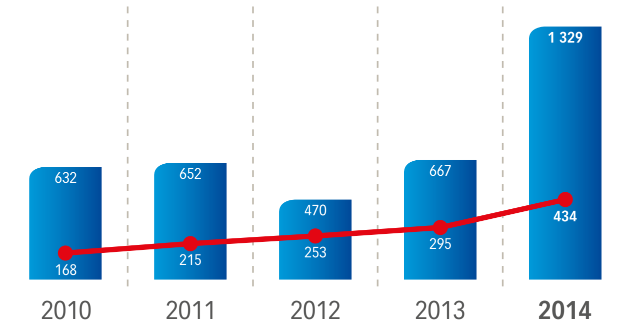
Interest rates for net borrowings as at 30 June 2014

	Weighted average rate per annum
ZAR	7,25%
USD	2,75%
AUD	4,82%

Investing in the future

During the 2014 financial year Aspen spent R19,8 billion on the acquisition of subsidiaries and businesses. A further R2,0 billion was incurred in capital expenditure while there were inflows of R1,0 billion from the sale of assets. The Group continues to invest in manufacturing facilities with an emphasis on complex technologies. As depicted below, Aspen's capital expenditure on property, plant and equipment has exceeded the related depreciation charge for an extended period as the Group builds strategic advantage through investment in manufacturing capability.

Property, plant and equipment (R'million)



Business model generates cash

The enlarged Group continued to generate strong cash flows and cash operating profit improved 33% to R7,9 billion. The once-off consequence of building a debtors book in businesses acquired during the year tempered growth in cash generated from operations to an increase of 7% to R5,7 billion. This was necessitated as debtors did not transfer with certain of the acquisitions. The inherently strong cash flows in the Aspen business model will be an important factor in allowing the Group to reduce gearing and to explore new investment opportunities.

Gus Attridge
Deputy Group Chief Executive

22 October 2014

Manufacturing capabilities

Primary sites

Port Elizabeth, South Africa

Unit 1 facility:
Capability: High-volume solids manufacturing and packing for domestic and export markets.
Capacity: 6 billion tablets.
Accreditation: MCC, PIC/S, MHRA, US FDA, WHO, ANVISA, GCC, MCAZ, ICHA, PMPB, PPB, NDA, TGA, TFDA, DRU, NHRA, FMHACA and NAFDAC

Unit 2 facility:
Capability: Small to medium-volume solids manufacturing for domestic and export markets.
Capacity: 4 billion tablets.
Accreditation: MCC, PIC/S, MHRA, US FDA, WHO, ANVISA, GCC, MCAZ, ICHA, PMPB, PPB, NDA, TGA, TFDA, DRU, NHRA, FMHACA and NAFDAC

Unit 3 facility:
Capability: End state packing for domestic market. Liquid manufacturing and packing until end 2014.
Capacity: 140 million packed units of tablets and capsules; 30 million packed units of liquids.
Accreditation: MCC and PIC/S

Sterile facility: multi-product and high-potency suites
Capability: Eye drops, liquid and lyophilised vials, high-potency injectables (including hormonal) for domestic and export markets.
Capacity: 42 million units of eye drops; 2,9 million units of liquid vials; 2,4 million lyophilised vials; 30 million units of hormonal ampoules; 45 million units of hormonal vials.
Accreditation: MCC, PIC/S, US FDA, WHO (only for multi-product suite), ANVISA, PPB and TGA

Notre Dame de Bondeville, France

Block 3 (Etna and Stromboli* lines):
Capability: Aseptic prefilled and terminally sterilised syringe manufacturing and packing for domestic and export markets.
Capacity: 98 million syringes (Etna); 147 million syringes (Stromboli*).
Accreditation: ANSM and ASN

Block 2 (Flexible manufacturing facility):
Capability: Bulk prefilled aseptic and terminally sterilised syringe manufacturing and packing for domestic and export markets.
Capacity: 37 million dilutants; 84 million prefilled syringes.
Accreditation: ANSM, US FDA, PMDA, ANVISA, TRA and KFDA

Bad Oldesloe, Germany

Capability: Solid dose forms, oral and topical liquids, semi-solids and blow-fill seals manufacturing and packing for export markets.
Capacity: 3,3 billion tablets; 5 429 tons of liquids; 220 tons of semi-solids, 52 million units for blow-fill seals.
Accreditation: GRA, US FDA, ANVISA, PPB, PMDA, TGA, IRA, LRA and SARA

** Currently under construction.*

API facilities

Cape Town, South Africa

FCC facility:
Capability: Specialised API manufacturing for domestic and export markets.
Capacity: 378 KvH.
Accreditation: MCC, PIC/S, US FDA and PMDA

Sioux City, United States

API facility:
Capability: Specialist biochemical API – heparin intermediates.
Capacity: Biologicals – capacity is measured on demand – dependent on product mix.
Accreditation: US FDA

Notre Dame de Bondeville, France

Nadroparin facility:
Capability: Specialised biochemical API – conversion of Heparin to Nadroparin.
Capacity: 130 batches of Nadroparin
Accreditation: ANSM

Fondaparinux facility:
Capability: Specialised chemical API – purification by chromatography of Fondaparinux.
Capacity: 34 batches of Fondaparinux Sodium.
Accreditation: ANSM, US FDA, PMDA, ANVISA, TRA and KFDA

Oss, the Netherlands

De Geer site:
Capability: Specialised hormonal and chemical APIs.
Capacity: 15 000 KvH.
Accreditation: IGZ, US FDA, KFDA, ANVISA and PMDA

Moleneind site:
Capability: Specialised biochemical, hormonal and chemical APIs.
Capacity: Dependent on product mix.
Accreditation: IGZ, US FDA, KFDA, ANVISA and PMDA

Boxtel site:
Capability: Specialised biochemical API – gonadotrophin intermediates.
Capacity: Measured on demand.
Accreditation: IGZ, US FDA and PMDA

Regional facilities

Johannesburg, South Africa: Nutritionals
Capability: Infant milk formula and UHT infant milk liquids manufacturing and packing for domestic and export markets.
Capacity: 6 800 metric tons of infant milk formula; 9 million packed units of liquid UHT.
Accreditation: HACCP (SANS 10330), ISO 22000

East London, South Africa: Oral contraceptive facility
Capability: High-volume oral contraceptive manufacturing and packing for domestic market.
Capacity: 1 billion tablets.
Accreditation: MCC and PIC/S

East London, South Africa: Multi-product facility
Capability: Solids, semi-solids and liquid manufacturing and packing for domestic market.
Capacity: 800 million tablets; 76 million packed units of liquids; 23 million packs of semi-solids.
Accreditation: MCC and PIC/S

Melbourne, Australia: Noble Park
Capability: Low-volume solids. Facility expected to close in 2015.
Capacity: 100 million tablets.
Accreditation: TGA and PMDA

Melbourne, Australia: Dandenong
Capability: High-volume solids, liquids and semi-solids.
Capacity: 3 billion tablets; 1 167 tons semi-solids; 1 721 tons liquids.
Accreditation: TGA,YRA and UAERA

See inside back cover for abbreviations of pharmaceutical regulatory authorities and acronyms.

Sydney, Australia: Baulkham Hills
Capability: Low-volume solids. Facility expected to be closed in 2015.
Capacity: 800 million tablets.
Accreditation: TGA, APVMA and YRA

Vitória, Brazil
Capability: Small to medium-volume solids and semi-solids.
Capacity: 650 million tablets; 20 million units of semi-solids.
Accreditation: ANVISA and GMP Certificate

Toluca, Mexico
Capability: Small to medium-volume solids.
Capacity: 38 million tablets; 50 million capsules.
Accreditation: COFEPRIS

Vallejo, Mexico
Capability: Infant milk formula manufactured and packed for the domestic and export markets.
Capacity: 20 000 metric tons of infant milk formula.
Accreditation: FSSC 22000

Dar es Salaam, Tanzania: Shelys
Capability: Medium-volume solids and liquids, small to medium-volume semi-solids.
Capacity: 1,2 billion tablets; 10 tons of semi-solids; 1 500 kℓ of liquids.
Accreditation: TFDA**, PPB*, GFDB, PMPD, PRA, MOH – DRC, MOH – IC, NDA, DACA, FMHACA and PIC/S

Nairobi, Kenya: Beta
Capability: Small to medium-volume solids, liquids and fast-moving consumer goods.
Capacity: 500 million tablets; 488 kℓ of liquid.
Accreditation: PPB*, NDA**, PMPB*, TFDA, MCAZ, MOH – DRC and PRA

** Routine audit applied for. ** Site audited – GMP Certificate awaited.*

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Group strategic operations review

Aspen's Group Strategic Operations, comprising the primary sites and API facilities, provide an integrated, niche, flexible API and finished dose manufacturing platform for growth, exploiting the capabilities, synergies and opportunities offered by all of its various production sites.

Niche oral solid dose manufacturing capability

The Group's strategic oral solid dose manufacturing capabilities are centred in Port Elizabeth, South Africa and complemented by the site at Bad Oldesloe, Germany. Both sites have high levels of technical skills which enable the manufacture of complex tablets and other solid doses. The Port Elizabeth site has significant volume manufacturing capabilities, including large batch sizes which allow for economies of scale.

Aspen is investing approximately R700 million in a high containment facility at its Port Elizabeth site. The facility, designated Unit 4, will employ technologies that support the requirements for high levels of containment and operator protection. The facility will consist of two dedicated and completely separate suites, namely a hormonal suite and an oncolytic suite, which will be used in the production of certain of the global brands portfolio. Construction is at an advanced stage of completion and the first trial and validation batches will be produced in early 2015.

Planning for the construction of a high potency finished dose packing suite within the existing Unit 3 facility footprint is well progressed. The associated manufacturing suite is partially established already; this suite will produce Lanoxin for supply into Latin America. Leveraging from the existing Port Elizabeth Units 1, 2 and 3 cost base delivers significant cost reduction opportunities.

In addition, a project is in progress to upgrade the existing Unit 3 domestic market packing area to international standards, thereby more than doubling the packing capacity for internationally marketed products. The project is being executed in 4 phases, with phase 1 having been completed in June 2014. The estimated final completion date for the entire project is midway through calendar year 2015.

The complementary Aspen Port Elizabeth and Aspen Bad Oldesloe synergies provide Aspen with a significant, world class, niche oral solid dose capability.

Manufacturing platform for GSK acquired brands

The Aspen NDB API and finished dose manufacturing facility in France, acquired from GSK, was incorporated into Aspen's Group Strategic Operations in May 2014 after a successful IT migration project. Aspen NDB produces the Nandroparine API, manufactured from Heparin material supplied by Aspen Oss, as used in the Fraxiparine finished product. Fraxiparine and Arixtra, the anticoagulant products acquired during the past year from GSK, in prefilled syringes are also produced at this site.

A major capacity expansion plan at Aspen NDB is in progress, comprising the establishment of a new high speed prefilled syringe filling suite. The project is proceeding to plan and the first trial and validation batches will commence in the next year. The output from the new filling suite is set to double the prefilled syringe capacity of the site.

Backward integration of GSK and MSD acquired brands

Aspen Oss, located in the Netherlands, comprises the Moleneind, De Geer and Boxtel API manufacturing sites and together with a satellite facility at Sioux City in the US, comprises the API manufacturing capabilities acquired from MSD during the past year. This business was successfully transitioned into Aspen Strategic Operations in October 2013. Aspen Oss produces biochemical Heparin API, used in the production of Fraxiparine and Danaparoid API, used in the production of Orgaran, another anticoagulant acquired from MSD during the past year, at Moleneind. The Sioux City site supplies semi-processed Heparin to Moleneind. Aspen Oss also produces a range of specialised hormonal and steroidal chemical API's, manufactured at its Moleneind and De Geer sites, which are used in the production of a number of the other products purchased from MSD during the past year.

A project is currently underway to increase the Heparin purification capacity at Aspen Oss significantly. The project comprises the repurposing of one of the current Aspen Oss production facilities into a new, additional Heparin purification suite. The project is proceeding to plan and the first trial and validation batches are planned to be produced in the next year. A similar project to double Danaparoid capacity is in development. Comprehensive technical projects are in progress to increase the efficiencies of both the Heparin and Danaparoid API production processes and to increase output while reducing cost.

A new facility for the production of large volume, early stage API intermediates has been constructed on Aspen's behalf in India in a strategic alliance with a leading Indian API manufacturer. Technology transfer of a number of intermediates from Aspen Oss to this site has been completed with further transfers planned. The first commercial deliveries from this site are planned for early in calendar 2015. The design of a second site under this strategic alliance is at an advanced stage. These two sites are expected to offer significant cost reduction opportunities for the Group.

Construction of the new high volume, high potency multipurpose API facility at FCC in Cape Town, South Africa, is progressing to plan with the first production suite completed and in operation. The second production suite will be operational in the next few months and the last two production suites should be operational before the end of the 2015 financial year. The upgrades to existing production facilities to improve GMP and efficiencies are reaching finality and will soon be in operation. The construction of a new high potency hormone manufacturing facility is nearing completion and is planned to be operational before the end of the 2015 financial year. These new facilities represent a 117% increase in reactor capacity from current installed capacity and provides Aspen with a world-class API manufacturing capability able to cost-effectively produce and supply niche APIs internationally. Technology transfer to FCC has commenced for selected Aspen Oss intermediates and APIs as well as for APIs used in certain of the global brands. In this regard, production trials and validation batches are underway.

Operational integration of MSD and GSK acquired brands

The transfer of the MSD divested brands, Ovestin cream, Thyrax tablets, Oradexon tablets and Meticortolone liquid, from the historic MSD manufacturing facilities to Aspen Bad Oldesloe, is in progress. Technical transfer of Ovestin has been completed and transfer of the remaining products is progressing to plan. In order to facilitate the introduction of these products, a new hormonal cream and ointments suite was successfully constructed within the Aspen Bad Oldesloe facility. Construction of a new blister packing line for Thyrax is progressing to plan.

The transfer of the GSK divested product, Fraxiparine vials, into the existing Aspen Sterile facility in Port Elizabeth, South Africa, is progressing to plan. Construction of a new R1,4 billion extension to the sterile manufacturing capabilities in Port Elizabeth has commenced. The new unit will comprise three manufacturing and packing suites: a high speed prefilled syringe suite, a combination vial/ampoule suite and a segregated specialised suite. The project is proceeding to plan, and the first trial and validation batches are scheduled for manufacture in calendar 2017. This expansion will represent a significant increase in Aspen's sterile product capability and capacity in support of the growth strategy for the anticoagulant products acquired during the past year, as well as Aspen's steroidal hormone brand strategy. Leveraging the existing Sterile facility's infrastructure delivers significant cost reduction opportunities.

The combined backward integration with the Aspen Oss and FCC API capability and the expanded finished dose capability at Aspen NDB, Aspen Bad Oldesloe and in Port Elizabeth provides the necessary operations platform to drive Aspen's targeted growth of its thrombolytic and female health portfolios.

Operational excellence

Maintaining and improving manufacturing efficiency and cost effectiveness through continuous improvement is fundamental to the culture of Aspen's Group Strategic Operations. Focused initiatives and projects are in place to ensure resource conservation, production efficiencies, effective equipment operation and waste elimination in Aspen's South African Operations and at Aspen Bad Oldesloe. Targets are set and monitored on a monthly basis for all the manufacturing and related operational departments, resulting in additional saving each year.

In the transfer of Aspen products from facilities in Australia to Aspen's Port Elizabeth site (30 transferred stock keeping units ("SKUs") commercially supplied ex Port Elizabeth to date), average reductions in conversion cost (labour and overheads) of 62% and in total cost including materials of 53%, have been realised. The transfer of global brands from Aspen Bad Oldesloe to the Port Elizabeth site (32 transferred SKUs commercially supplied ex Port Elizabeth to date), resulted in a reduction in the average conversion cost of 44% and a 40% reduction in total costs, including material costs.

Continuous Improvement initiatives have been developed for Aspen Oss and excellent results have been achieved to date – specific projects include:

- introduction of filter drying versus tray drying at the De Geer site, resulting in a capacity increase of 6%;
- introduction of campaign manufacture for one key large volume API, resulting in a production volume increase for this API of 15%;
- maximising the batch size, through a 212% increase and improving the process robustness, of one key large volume API intermediate; and
- improving scheduling efficiency, warehouse delivery efficiency (to 100%) and solvent recovery/tank farm scheduling to eliminate downtime.

The development of continuous improvement projects at Aspen NDB is in process.

Strong focus on quality

Aspen's Group Strategic Operations has maintained its strong focus on quality. The facilities at the Port Elizabeth site underwent a number of successful GMP audits from international and local auditors including, *inter alia*, the US FDA, the TFDA and the MCAZ. Aspen Bad Oldesloe was successfully inspected by the ANVISA. FCC underwent a successful audit by the US FDA.

The South African Operations facilities underwent successful ISO 14001 and OHSAS 18001 Health, Safety and Environmental surveillance inspections. Aspen Bad Oldesloe was successfully inspected against ISO 14001, ISO 18001 and ISO 50001. Projects have been initiated to pursue ISO accreditation of Aspen Oss and Aspen NDB in the future.

Through these achievements and actions, Aspen's Group Strategic Operations continue to excel in its supply of high quality, affordable products into the domestic and international markets.

International

Aspen's International businesses comprise operating subsidiaries in Europe CIS, Latin America, the Middle East and North Africa ("MENA"), Canada, as well as Aspen Global, the international commercial business and intellectual property holding company which is also a primary Group trading operation and supply chain hub. Global branded pharmaceutical products are distributed into multiple territories, as well as local brands in selected regions. The recent acquisition of API manufacturing capabilities in Oss in the Netherlands and Sioux City in the US has added API sales across the world, while the manufacturing site in Notre Dame de Bondeville in France will primarily service Group supply needs.

Business unit overview

Key business units	**Europe CIS:** Aspen Bad Oldesloe Aspen Europe Aspen France Aspen Ireland Aspen Italy Aspen Netherlands Aspen NDB Aspen Oss Aspen Poland	**Latin America:** Aspen Argentina Aspen Brazil Aspen Caricam Aspen Chile Aspen Colombia Aspen Ecuador Aspen Mexico Aspen Panama Aspen Peru Aspen Venezuela	**Rest of the World:** Aspen API Aspen Canada Aspen Dubai Aspen Global
Key territories supplied to	Argentina Brazil Canada Caribbean and Central America Chile Colombia	Costa Rica CIS Ecuador Europe Mexico Middle East	North Africa Panama Peru US Venezuela

Statistics and recognition

- Pharmaceutical demand in Europe and the CIS is valued at USD226 billion as at 30 June 2014.
- The Brazilian private pharmaceutical sector is valued at USD26,9 billion and Aspen is ranked 56th as at 30 June 2014.
- The Mexican private pharmaceutical sector is valued at USD13,6 billion and Aspen is ranked 22nd as at 30 June 2014.
- The Venezuelan private pharmaceutical sector is valued at USD8 billion and Aspen is ranked 19th as at 30 June 2014.
- Aspen Mexico obtained recognition for its corporate campaign and won the Aspid Award for the Best Corporate web page in the category of Digital Communication Campaign.

Number of products launched from pipeline	**Europe CIS:** Nil (2013: nil) **Latin America:** 9 (2013: 4) **MENA:** Nil (2013: nil) **Rest of the World:** Nil (2013: nil)	**Number of permanent employees**	**Europe CIS:** 2 455 (2013: 378) **Latin America:** 1 362 (2013: 640) **Rest of the World:** 197 (2013: 129)
Number of product recalls	Nil (2013: nil)	**Average staff turnover**	12% (2013: 9%)
IMS value of pipeline as at 30 June 2014 anticipated to be launched in: ➤ **Zero to two years** ➤ **Two to five years**	 USD659 million USD2 636 million	**Number of work-related fatalities**	Nil (2013: 1)

FINANCIAL PERFORMANCE	**2014 R'million**	2013 R'million	% change
Revenue	**12 725**	3 726	+242
EBITA	**3 636**	1 489	+144
EBITA margin	**28,6%**	40,0%	

REVENUE BY CUSTOMER GEOGRAPHY	**2014 R'million**	2013 R'million	% change
Europe CIS	**7 200**	1 387	+419
Latin America	**3 485**	1 567	+122
Rest of the World	**1 745**	622	+181
Total	**12 430**	3 576	+248

Performance highlights for the year

- Europe CIS region catapulted revenue to R7,2 billion largely as a result of acquisitions, enhanced by excellent growth in the pre-existing global brands portfolio.
- Local presence was established in 18 European and CIS countries. Aspen now has more than 2 400 employees in Europe and the CIS countries.
- The infant nutritional business, which added R1,5 billion in revenue to the Latin America region, was integrated expeditiously ahead of set timelines. This transaction facilitated Aspen's presence to be established in an additional seven countries thereby further enhancing the Group's coverage.
- Organic growth in MENA exceeded 50% and acquisitions bolstered this growth rate to 63% for the year.
- Subsequent to year-end, Aspen incorporated an office in Canada.

Performance review for the year

Market dynamics and conditions

Europe and CIS countries are predominantly public sector-driven

The European CIS pharmaceutical sector is valued at USD226 billion as at December 2013 by IMS with a growth rate of 4,6% in value and 1,8% in volume. Aspen's key territories in Europe CIS are France, Germany, Italy, Poland and Russia. Sales in Europe and the CIS countries are predominantly to the public sector, with state legislation governing patient access to medicines and pricing. While national bodies within the European Union set prices through a variety of mechanisms including referencing the prices in other countries, the free movement of goods within the European Union enables traders to buy in low priced countries and sell into higher priced countries exploiting price differences through what is known as parallel importing.

Latin America – Spanish Latin American demand is growing

The Spanish Latin American pharmaceutical sector is valued at USD25 billion by IMS and is estimated to continue growing at double digits for the next five years. Healthcare spending differs across Spanish Latin American countries. Public pharmaceutical spending in Mexico is at 51% and 49% for the private sector while Colombia is largely driven by the public sector at 80% of the total market value and 20% in respect of the private sector. Overall retail segments are largely privately funded at 70% with 30% being public.

Spanish Latin America has a dynamic pharmaceutical sector in which branded products still play a significant role, mainly as a result of the fact that many generic products lack bioequivalence therefore healthcare providers and consumers are more confident in branded products. There has also been increasing demand for OTC products. Despite the strong position of branded products, branded generics and generics are expected to account for 60% of supply within the next five years with a growth rate double that of branded products due to favourable pricing. Demand for branded products grew by 8% year-on-year, while demand for branded generics and unbranded generics grew by 17% and 16% respectively.

Governments continue to focus their efforts on health coverage and the prevention of chronic diseases. Public healthcare expenditures are increasingly devoted to innovative products and the treatment of cardiometabolic, alimentary tract and central nervous system disorders. The growing number of specialists and world-class private hospitals combined with socio-demographic trends, a growing middle class, one of the higher birth rates around the world and increased participation of women in the economy, are factors expected to drive greater demand for pharmaceutical products in the foreseeable future.

With the exception of Venezuela, almost all countries in the region have stable economies and positive market trends. A complex trading and regulatory environment was again experienced in Venezuela. In general, Spanish Latin American countries appear well positioned for the future with an expected regional growth of 11% over the next five years.

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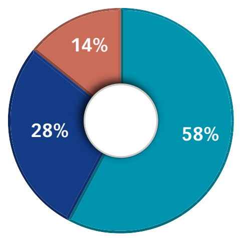
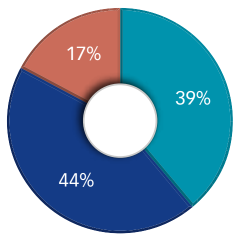
International continued

Composition of International revenue in 2013 and 2014 by customer geography





Europe CIS • Latin America • Rest of the World

Latin America – Brazil remains challenging despite growth potential

The value of the Brazilian pharmaceutical sector is 69% concentrated in the private sector and 31% in the public sector. Generic products continued to challenge mature products on pricing. Aggressive commercial strategies in the private sector, as well as lower pricing in the public sector continued to spur the growth of generics in this country.

The Brazilian Health Authority, ANVISA, regulates pricing and companies are allowed limited increases per therapeutic class at the beginning of April of every year. Regulatory challenges remain the biggest obstacle to introducing a vibrant pipeline in Brazil, a situation which is not expected to change in the near future.

Rest of the World

The Rest of the World business is largely represented by business in MENA, US and Canada. MENA is characterised by individually regulated countries, each at varying levels of healthcare development stages. Significant countries include Saudi Arabia, Algeria and Egypt. This region is challenging to navigate and despite political unrest in some countries, economic, social and demographic developments make the pharmaceutical sector in MENA attractive.

Performance review

The International business has had a transformational year advancing revenue 242% to R12,7 billion. It is now the leading contributor to Aspen's total revenue at 40% and contributed EBITA of R3,6 billion, 47% of Aspen's EBITA.

This growth was materially influenced by three significant transactions that enabled Aspen to further advance its strategic growth objectives. The significant transactions comprised:

- the acquisition of an API manufacturing business, primarily in the Netherlands, and 11 branded finished dose form molecules from MSD effective 1 October 2013 and 31 December 2013 respectively;
- the acquisition of Arixtra and Fraxiparine thrombolytic brands and the related specialised sterile production site in France which manufactures these brands that became effective on 31 December 2013 and 30 April 2014 respectively; and
- the acquisition of certain rights to the infant nutritional business in Latin America from Nestlé effective on 28 October 2013.

The EBITA margin percentage for the International business narrowed as a consequence of lower margin percentages of the acquired API business and the infant nutritional business which saw the margin percentage diluted to 29% for the year.

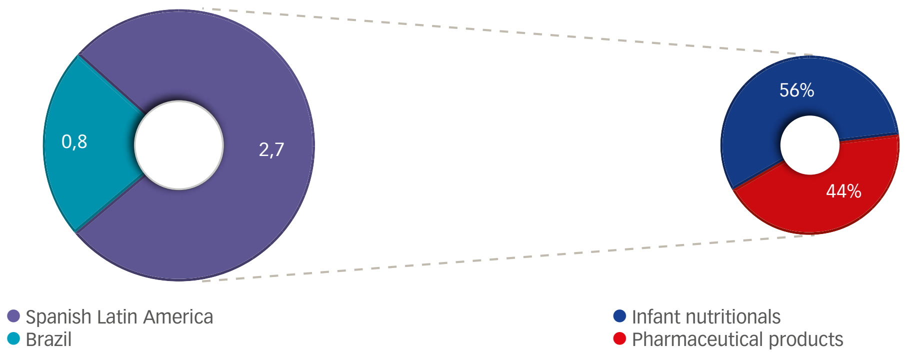
Europe CIS is now the largest contributor to the International business at 58% of revenue, a considerable shift from 39% in 2013. Latin America and Rest of the World contributed 28% and 14% respectively in 2014.

Analysis of Europe CIS revenue of R7,2 billion by customer geography in 2014 (R'billion)

- Commercial revenue
- API revenue
- Finished form manufacturing revenue

- Commercial revenue – Western Europe
- Commercial revenue – Eastern Europe and CIS

Latin America revenue of R3,5 billion by customer geography in 2014 (R'billion)



Local presence established in 18 Europe and CIS countries

Revenue from the Europe CIS countries grew more than five times on the prior year to R7,2 billion. This was largely as a result of the acquired ex-GSK and ex-MSD products, as well as the API manufacturing business at Oss, in the Netherlands.

Commercial revenue grew 313% to R4,0 billion largely from the inclusion of acquired products for six months in 2014, as well as strong organic growth from the pre-existing global portfolio, driven predominantly by the oncology portfolio. Revenue of R2,7 billion was recorded for the acquired API business and finished dose form manufacturing revenue advanced to R513 million with 19% growth almost entirely from the Bad Oldesloe site.

Local presence was established in 18 countries in Europe and the CIS during the financial year. The transaction concluded with GSK encompassed the transfer of approximately 400 specialised representatives across Europe and the CIS. These resources moved over to Aspen in January 2014 and have now been employed by the respective, newly established, Aspen subsidiaries. The majority of these representatives are in CEE and the CIS regions with a significant number of employees in Russia, Germany, Poland, France and Italy. These are experienced sales and marketing resources whose primary focus is thrombolytics. Sales and marketing employees are also supplemented by contracted promotional resources where considered necessary.

The transfer of in-market responsibilities for the acquired products from GSK and MSD across to Aspen is now in progress, with phased distribution and licence transfers expected to be completed in 2015. The acquired API manufacturing business in the Netherlands and the specialised sterile production site in France also added a significant number of employees. Aspen now has more than 2 400 permanent employees in this region, predominantly in manufacturing.

Latin American growth continues

The infant nutritional business acquisition propelled Aspen's local presence in Latin America into seven additional territories. There was an acceleration of growth in revenue from customers in Latin America where sales climbed 122% to R3,5 billion.

Acquisitions and good organic growth of pre-existing global and local brands boosted revenue growth in Spanish Latin America, despite supply issues for certain products. This region contributed R2,7 billion towards Latin America's revenue and grew 260% from the prior year. Revenue from pre-existing products grew by double digits, mostly as a result of volume increases, while acquired products contributed the rest of the growth. The organic growth was fuelled by global brands such as Zyloric, Septrin, Lanoxin, Aldomet and Aggrastat. The infant nutritionals business acquired from Nestlé performed in line with expectations and contributed R1,5 billion in revenue for the region with significant contributions from Venezuela, Mexico, Colombia and Ecuador.

The integration of the infant nutritional business was completed without any disruptions and Aspen was able to exit early from transitional service agreements with Pfizer/Nestlé while investing in revised promotional strategies. Approximately 600 employees were integrated into Aspen and a local presence was established in seven new locations across Latin America. Investments were also made on promotional sales representation in order to sustain performance and extend Aspen's footprint into Spanish Latin America. Experienced sales representatives focused on marketing female health products were added in Mexico to drive growth of acquired ex-MSD products and further investment in resources will be made in the coming year. Mexico, Venezuela and Colombia account for the majority of Aspen's current regional market presence. Existing global brands previously sold by distributors will transfer to Aspen in the recently established locations Colombia, Ecuador, Peru, Argentina, Chile, Costa Rica and Panama. The infrastructure established in these countries will also take on the recently acquired MSD and GSK products.

The acquisition of the Vallejo site in Mexico as part of the infant nutritionals business, has increased the manufacturing capabilities of Aspen in the region as it has the capacity to manufacture both infant nutritionals and pharmaceutical products. The site, originally built in 1951, was completely refurbished in 2006, and has two modern dryers and the biggest cold chamber in the region. Operational plans are in progress

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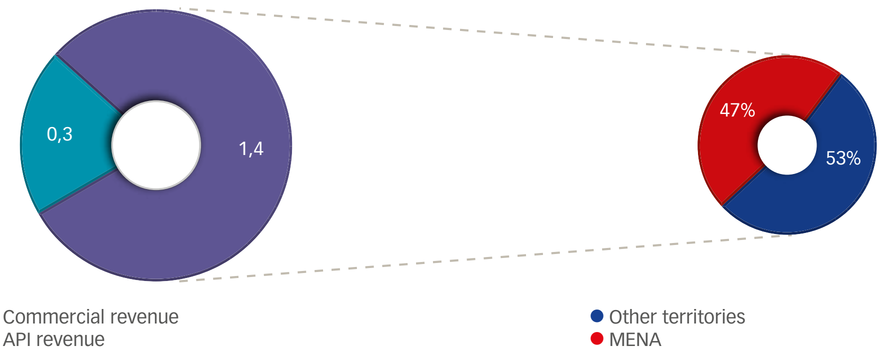
International continued

Rest of the World revenue of R1,7 billion by customer geography in 2014 (R'billion)



to make this site the manufacturing hub for Latin America, with possible future exporting capabilities to other regions. Capital expenditure of USD8 million is planned to increase infant nutritional capacity from 16 to 25 tons in order to facilitate the transfer of the speciality products that are currently being sourced from Nestlé in Ireland into this site. In addition the pharmaceutical site with solid, liquid and cream capabilities enables flexible regional manufacture responsive to regional demand.

Brazilian performance limited by supply issues

Revenue was fairly stagnant in Brazil at R788 million for the year and was limited by supply shortages of some of the top performing products such as Clarithromycin, Zyloric and the range of products supplied by Hebron, precipitating a slight decline in revenue against the prior year. Disregarding products plagued by supply issues, other products performed well and grew organically by 11%. Top performers in branded pharmaceutical products include Insunorm, Imuran and Calman while Kwell and Milk of Magnesia were leading OTC products. Good performance from these products was as a result of consistent investment and efforts by sales and marketing teams with healthcare practitioners, as well as distributors. These successes managed to offset the impact of supply issues on the business.

Plans are in place to address supply shortages – the supply of certain products will be transferred to Aspen facilities, and away from third-party suppliers, once approvals are received for the relevant Aspen manufacturing sites. While plans are in place to resolve the supply challenges encountered over the past year, performance is only expected to recover in the second half of the 2015 financial year for the majority of the products.

Rest of the World

Revenue from the Rest of the World grew 181% to R1,7 billion for the year. API sales comprise R345 million and the rest is attributable to sales to healthcare providers (commercial sales). Revenue grew significantly as a result of the MSD and GSK acquisitions, good performance of pre-existing global brands.

MENA has grown exponentially boosted by acquisitions and organic growth

The MENA region performed exceptionally well in 2014 with revenue reaching R664 million. The majority of revenue growth was organic with the remainder attributable to the recent transactions.

The MENA region is showing healthy growth, with additional sales representatives and promotional activity playing a major role in the prescription-driven and promotion-sensitive markets. There are more than 100 sales-focused personnel promoting Aspen products across 14 markets in MENA. Key markets include Saudi Arabia, Algeria, Egypt and Iran. Aspen is investing in a larger local presence in each of these countries. The region remains a challenging one in which to conduct business and Aspen is considering alliances with local companies to increase its presence and visibility in key countries.

New local presence in Canada

Aspen has recently invested in an office in Canada, with six employees to promote products in this country. Canada has to date been covered by third-party distributors.

Initiative to improve focus and supply

Subsequent to year-end, on 10 September 2014, Aspen reached agreement to dispose of its recently acquired rights from GSK to commercialise fondaparinux products, Arixtra and its authorised generic, in the US to Mylan. This transaction completed on 25 September 2014 after certain conditions precedent including regulatory approvals were satisfied. Aspen 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 in a position to optimise commercial performance of these products in the US.

Future outlook

- Having local presence in Europe CIS and Spanish Latin America has transformed the way Aspen operates in these regions and Aspen now has dedicated resources. This is expected to have a positive impact on performance in the coming year, as well as for the Aspen brand in these regions.
- Thrombolytics are Aspen's core focus in Europe CIS. The goal is to grow market share by increasing awareness and utilisation in both mature sectors where shares are small, as well as in emerging markets with larger shares of supply. Global brands, particularly the oncolytics portfolio and the recently acquired female health products will also be prioritised.
- The regional strategy for Spanish Latin American has had a positive impact, especially for the infant nutritional business. The focus in the coming year is to strengthen commercial structure, by investing in more employees, training and focusing on greater coverage of healthcare practitioners to drive sales. Improving Aspen's corporate image among stakeholders in the various countries is also a priority as well as consolidating Aspen's manufacturing onto one site, transforming the Vallejo site into a regional manufacturing hub.
- Brazil will continue to invest in promotional and trade activities to drive sales, as well as focus on controlling expenditure and improving distribution coverage for Aspen products in Brazil. Resolving supply challenges at various sites is also very important in driving organic growth and this is receiving concentrated management attention.
- MENA's investment in sales resources is starting to show results and strengthening local presence and widening the distribution of the Aspen portfolio is a priority.
- Rest of the World revenue will be impacted by absence of the sales related to Arixtra in the US subsequent to the disposal to Mylan. Aspen's presence in Canada should provide enhanced support for the product range in this country.

Leading brands in the International business

Brand	Classification	Therapeutic category	Therapeutic application
Aggrastat	Pharmaceutical	Cardiovascular	For the treatment of acute coronary syndrome
Aldomet	Pharmaceutical	Cardiovascular	For the treatment of mild to moderate hypertension especially during pregnancy
Alkeran	Pharmaceutical	Oncology	For the treatment of cancer
Arixtra	Pharmaceutical	Cardiovascular	For the treatment of acute deep venous thrombosis and acute pulmonary embolism
Calman	Consumer	Central nervous system	For the treatment of nervous tension and mild depression
Eltroxin	Pharmaceutical	Endocrine	For the treatment of an underactive thyroid gland
Fraxiparine	Pharmaceutical	Cardiovascular	For the treatment of acute deep venous thrombosis and acute pulmonary embolism
Imuran	Pharmaceutical	Immuno-modulator	For the treatment of autoimmune conditions and the prevention of organ transplant rejection
Lanoxin	Pharmaceutical	Cardiovascular	For the treatment of certain heart conditions including heart failure
Leukeran	Pharmaceutical	Oncology	For the treatment of cancer
Milk of Magnesia	Consumer	Gastrointestinal	For the treatment of occasional constipation, heartburn relief, indigestion and excess stomach acid
Myleran	Pharmaceutical	Oncology	For the treatment of cancer
Purinethol	Pharmaceutical	Oncology	For the treatment of cancer
Ovestin	Pharmaceutical	Hormonals	For the treatment of symptoms of menopause
S-26	Consumer	Infant nutritional formula	For the nourishment of infants

Asia Pacific

Aspen's business in Asia Pacific comprises operations in Australia, the Philippines, Malaysia and Taiwan. A company has also recently been incorporated in Japan. These operations supply a diversified portfolio of branded, generic, OTC and consumer products into Australia, New Zealand and selected territories in Asia. Certain tablets, liquids and semi-solids are manufactured at the Group's manufacturing sites in Melbourne and Sydney, while other products are increasingly being sourced from Aspen's global manufacturing sites and accredited third-party manufacturers.

Business unit overview

Key business units	Aspen Australia Aspen Hong Kong Aspen Japan	Aspen Malaysia Aspen Philippines Aspen Taiwan
Key territories supplied to	Australia China Hong Kong Indonesia Japan Korea	Malaysia New Zealand The Philippines Singapore Taiwan Thailand

Statistics and recognition

- The Australian pharmaceutical sector is valued at AUD14 billion and Aspen is currently ranked fifth by value of sales in this country with a 4,6% share for the year to 30 June 2014.
- Asian pharmaceutical markets were valued at almost USD195 billion by IMS in 2013. Japan is the largest source of demand for the Group in Asia at USD84 billion followed by China at USD62 billion.
- Aspen is the leading generic company by value in Australia accounting for 12% of generic products sold in Australia.
- One in five scripts written in Australia is for a product distributed by Aspen.
- At the Sigma Awards in October 2013, Aspen was awarded the Ethical/PBS Supplier of the Year and Generics Supplier of the Year in Australia.
- Bio-Oil won two awards in Australia and five awards in the Philippines from local consumer groups and magazines.
- Aspen Philippine's president and CEO, Ms Ace Itchon, was nominated for the Asia CEO Awards in November 2013.
- Dequadin won the seven-11 Favourite Consumer Brand award in Hong Kong.

Number of products launched from pipeline	15 (2013: 9)	**Number of permanent employees**	906 (2013: 917)
Number of product recalls	3 (2013: 1)	**Average staff turnover**	17% (2013: 21%)
IMS value of pipeline as at 30 June 2014 anticipated to be launched in:		**Number of work-related fatalities**	Nil (2013: nil)
➤ Zero to two years	USD936 million		
➤ Two to five years	USD1 786 million		

FINANCIAL PERFORMANCE	2014 R'million	2013 R'million	% change
Revenue	8 517	7 591	+12
– Australia and New Zealand	7 881	7 106	+11
– Asia	636	485	+31
EBITA	1 945	1 894	+3
EBITA margin	22,8%	25,0%	

Performance highlights for the year

- The Australian infant nutritional business acquired from Nestlé in May 2013 was successfully integrated with all revenue target metrics exceeded in its first year of trading under Aspen.
- Aspen in Australia delivered revenue growth of 11% to R7,9 billion despite a challenging environment of increasingly frequent Pharmaceutical Benefits Scheme ("PBS") price cuts and the disposal of a portfolio of OTC products.
- Japan became the largest contributor to Aspen's Asian revenue by customer geography in 2014 due to the Group's recent product acquisitions, representing 27% of the total revenue for this region. This constitutes a growth of 94%. Aspen has opened a representative office in Japan, with full operations expected by the end of calendar year 2015.
- EBITA margins declined by 2%, primarily as a result of the lower margins from the products acquired in the prior year for which the Asia Pacific region is the distributor. Price cuts were largely offset by margin improvement initiatives.
- South East Asian businesses of Malaysia and Taiwan completed their first full year of trading under Aspen, with successful introductions of recently acquired products occurring throughout the year.

Performance review for the year

Aspen's Asia Pacific business comprises and is largely driven by Aspen Australia. Contributions by customer geography from Asian markets have increased to 10,5% in 2014 from 7,4% the prior year. Aspen Australia contributes 89,5% of revenue by customer geography in this region with Asian countries making up the rest.

Market conditions

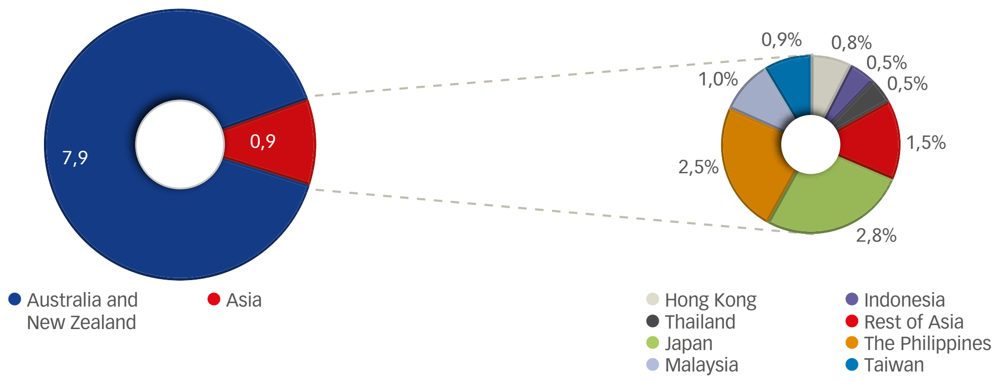
Challenging trading conditions prevailed in Australia

The Australian government has continued with its cost-cutting initiatives in the healthcare sector through its implementation of the PBS price disclosure programme. The impact from PBS cuts during the year resulted in a muted growth in the Australian pharmaceutical market. As at 30 June 2014 the Australian pharmaceutical market, valued at AUD14 billion, had grown marginally in value by 0,3% on the prior year, with volumes growing by 1,5%. The continued implementation of the PBS programme remains a serious challenge for the Australian pharmaceutical industry, adversely affecting almost all companies. These price cuts now occur twice a year with prices being reduced to the net discounted price should this fall below 90% of the list price.

During the financial period, further regulatory reforms were implemented and additional potential government initiatives were proposed as the Australian government continues to look for cost savings in the healthcare sector. For the first time a co-payment fee of AUD7 for a doctor's visit was proposed and, if implemented, will see patients contributing to a service that was previously entirely paid for by the government. The potential impact of this proposal could be a reduction of doctors' visits. This, in turn, may have an adverse impact on the number of scripts prescribed by doctors and dispensed, resulting in additional challenges for all industry participants. Despite these challenging trading conditions, Aspen continues to perform strongly and is looking to fine-tune its focus in order to continue providing high quality and affordable medicines in Australia.

Asia Pacific continued

Asia Pacific revenue split by customer geography for year ended 30 June 2014 (R'billion)



Pharmacy and retail in-house brands continued to challenge the more established OTC products. While the recorded IMS values dropped by 0,5%, overall market units grew by 1%. OTC values measured by IMS do not include OTC products sold through the grocery channels. Aspen entered the Australian infant nutritional sector in May 2013, diversifying its consumer offering and revenue away from price regulated products. This sector has demonstrated sustained growth momentum which is anticipated to continue.

Asian pharmaceutical industry generally stable

During 2014, there were no significant shifts in the Asian market environment with the exception of the Japanese government introducing measures to increase usage of generic medication to over 40% by 2017 from the current volumes of 28%. As at December 2013 the Asian pharmaceutical demand declined 3% to USD195 billion in value as a consequence of price cuts in Japan, the largest source of demand in the region. China, the second largest source of demand by value, increased to USD62 billion per IMS. China also remains the world's largest infant milk formula source of demand at approximately USD15 billion and growing in double digits per annum according to Euromonitor and is a country of increasing interest to Aspen. With the significant growth of the Chinese middle class and the infant nutritional "premium priced" category, these high growth rates are expected to continue into the foreseeable future. The Chinese infant nutritional sector is undergoing numerous changes as a result of the government's initiatives to support the domestic industry, address quality issues and have more transparency of all infant nutritional manufacturers in China. During 2013 and 2014 there was heavy focus on consolidating the number of manufacturers, by the tightening of regulations on imported products, limiting formal and informal imports and the introduction of regulations where manufacturers require licences in order to sell their product in China.

Performance review

Revenue in Asia Pacific grew by 12% to R8,5 billion, assisted by a full year of contributions from products added to the portfolio through recent acquisitions and underpinned by a good performance by the Aspen Australia business under difficult market conditions. Benefits were also gained from investing in additional local presence in Asian countries.

Acquisitions drive growth in Australia

In Australia, Aspen performed well and maintained its ranking of the fifth largest pharmaceutical company with a 4,6% share despite continuing price cuts, flat market value growth and certain product disposals made during the year. Growth was supported by the inclusion of previously concluded transactions being:

- the classic brands acquired from GSK in December 2012;
- the anticoagulant products acquired from GSK on 31 December 2013; and
- the range of mainly hormonal products acquired from MSD on 31 December 2013.

Aspen Australia's revenue grew by 11% over the prior year with positive contributions coming from the inclusion of a full year of revenue of the infant nutritional business acquired from Nestlé in May 2013, the GSK classic brands and to a lesser extent, the acquired MSD products. The core or base business grew by 6%, constrained by the challenging environment in Australia. There was a 5% benefit to ZAR-denominated results from the relative strength of the AUD to the ZAR. Fifteen new products were launched in Australia and contributed to the performance of the base business. The full-year revenue benefit from these launched products will be reflected in the 2015 financial year.

Revenue losses were incurred on low-margin licensed products such as Zyprexa and Cymbalta as these declined post-patent. In addition, extensive PBS price cuts and additional generic competition during the year affected both original and generic portfolios, with the full impact of the PBS cuts on the business estimated at being approximately AUD14 million for the year, at revenue and EBITA levels. The frequency of the PBS price cuts has seen the reduction of stock levels held by Australian wholesalers below historical levels as they maximise the effect of the reducing price by holding less stock. This reduction in wholesaler stock only impacts the timing of revenues.

Initiatives undertaken in Australia

These significant pressures require adaptable commercial plans to counter the impact of the PBS price cuts, increased competition and resulting stagnant market. The legislated price cuts in Australia were largely offset by cost of goods savings, pricing strategies and the reduction of discounts. Furthermore, during the year, a thorough portfolio review was undertaken with the objective of focusing promotional investment most effectively. Certain of the decisions taken affected revenue in the 2014 financial year and will affect revenue in the year ahead:

- licensing arrangements which reached their renewal date during the year were allowed to terminate. Similar existing agreements will not be renewed going forward in order to focus resources on Aspen owned products where better margins are earned. This will result in reduced revenues and licensing fees from these arrangements as terminations occur in 2015 and 2016;
- certain contract manufacturing arrangements were also terminated during the period. These arrangements will continue to diminish as contracts are exited while the Baulkham Hills and Noble Park sites are wound down for closure during 2015. Contract manufacturing will continue at the remaining Dandenong site; and
- a range of non-core OTC products contributing revenue of R148 million during the year were divested in February 2014 to Perrigo. Numerous products were also discontinued.

The above initiatives are as a result of ongoing efforts by management to focus attention on Aspen-owned products, and are expected to result in improved quality and sustainability of the earnings in Australia going forward.

Infant nutritionals perform well

The infant nutritional business completed its first full year of trading under Aspen control, delivering satisfactory growth against targets and being the largest contributor to overall growth by providing an additional R767 million in revenue over the prior year. Two new products introduced in the Premium Gold segment, Gold Comfort and Gold Junior Fourth Age contributed towards growth and further impetus is expected from these additions. There was incremental promotional activity in all key retailers across all channels and this ensured continued growth in volume/units in line with the sector. All elements of the business have now been successfully integrated into the Aspen business and allowing synergies to be unlocked through integration with the rest of the Aspen commercial teams and supply chain.

EBITA grew by 3% resulting in reduced EBITA margins of 22,8% for the year. This was primarily as a result of the lower margins from the products acquired in the prior year for which the Asia Pacific region is the distributor as the negative impact of price declines was largely neutralised by margin improvement projects.

The consolidation and rationalisation of manufacturing sites continued in Australia. The Croydon site closed during 2013 and was sold in December 2013, while the Noble Park and Baulkham Hills sites are in advanced stages of closure with some residual manufacturing commitments remaining until early 2015. Continuous improvement projects, product realignment initiatives with Aspen's Port Elizabeth site and other third-party manufactures are constantly in progress at the Dandenong site.

Asia Pacific continued

Increased contribution from Asia

Asian countries continued to grow their contribution to the Group's trading results with revenue from customers in this region reaching R923 million. This represents 63% growth from prior year revenue with over a third of this growth being organic. The balance of the revenue growth was contributed by the recent global transactions with MSD and GSK.

Territories in which Aspen has established local operations performed well compared to prior year with double-digit growth in each of the Philippines, Taiwan and Malaysia. Exports into the region have also grown substantially. The Philippines completed its second full year of operations and performed well in the face of a number of natural disasters in this region. Malaysia and Taiwan completed their first full year of operations and the management teams have been successful in maintaining in-market demand while going through numerous transitions from various distributors throughout the year. Successful transition to Aspen distribution of certain recently acquired products was achieved in Taiwan and Malaysia. Completion of this transition process is expected by the end of 2015.

Aspen establishes a presence in Japan

The Japanese pharmaceutical sector is the second largest one in the world and valued at USD84 billion in annual sales. It also constitutes the largest contributor to Aspen's revenue among the Asian countries, comprising 27% of the Group's revenue from customers in the region with growth of 94% from the prior year. Following Aspen Global's establishment of Aspen Japan during the year, it was announced in October 2014 that Aspen Global would, subject to certain conditions precedent, enter into a strategic collaboration agreement with GSK in terms of which GSK would take a 25% equity stake in Aspen Japan and in terms whereof both Aspen Global and GSK would transfer certain marketing authorisations, distribution rights and rights to future products to Aspen Japan. Aspen Global will be responsible for the management of Aspen Japan and the commercialisation of the products in Aspen Japan's portfolio.

Following the establishment of Aspen Japan, Aspen now has 163 permanent employees across the Asian region, representing 41% growth on the prior year.

Future outlook

- The Australian business will continue to face mandatory pricing pressures that will limit the growth of the base business. The portfolio rationalisation efforts during 2014 will result in lower revenue in the immediate future, but improved margins from the remaining product portfolio. This revenue decline will be partly offset by new product launches from the Aspen product pipeline with brands such as Crosuva, the generic molecule for Crestor, being launched.
- The Asian territories will continue to increase their contribution to the regional results as Aspen executes its diversification strategy away from the mature Australian business to higher growth potential countries.
- The effects of continuous improvement and cost-saving initiatives in the Australian business will continue to be harvested during the coming years.
- The transition of the portfolio of products acquired from GSK and MSD into Aspen distribution networks will be finalised in the majority of the territories during the coming year. This will enable the local management teams to focus on the execution of marketing strategies for these exciting new therapy areas.

Leading brands in the Asia Pacific business

Brand	Classification	Therapeutic category	Therapeutic application
Bio-Oil	OTC/consumer	Dermatological	For the treatment of scars and skin care
Cartia	OTC	Cardiovascular	For the treatment of platelet aggregation inhibition
Chemists' Own	OTC	Analgesic	For the treatment of cold, flu and other ailments
Coumadin	Pharmaceutical	Cardiovascular	For the treatment of pulmonary embolism and venous thrombosis
Coloxyl	OTC/consumer	Gastrointestinal	For the treatment of constipation
Dequadin	OTC/consumer	Respiratory	For the treatment of sore throats
Eltroxin	Pharmaceutical	Endocrine	For the treatment of thyroid conditions
Eutroxsig	Pharmaceutical	Endocrine	For the treatment of thyroid hormone deficiency
Imuran	Pharmaceutical	Immuno-modulator	For the prevention of organ transplant rejection, as well as the treatment of certain auto-immune diseases
Salofalk	Pharmaceutical	Gastrointestinal	For the treatment of colitis, maintaining remission
S-26	Consumer	Infant nutritional formula	For the nourishment of infants
Ursofalk	Pharmaceutical	Gastrointestinal	For the treatment of chronic cholestatic liver disease
Valtrex	Pharmaceutical	Anti-viral	For the treatment of herpes

South Africa

The South African business provides a diverse basket of branded, generic, OTC, consumer health and infant nutritional products which are supplied to pharmacies, retail pharmacy chains, hospitals, clinics, prescribing specialists, dispensing general practitioners, managed healthcare funders and retail stores across the private and public sectors in South Africa.

Business unit overview

Key business units	Aspen Pharmacare FCC
Key territories supplied to	Botswana Lesotho Namibia South Africa Swaziland
Statistics and recognition	➤ The South African private pharmaceutical sector was valued by IMS at R29,9 billion for the year ended 30 June 2014. ➤ Aspen is ranked as the number one pharmaceutical company in the private sector, as measured by IMS, with a 15,8% share. ➤ Almost one in every four scripts dispensed by South African pharmacists is for an Aspen product, as recorded by ImpactRx. ➤ In the private sector, four out of the top 20 largest products by value as measured by IMS for the year ended 30 June 2014 was an Aspen product. ➤ Four out of the top five generic products supplied in the private sector were Aspen products. ➤ Aspen was awarded the Dis-Chem Supplier of the Year Award for the fourth consecutive year. ➤ Aspen was the recipient of the UPD Wholesaler Supplier Partner of the Year Award. ➤ PMR Africa awarded Aspen its Diamond Award in the Pharmaceutical Manufacturer's category, its Golden Award in the Most Innovative Companies category and its Silver Arrow Award in the category "doing the most to enhance majority of local goods".

Number of products launched from pipeline	9 (2013: 22)	**Number of permanent employees**	3 197 (2013: 3 071)
Number of product recalls	1 (2013: 1)	**Average staff turnover**	11% (2013: 9%)
IMS value of pipeline as at 30 June 2014 anticipated to be launched in:		**Number of work-related fatalities**	Nil (2013: nil)
➤ Zero to two years	USD311 million		
➤ Two to five years	USD333 million		

FINANCIAL PERFORMANCE	2014 R'million	2013 R'million	% change
Revenue	**7 446**	7 377	+1
– Pharmaceutical division	**6 132**	6 202	(1)
– Consumer division	**1 314**	1 175	+12
EBITA	**1 817**	1 965	(8)
EBITA margin	**24,4%**	26,6%	

Performance highlights for the year

- The Pharmaceutical division delivered a strong performance, with a 9% revenue growth in the private pharmaceutical business.
- The range of infant milk nutritional products acquired from Nestlé was integrated into the Aspen business during the third quarter, following the approval of the acquisition by the competition authorities in January 2014. This range of products performed in line with expectations and contributed R105 million towards the Consumer division's revenue for the year.
- Aspen entered into a co-marketing agreement with Astra Zeneca to commercialise the second brand or clone of Esomeprazole. Leading brands, such as Tribuss, Foxair and Altosec continued to grow, despite an increasingly competitive environment.

Performance review for the year

The South African market conditions and legislative environment

The South African private pharmaceutical sector, valued at R29,9 billion as at 30 June 2014 by IMS, grew by 4,3% in value (2013: 6,3%) and remained relatively flat at 0,5% growth in volume (2013: 4,4%) for the year. While there is uncertainty about the accuracy of the IMS values of the private pharmaceutical sector segments due to a number of revisions, growth of the total sector was undoubtedly driven by the generics segment. The generics segment is currently valued at R8,2 billion and has grown ahead of the overall private sector at 12,4% in value for the year.

In the public sector, the ARV tender is the largest component of Aspen's sales to the South African government. Aspen was awarded a third of the tender for the three-in-one fixed dose combination in late 2012 and this allocation was increased during 2013/2014 to 45%. Higher sales were expected as a result of the increased allocation and manufacturing was planned around these higher volumes. The expected sales did not, however, materialise due to diminished uptake from the South African government. The current ARV tender was also at reduced prices compared to the previous tender resulting in the Department of Health effectively spending the same amount on ARVs while serving a significantly higher number of patients in line with the South African government's aim to secure savings in healthcare spend.

South Africa's legislative and regulatory environment has seen a number of proposed changes to legislation open for comment in 2014. Several of these proposals have been put forward to the public and are at varying stages of being considered for approval. These proposals include the following:

- the Minister of Health issued a new proposal on international benchmark pricing in May 2014. The potential impact of international benchmark pricing to Aspen is not expected to be significant;
- the Department of Health published Gazette No 37936 in late August 2014 which proposes amendments to section 18A of the Medicines Act that prohibits the supply of any medicine according to an incentive scheme. These regulations ultimately discourage the payment of fees to providers and are intended to increase transparency in the pricing system. This legislation is likely to affect healthcare providers negatively while manufacturers may benefit from the reduced cost of doing business;
- there is still uncertainty in the industry regarding pending legislation on the capping of logistics fees and consultations with the government in this regard are ongoing;
- the MCC has accelerated the registration for complementary and alternative medicines. This is not expected to have a significant impact on Aspen and only affects a limited number of consumer products; and

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South Africa continued

- regulation 9 of the regulations relating to a transparent pricing system for medicines and scheduled substances enables price increase applications for distressed products which would otherwise make a loss as a result of inadequate SEP increases compensating for the depreciation of the Rand against major currencies. There are ongoing discussions with the Department of Health to simplify this currently onerous process order to provide some relief for applicable distressed products.

Other factors impacting the pharmaceutical sector in South Africa include:

- the Rand continued to trade weaker against major currencies during the year resulting in higher prices of import components such as APIs which are a major value component of medicines manufactured locally. The operating margins of local manufacturers would be negatively affected by the Rand's weakness. Importing pharmaceutical companies are also likely to be experiencing decreased revenues as a result;
- inflationary pressures from increasing electricity prices, rising labour costs and other input costs have also put pressure on manufacturing conversion costs; and
- the Department of Health granted a SEP increase of 5,82% for the private sector, this being largely the same as the previous year's 5,80% increase. The SEP is the maximum Rand price increase permitted and is intended to take into account the impact of currency fluctuations, as well as inflationary cost increases. The SEP increase was implemented in March 2014 and was insufficient to cover rising costs as indicated above. The repeated limited SEP increases have put further pressure on South African pharmaceutical manufacturers and have resulted in shrinking operating margins.

South African consumers are increasingly cash strapped due to weak economic fundamentals and have hence become more selective about their spending. Trading conditions for the pharmaceutical industry and businesses in general have been challenging.

Performance review

Aspen retained its leading position in the private sector, as well as generics segments, with a 15,8% and 29,4% share respectively. The South African pharmaceutical sector grew by 4,3% in value according to IMS and Aspen growth in the private sector was more than double this rate at 8,9%.

Revenue for the year grew by 1% to R7,4 billion. Revenue growth was driven by the Consumer division's increase of 12% while the Pharmaceutical division declined 1%. EBITA weakened to R1,8 billion, declining by 8% to an EBITA margin percentage of 24,4% for the year. EBITA was negatively impacted as a consequence of significant profitability dilution within the public sector ARV tender, as well as rising costs on imported components due to the devaluation of the Rand against major currencies.

Strong private sector growth offset public sector weakness

The overall performance of the Pharmaceutical division was negatively impacted by the lower public sector revenue in respect of both ARV and other tenders. The expected ARV tender off-take was substantially less than expected with volumes declining even further in the second half of the year, leading to a 31% decline in sales from this tender to R800 million from R1,2 billion in the prior year. The API component for the ARVs supplied under this tender is substantial and the reduced volumes resulted in significant margin erosion and higher stock levels at year-end. While Aspen continues to be a reliable supplier to the government, demonstrating the Group's commercial and manufacturing competitiveness, the reliability of the tender forecasts is a concern and Aspen remains committed to working closely with government to resolve this.

Other tenders supplied to the public sector were also down by 14% in 2014. While performance in this respect was disappointing in 2014, Aspen has been awarded an increased share of 31% (previously 24%) of the oral solid dose tender, the second largest public tender in South Africa by value.

Poor performance in the public sector was offset by the strong performance in the private sector where revenue grew 9% to R4,8 billion. Revenue growth in the Pharmaceutical division was driven by new product launches, the SEP increase and commercial agreements with multinational companies all supported by the promotional efforts of Aspen's commercial team.

Established brands performed well and provided a strong foundation for the success achieved in the private market. Strong performers among the established brands portfolio included Mybulen, Avamys and Wellbutrin, while the growth of anti-bacterial injectables, Aspen Meropenem and Aspen Teicoplanin, slowed. The injectable portfolio is expected to continue performing, albeit at a slower rate. Tribuss continued to grow strongly and is the second largest product in the country by IMS value for the year to June 2014. Revenue growth by Tribuss is likely to slow down in the next year given the large number of new competing products.

Key product launches for the year included:

- Paraspen, used for the treatment of pain and fever, and Navalpro used for the treatment of epilepsy. Paraspen was the first generic launch within its class while Navalpro was the second generic launched. Clindoxyl, used for the treatment of acne, was a new chemical entity launch; and
- licensed second brands included Trustan, used for relief of heartburn, and Zuvamor, used to treat high cholesterol.

These launches are expected to provide additional impetus in the 2015 financial year.

While there was a pleasing performance from established brands, tough trading conditions influenced by pricing pressure from competitors and generics resulted in a challenging trading environment for some of the branded products, the most affected being Bactroban and Kivexa. The patent for the Malanil adult formulation also expired during the year and the first generic has been launched.

Consumer Health division strengthened by the infant nutritional products

Revenue growth of 12% in the Consumer division was largely driven by the acquisition of an infant milk formula range from Nestlé. This transaction was approved and took effect at the end of January 2014 after being considered by the South African competition authorities for more than six months.

The infant nutritional business acquired from Nestlé has been successfully integrated into Aspen. A team of 61 employees, including 26 sales representatives, joined Aspen and extended Aspen's existing commercial capability in infant milk formula products. Through this transaction, Aspen's product offering was expanded by three ranges. These include S-26 Gold, S-26 Standard and a speciality range. This transaction contributed R105 million towards revenue in 2014 and will further enhance the infant nutritional component which already makes up a large component of the Consumer division.

Focus is being placed on product costs in the Infant nutritional business in order to improve profitability levels. Fortified by new leadership, the business is expected to further build the Infacare and S-26 brands in South Africa and strengthen Aspen's offering in infant nutritionals. While Infacare performed reasonably, results from the ready-to-feed infant nutritional formula range did not meet expectations.

The Consumer division also benefited from notable growth in the gastrointestinal and pain therapeutic categories, with brands such as Hyospasmol, Lenapain and Ibumol performing well. OTC brands acquired from GSK in the previous financial year further enhanced the division's performance. The re-structured sales and marketing teams within the Consumer division allowed for increased focus on core brands and strong performers among the portfolio included Lennon Dutch Medicines, Flusin, Rinex and Orochlor.

Future outlook

- Aspen continues to perform in a challenging market and further organic growth is expected going forward. In addition to planned product launches, potential commercial opportunities are being further explored in order to add to growth impetus in the Pharmaceutical division.
- Margins remain a challenge in the current trading environment and will be affected by foreign currency movements, as well as SEP adjustments. Regulations aimed at providing some form of relief from pricing pressures for certain distressed products are pending.
- The infant nutritional business remains an exciting opportunity for Aspen and profitability from this business as a larger contributor to the Consumer division will be given focus going forward. Procurement benefits are also expected due to volume synergies enabled by the various infant nutritional acquisitions across the Group during 2013.

Leading brands in the South African business

Brand	Classification	Therapeutic category	Therapeutic application
Altosec	Pharmaceutical	Gastrointestinal	For the treatment of gastric ulcers and reflux
Aspen Meropenem	Pharmaceutical	Anti-infective	For the treatment of bacterial infections
Augmentin	Pharmaceutical	Antimicrobial	For the treatment of bacterial infections
Dutch Medicines	Consumer	Vitamin, herbal and complementaries	For the treatment of assorted ailments
Foxair	Pharmaceutical	Respiratory	For the treatment of asthma
Infacare	Consumer	Infant nutritional formula	For the nourishment of infants
Mybulen	Pharmaceutical	Analgesic	For the treatment of pain, inflammation and fever
Pharmapress	Pharmaceutical	Cardiovascular	For the treatment of hypertension
Stilpane	Pharmaceutical	Analgesic	For the treatment of pain
S-26	Consumer	Infant nutritional formula	For the nourishment of infants
Tribuss	Pharmaceutical	ARV	For the treatment of HIV/AIDS

Sub-Saharan Africa

Aspen's presence in SSA is through its wholly owned subsidiary Shelys, Aspen Pharmacare Nigeria, the GSK Aspen Healthcare for Africa Collaboration and the export of products from South Africa and Shelys, into selected territories. Aspen supplies a range of branded generic, OTC, consumer health and infant nutritional products in SSA which are made accessible through a strong sales representation and distribution network across the region. The Group has distribution companies in Tanzania, Kenya, Uganda and Nigeria to supply countries in East Africa, West Africa and designated export territories.

Business unit overview

Key business units	Aspen Nigeria Exports division	Shelys The GSK Aspen Healthcare for Africa Collaboration
Key territories supplied to	Botswana Ethiopia Ghana Ivory Coast Kenya Namibia	Nigeria Senegal Tanzania Uganda Zambia Zimbabwe

Statistics and recognition

- SSA comprises a number of countries each governed by an independent regulatory authority. This creates a region with fragmented markets. Nigeria, French West Africa and East Africa are the largest sources of demand for pharmaceuticals and are consequently, the primary focus of Aspen's attention.
- in the absence of reliable private sector IMS information for SSA, the Group's share of this sector and ranking cannot be established with reference to independently published information. However, it is apparent that Aspen is one of the leading pharmaceutical companies in the private sectors of this region.
- Aspen is well represented throughout this region with approximately 675 sales representatives and 200 distributors in 48 countries.
- Shelys has, from 2008 to 2013, consecutively been awarded the Prestigious Presidential Award for large industries as adjudicated by the Confederation of Tanzania Industries.
- in Kenya, Shelys' leading brand, Mara Moja, is the fastest selling OTC pain treatment as confirmed by a consumer insight brand audit conducted in June 2014.
- Shelys is a leader in the analgesic segment with brands like Mara Moja, Diclopar, Sheladol, Action and Hedex.

Number of products launched from pipeline	21 (2013: 35)	**Number of permanent employees**	344 (2013: 363)
Number of product recalls	1 (2013: 2)	**Average staff turnover**	20% (2013: 16%)
IMS value of pipeline as at 30 June 2014 anticipated to be launched in:		**Number of work-related fatalities**	Nil (2013: nil)
➤ Zero to two years	USD1 million		
➤ Two to five years	USD4 million		

FINANCIAL PERFORMANCE	**2014 R'million**	2013 R'million	% change
Gross revenue	**2 744**	2 082	+32
EBITA	**334**	252	+32
EBITA margin	**12,2%**	12,1%	

Performance highlights for the year

- SSA performed excellently and grew by 32% to increase gross revenue to R2,7 billion. All components of SSA grew organically, boosted by product launches; and
- Aspen Nigeria's first full year of operations produced strong results, especially for the consumer products launched.

Performance review for the year

Market dynamics and legislative environment

The GSK Aspen Healthcare for Africa Collaboration provides a range of medicines to 48 countries in SSA. These countries fall under regional management structures namely southern Africa (14 countries), East Africa (nine countries) and West/Central Africa (25 countries).

Political instability in northern Nigeria was experienced during the year and this is expected to continue with elections planned for March 2015. Terrorist threats remain prevalent throughout Kenya. The socio-political instability in these two key countries will continue to affect the overall business environment for this business segment. Increased competition from eastern companies was experienced in East Africa, with new generic and OTC products being introduced at very low prices. Local companies have, under these circumstances, been under pressure to lower prices in order to remain competitive.

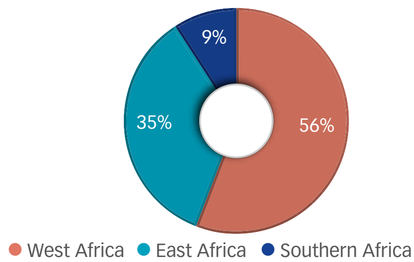
The following key regulatory and legislative challenges during the year impacted performance:

- the Tanzanian regulatory authority (TFDA) banned the molecule amodiaquine, used in malarial products. Products affected by this change in legislation included Amodar oral suspension and Amodar tablets. This, however, did not materially impact on the performance of the business; and
- changes to VAT legislation in Kenya had an unfavourable impact on the profitability of the Kenyan business.

Performance review

Gross revenue for the SSA region grew to R2,7 billion from R2,1 billion, a 32% increase from the prior year. The margin percentage for the year remained stable at 12,2%. This was as a result of improved margins at Shelys while the GSK Aspen Healthcare for Africa Collaboration's margin was adversely impacted by shortages of some of the higher margin products during the year.

SSA gross revenue by territory



Sub-Saharan Africa continued

There was solid performance across all regions with the largest regions being West and East Africa at 56% and 35% respectively of gross revenue. Revenue growth in these two regions was also the highest at 31% for West Africa and 35% for East Africa.

The GSK Aspen Healthcare for Africa Collaboration remained the largest contributor to revenue and its revenue increased by 29%, with sales growth coming mainly from French West Africa, Central Africa and East Africa. Growth was attributable to good performance by certain leading brands, as well as product launches. The top performing brands in this Collaboration in 2014 were Augmentin and Zinnat. Growth in certain countries was, however, constrained by supply issues and stock-outs. Epiproate, a central nervous system product was launched in Ghana, while Glipiryl, an endocrine product and Rampil, a cardiovascular product, were launched across various territories.

Shelys' revenue increased by 34%, led by strong growth in Kenya. Leading brands recorded impressive growth during the financial period, with Hedex achieving the highest growth of 176%, while Action and Mara Moja achieved growth of 32% and 17% respectively compared to the prior year. Thirteen products were launched during the year and Aldomet, a branded product used to treat hypertension was launched and became one of the key brands in the Shelys portfolio. Mara Moja, a well-known Kenyan brand, was launched in Uganda in January 2014 and recorded significant sales for the period. New product launches out of the pipeline also boosted revenue growth. Kenya and Uganda revenue were the major drivers of growth, and achieved double-digit growth for the year.

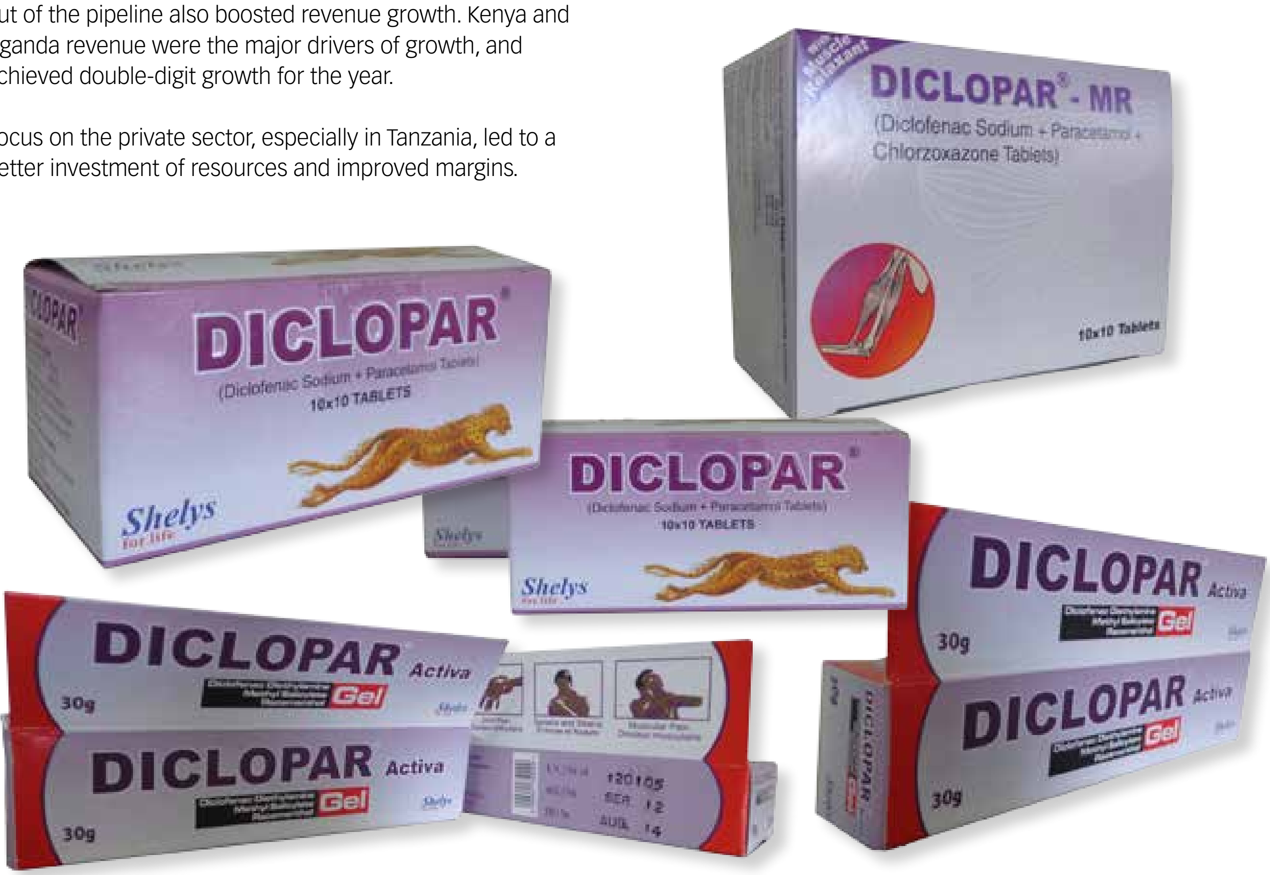
Focus on the private sector, especially in Tanzania, led to a better investment of resources and improved margins.

Aspen Nigeria increased revenue five times from a small base in the prior year. Aspen's South African infant milk formula, Infacare, was launched in August 2013 in Nigeria and made an encouraging entry.

Revenue from the Exports division increased by 9% as a result of higher sales revenue from ARVs and infant milk formula products. Infacare was launched in two additional countries in late 2013 and S-26 transferred to Aspen in Zambia, following the South African competition authorities' approvals in January 2014. Pharmaceutical and infant milk formula sales to Zimbabwe and Zambia are the largest contributors to the exports component of SSA.

Political stability in key countries has an impact on performance. While Nigeria and Kenya have performed well despite the socio-economic instability during 2014, future results could be adversely impacted should this instability intensify and extend to other parts of these countries or extend to other countries in the region. The outcome of the upcoming elections in Nigeria, scheduled for March 2015, may have an impact on business in that country.

A growing middle class throughout the region has resulted in a growing demand for affordable, quality products. The region's growth is organic and is expected to continue to be driven by economic demographics and population growth.



Future outlook

- The growth momentum of the branded products in the GSK Aspen Healthcare for Africa Collaboration is expected to continue while the contribution of Aspen pipeline products towards sales is set to increase as more products are launched.
- Shelys will continue its focus on higher margin products.
- More product launches are planned for Nigeria. The pharmaceutical sector in the country is fairly weighted between pharmaceutical and consumer products and opportunity exists for expansion of the current product portfolio.
- The Exports division has targeted Zimbabwe and Zambia as key areas of focus owing to anticipated growth.
- Aspen is reviewing potential opportunities to enter new territories in this region, and will consider the conclusion of additional commercial agreements with distributors, where appropriate, to ensure more coverage and wider reach of the portfolio into new areas.

Leading brands in Sub-Saharan Africa

Brand	Classification	Therapeutic category	Therapeutic application
Action	OTC	Analgesic	For the treatment of pain
Aldomet	Pharmaceutical	Cardiovascular	For the treatment of hypertension during pregnancy
Augmentin	Pharmaceutical	Antimicrobial	For the treatment of bacterial infections
Coldril	OTC	Analgesic	For the treatment of pain and fever
Diclopar	Pharmaceutical	Analgesic/anti-inflammatory	For the treatment of pain and fever
Good morning lung tonic	OTC	Analgesic	For the treatment of pain and fever
Hedex	OTC	Analgesic	For the treatment of pain and fever
Hemovit	OTC	Vitamins, herbal and complementaries	For the treatment of anaemia and iron deficiency
Infacare	Consumer	Infant milk formula	For the nourishment of infants
Malafin	OTC	Antimicrobial	For the treatment of malaria
Mara Moja	OTC	Analgesic	For the treatment of pain and fever
Melegi	Consumer	Infant milk formula	For the nourishment of infants
Mucolyn	OTC	Respiratory	For the treatment of coughs
Sheladol	OTC	Analgesic	For the treatment of pain

Board of directors

1. Stephen Bradley **Saad**

2. Michael Guy (Gus) **Attridge**

3. Nobuhle Judith (Judy) **Dlamini**

4. Roy Cecil **Andersen**

5. Mogammed Rafique **Bagus**

6. John Frederick **Buchanan**

7. Douglas (Kuseni) **Dlamini**

8. Shah Abbas **Hussain**

9. Maureen **Manyama-Matome**

10. Christopher (Chris) Nattle **Mortimer**

11. Sindiswa (Sindi) Victoria **Zilwa**

12. Riaan **Verster**
Company Secretary

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Board of directors continued

Executive directors

1. Stephen Bradley **Saad** (50)

Qualification: CA(SA), Honorary DCom (NMMU)

Appointed: January 1999

Classification: Executive director; Group Chief Executive

A founder of Aspen, Stephen is the Group Chief Executive of the Aspen Group. He attends the Remuneration & Nomination Committee by invitation.

2. Michael Guy (Gus) **Attridge** (53)

Qualification: CA(SA)

Appointed: January 1999

Classification: Executive director; Deputy Group Chief Executive

A founder of Aspen, Gus is the Deputy Group Chief Executive of the Aspen Group. He is also a member of the Social & Ethics Committee and attends meetings of all of the other Board Committees by invitation.

Non-executive directors

3. Nobuhle Judith (Judy) **Dlamini** (54)

Qualification: MBChB, DOH, MBA (Wits), CDSA, DBL (UNISA)

Appointed: July 2005

Classification: Non-Executive; Chairman of the Board

A medical doctor by profession, Judy spent some 10 years in practice prior to attaining her MBA and making the full-time move to business. After spending two years at HSBC, specialising in transport and energy corporate finance, she began to develop her entrepreneurial interests.

Judy is a shareholder and non-executive director of Imithi Investments (Pty) Limited, Aspen's black economic empowerment shareholder. She is currently the Managing Director and Executive Chairman of Mbekani Health & Wellbeing (Pty) Limited, Chairman of Masibulele Pharmaceuticals (Pty) Limited and other companies within the Mbekani group. Her other non-executive directorships include Anglo American plc. Judy is also a trustee and founder of Mkhiwa Trust, a family trust for rural development and education of previously disadvantaged individuals.

Judy has provided visionary leadership and guidance to the Group since her appointment as Chairman of the Board in November 2007 and Aspen has benefited from her extensive experience in areas such as socio-economic development and the healthcare industry. She is a member of the Remuneration & Nomination and Social & Ethics committees.

4. Roy Cecil **Andersen** (66)

Qualification: CA(SA), CPA (Texas), CD (SA)

Appointed: August 2008

Classification: Lead Independent Non-Executive

A chartered accountant by profession and with significant experience in the banking, insurance, construction and packaging industries, Roy's expertise in fields such as governance and remuneration have been of great benefit to Aspen. He was previously Chairman and Chief Executive of Ernst & Young, Chief Executive of the Liberty Group Limited and a former President of JSE Limited. Roy is currently a non-executive director of Nampak Limited, Chairman of SASFIN Limited and SASFIN Bank Limited and a Major General in the South African National Defence Force, holding the post of Chief of Defence Reserves. He is a member of the King Committee on Corporate Governance.

Roy serves as Lead Independent Non-Executive Director and is the Chairman of the Remuneration & Nomination Committee and a member of the Audit & Risk Committee.

5. Mogammed Rafique **Bagus** (49)

Qualification: BA, BA (Hons) (Economics), MA

Appointed: March 2003

Classification: Independent Non-Executive

A skilled executive in both the private and public sectors in South Africa, Rafique has considerable experience in areas such as risk management, transformation and socio-economic development.

Rafique is currently the non-executive Chairman of Alexkor Limited, a stated-owned enterprise under the Ministry of Public Enterprises and is the Chief Executive of Morning-tide Investments Limited. He was previously the Chief Executive of Trade and Investment South Africa, a division of the Department of Trade and Industry, Deputy Director General of the Department of Trade and Industry, and Special Adviser to the Minister of Public Enterprises.

Rafique is a member of the Social & Ethics Committee.

6. John Frederick **Buchanan** (70)

Qualification: CA(SA), BTh (Hons), EDP (Columbia)

Appointed: May 2002

Classification: Independent Non-Executive

John brings vast financial and business management experience to the Board having held a number of executive positions with leading South African companies. He was previously the Group Finance Director of Cadbury Schweppes (South Africa) Limited and Metal Box (South Africa) Limited, as well as a past executive director of Nampak Limited. He has also served as a non-executive director on the boards of companies in the IT and packaging industries, where he was Chairman of their Audit and Risk committees. He currently serves on the National Council of the South African Institute of International Affairs and is chairman of their Finance Committee.

He chairs the Audit & Risk Committee and is a member of the Remuneration & Nomination Committee.

7. Douglas (Kuseni) **Dlamini** (46)

Qualification: MPhil (Oxon), BSocSci (Hons) (Natal), Global Leadership for the 21st Century Programme (Harvard), Foundations for Leadership in the 21st Century (Yale)

Appointed: April 2012

Classification: Independent Non-Executive

Kuseni is the Chairman of Massmart Holdings Limited and Times Media Group Limited. He was previously Chief Executive Officer of Old Mutual South Africa and Emerging Markets. He brings a wealth of economic and business skills to the Board having previously held positions as the Head of Anglo American South Africa and Executive Chairman of Richards Bay Coal Terminal Company. Kuseni currently serves as Chairman of the South African National Parks (SANParks). He is a former member of the Global Agenda Council on Economic Growth and Poverty Alleviation formed by the World Economic Forum. He is active in academic and professional bodies which include the Council of the University of Pretoria, South African Institute of International Affairs (SAIIA) and the advisory boards of the Wits Business School and Common Purpose.

Kuseni is a member of the Remuneration & Nomination Committee.

8. Shah Abbas **Hussain** (49)*

Qualification: BSc (Hons)

Appointed: December 2009

Classification: Non-Executive

Abbas has worked extensively in the global pharmaceutical industry holding a number of senior executive positions in companies internationally. He is currently the President: Europe, Japan, Emerging Markets and Asia Pacific of GSK. Abbas is also a board member of Viiv Healthcare (UK), a global specialist HIV company. Abbas was appointed to the Board of Aspen following the series of transactions concluded with GSK in December 2009 and brings his wealth of knowledge and experience of the pharmaceutical industry to bear during the Board's deliberations.

**British*

9. Maureen **Manyama-Matome** (37)

Qualification: CA(SA), BCom (Accounting), BCom Honours (Taxation), MBA

Appointed: June 2014

Classification: Independent Non-Executive

Maureen is a Chartered Accountant with prior experience in the fields of external audit and internal audit after which she entered the commercial sector. Maureen is currently Financial Director of the Airports Company of South Africa Limited. Prior to this role, she was Chief Financial Officer of the South African Forestry Company Limited. She is a non-executive director of the South African Reserve Bank and serves on this bank's Audit Committee. She has also held directorships on a number of other boards during the past nine years.

Maureen is a member of the Audit & Risk Committee.

10. Christopher (Chris) Nattle **Mortimer** (53)

Qualification: BA, LLB

Appointed: January 1999

Classification: Non-Executive

Chris has been a full-time practising attorney since 1988 and has substantial legal and commercial expertise. His intimate knowledge of the Group, its business operations and governance processes has been of immense benefit to Aspen over the years and he continues to serve the Board as trusted adviser. As Chris' firm is intermittently called upon to provide legal advice to the Group, he is classified as a non-independent non-executive director.

11. Sindiswa (Sindi) Victoria **Zilwa** (47)

Qualification: CA(SA), Advanced Taxation Certificate, Advanced Diploma in Financial Planning and Advanced Diploma in Banking

Appointed: September 2006

Classification: Independent Non-Executive

Sindi, a chartered accountant by profession, is an expert in the areas of accounting, auditing and business management. She is currently the Chief Executive Officer of Nkonki Incorporated. Sindi has had vast experience as a director in the public and private sectors and currently serves as a non-executive director of Discovery Holdings Limited, Alexkor Limited, Metrofile Limited, Rebosis Limited, Gijima Limited and ATNS SOC Limited. She is an author of *"The ACE Model – Winning Formula for Audit Committees"*.

She is a member of the South African Institute of Chartered Accountants and Independent Regulatory Board for Auditors. Sindi was previously Non-Executive Chairman of Airports Company South Africa and a non-executive director of Woolworths Limited, Primedia Limited, Wiphold Limited, Ethos Private Equity, Institute of Directors, and previously chaired the BUSA Standing Committee on Transformation.

Sindi serves as Chairman of the Social & Ethics Committee and is a member of the Audit & Risk Committee.

Company Secretary

12. Riaan **Verster** (38)

Qualification: BProc, LLB, LLM (Labour Law), ACIS

Appointed: December 2011

Classification: Company Secretary & Group Governance Officer

Abbreviated corporate governance statement

In an environment of increasing regulatory pressure, the Board is ever mindful of the need to maintain an appropriate balance between the governance expectations of investors, regulators, government and other stakeholders, and the market demands that the Group delivers competitive financial returns to its shareholders.

Governance philosophy

Governance in the Group extends beyond mere legislative and regulatory compliance, and management strives to entrench an enterprise-wide culture of good governance aimed at ensuring that decisions are taken in a fair and transparent manner, within an ethical framework that promotes the responsible consideration of all stakeholders, whist also holding decision-makers appropriately accountable. In line with the philosophy that good corporate governance is an evolving discipline, governance structures, practices and processes are actively monitored and revised from time-to-time to reflect best practice.

Corporate governance and application of King III

The Board is accountable to shareholders and other stakeholders and is ultimately responsible for the implementation of sound corporate governance practices throughout the Group. Aspen's Board of Directors is committed to ensuring that the Group adheres to high standards of corporate governance in the conduct of its business.

The directors are of the opinion that the Group has applied the requirements of King III and that it has applied 74 of the 75 mandatory corporate governance principles prescribed by the JSE Listings Requirements as more fully detailed in the King III application register available online. The application of the outstanding principle, which relates to the effective management of information assets, is receiving attention as appropriate systems are being put in place to address the management of information assets throughout the Group.

Role and function of the Board

A formally documented and approved Board Charter outlines the composition, scope of authority, responsibilities, powers and functioning of the Board. In addition, the Board functions in accordance with the requirements of King III, the provisions of the South African Companies Act, the Listings Requirements of the JSE and other applicable laws, rules or codes. The Board is responsible for, among other things, the following:

- approve and review the strategic direction of the Group and monitor the execution of strategic plans;
- monitor the financial performance of the Group and to approve annual and interim financial reports and capital distributions or dividends;
- identify and monitor key risk areas and review risk management strategies;
- ensure that the Company's Audit & Risk Committee is independent and that it has an effective, risk-based internal audit function;
- approve the appointment and replacement, where necessary, of the Group Chief Executive, the Deputy Group Chief Executive and certain other senior executives and to oversee succession planning in respect of these positions;
- approve the nomination of directors and to monitor the performance of all the directors, including the Chairman and the Group Chief Executive;
- oversee the governance of information technology;
- make decisions on key issues or matters at levels deemed material to the Group and to delegate authority for the day-to-day running of the business of the Group to management; and
- identify and oversee the Group's communication with key stakeholders.

Board leadership

The Board is currently led by Judy Dlamini, a non-executive director. In line with the recommendations of King III and in view of the fact that she is not classified as an independent non-executive director in terms of these recommendations, the Board has appointed Roy Andersen as the lead independent non-executive director. He also acts as Chairman in instances where the Chairman may have a conflict of interest. Both the Chairman and the lead independent non-executive director have formally mandated roles and responsibilities, are appointed annually by the Board after each annual general meeting and are subject to an annual evaluation of their performance.

The roles of the Chairman of the Board and the Group Chief Executive are separate and clearly defined, such that no one individual director has unfettered powers of decision-making.

Composition of the Board

The Board currently comprises 11 directors, two of whom are executive directors with the remainder being non-executives. Six of these are considered independent non-executive directors within the criteria determined by King III and constitute the majority of non-executive directors on the Board.

The composition of the Board is carefully considered to ensure that there is an appropriate balance of power and authority in decision-making processes. Non-executive directors are appointed by the Board in terms of a formally documented and transparent process which takes place under the guidance of the Remuneration & Nomination Committee. Non-executive directors are selected on the basis of their skills, business experience, reputation and qualifications. Gender and racial diversity is also considered in the appointment of new directors.

The Deputy Group Chief Executive fulfils the role of full-time executive financial director and the appropriateness of the expertise and experience of this director is assessed and reported upon by the Audit & Risk Committee on an annual basis.

Board appointment and retirement processes

The appointment of any new director is considered by the Board as a whole on the recommendation of the Remuneration & Nomination Committee and in terms of a formally adopted policy, following rigorous and transparent appointment processes which include conducting the appropriate background confirmations. The terms and conditions of appointment of each of the non-executive directors are contained in a letter of appointment which, together with the Board Charter, forms the basis of the director's appointment. The Remuneration & Nomination Committee, consisting exclusively of independent non-executive directors and chaired by the Lead Independent Director, is responsible for making recommendations to the Board for the identification and removal of underperforming or unsuitable directors, should this prove necessary.

In terms of the Company's Memorandum of Incorporation, one-third of the non-executive directors retire by rotation at each annual general meeting. Directors who retire may, if eligible, offer themselves for re-election. The re-election of retiring directors by shareholders is subject to a recommendation by the Remuneration & Nomination Committee, following an evaluation of those directors' performance. Directors who may be appointed during a reporting period must have their appointments ratified at the next annual general meeting and as such the appointment of Maureen Manyama-Matome, who was appointed as a director with effect from 1 June 2014, is to be dealt with under ordinary resolution 2 as set out in the notice of the 2014 annual general meeting.

Non-executive directors have no fixed term of appointment, however, the Board Charter provides for the automatic retirement of a director at the age of 70, provided that shareholders confirm such re-appointment at the next annual general meeting. At the Board's discretion, the retiring director may thereafter be invited to serve as a non-executive director on a year-to-year basis. John Buchanan, who has turned 70 during the year, has been invited by the Board to serve as a director for the year and this re-appointment has been proposed to shareholders in terms of ordinary resolution 2 as set out in the notice of the 2014 annual general meeting.

Board committees

The Board has established the following Board committees, each with specific terms of reference, to assist it in the execution of its role:

- Audit & Risk
- Remuneration & Nomination
- Social & Ethics

All of the Board committees are constituted in accordance with the recommendations of King III and are chaired by an independent non-executive director.

The terms of reference of each of the Board committees are reviewed as necessary and specify the relevant committee's constitution, mandate, relationship and accountability to the Board. Detailed reports on the constitution, role and performance of each of the Board committees can be accessed online as follows:

- Audit & Risk
- Remuneration & Nomination
- Social & Ethics

The Audit & Risk Committee has been appointed in terms of the provisions of King III and the Companies Act and consists exclusively of independent non-executive directors. The members of this committee are elected by shareholders at every annual general meeting.

The table below reflects Board meetings held during the year and attendance at those meetings:

	Extra-ordinary meeting 3 July 2013	Board meeting 11 September 2013	Board meeting 3 December 2013	Board meeting 6 March 2014	Extra-ordinary meeting 16 April 2014	Extra-ordinary meeting 21 May 2014	Strategy meeting 25 June 2014	Board meeting 26 June 2014
Roy Andersen	✓	✓	✓	✓	✓	✓	✓	✓
Gus Attridge	✓	✓	✓	✓	✓	✓	✓	✓
Rafique Bagus	Apology	✓	✓	✓	✓	✓	✓	✓
John Buchanan	✓	✓	✓	✓	✓	✓	✓	✓
Kuseni Dlamini	Apology	✓	✓	✓	✓	✓	✓	✓
Judy Dlamini	✓	✓	✓	✓	Apology	✓	✓	✓
Abbas Hussain	✓	✓	✓	✓	Apology	✓	✓	✓
Chris Mortimer	✓	✓	✓	✓	✓	Apology	✓	✓
Maureen Manyama-Matome	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓
Stephen Saad	✓	✓	✓	✓	✓	✓	✓	✓
Sindi Zilwa	Apology	✓	✓	✓	✓	Apology	✓	✓

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Abbreviated corporate governance statement continued

The tables below reflect committee meetings held during the year and attendance at those meetings:

Audit & Risk Committee member	10 September 2013	16 October 2013	21 October 2013	5 March 2014	24 June 2014
Roy Andersen	✓	✓	✓	✓	✓
John Buchanan (Chairman)	✓	✓	✓	✓	✓
Sindi Zilwa	✓	Apologies	Apologies	✓	✓

Social & Ethics Committee member	14 August 2013	18 November 2013	17 February 2014	4 June 2014
Gus Attridge	✓	Apologies	✓	Apologies
Rafique Bagus	✓	✓	✓	Apologies
Judy Dlamini	✓	✓	✓	✓
Sindi Zilwa (Chairman)	✓	✓	✓	✓

Refer to page 82 for meetings held and attendance at meetings of the Remuneration & Nomination Committee.

Board and committee meetings

The Board meets at least once every quarter. These meetings and the meetings of the Board's committees are held as scheduled, with additional meetings being convened to discuss specific issues which arise between scheduled meetings. Board meetings are convened by formal notice to the directors. There are comprehensive management reporting disciplines in place with strategic, financial, operational, risk and governance reports tabled. Meeting packs, containing detailed proposals and management reports, are distributed by the Company Secretary & Group Governance Officer to all directors in a timely manner in advance of scheduled meetings, and directors are afforded ample opportunity to study the material presented and to request additional information from management where necessary.

Decisions taken at Board meetings are decided by a majority of votes, with each director having one vote. Where resolutions need to be taken between Board meetings, a written proposal is circulated to all directors, and requires signature by a majority of directors to be valid.

The Board committees report formally to the Board at each Board meeting following any meeting of a committee.

Evaluation of Board performance

An evaluation of the performance of the Board, the Board committees, the Chairman, the Group Chief Executive, the Company Secretary & Group Governance Officer and of each of the individual directors is conducted annually. Evaluations are designed to gain an insight into how each of the directors of the Board believes the Board is meeting its objectives.

Independence of non-executive directors and conflicts of interest

The independence of the non-executive directors is tested on a regular basis to ensure that there are no business or other relationships which could materially interfere with a director's capacity to act independently. At least once annually, Aspen actively solicits details of its directors' interests in the Group, their external shareholdings and other directorships so as to determine whether there are any actual or potential conflicts of interest. Directors are expected to consider whether any shareholding in the Company affects their independence and discuss the matter, if appropriate, with the Chairman. A register containing the directors' declarations of interest is kept by the Company Secretary & Group Governance Officer, circulated to all directors at least once per year and is available for inspection by any of the directors on request. In addition, the agenda at each scheduled Board meeting allows the Board to consider any conflicts arising from changes to the directors' declarations of interests. The Board has satisfied itself that no relationships exist which could adversely affect the classification of its independent non-executive directors, and accordingly that the classification of each of the directors is appropriate. The independence of non-executive directors who have served on the Board for longer than nine years is assessed annually.

Succession planning

The Board has delegated succession planning for the Group Chief Executive, Deputy Group Chief Executive and senior executives to the Remuneration & Nomination Committee with direct input, as appropriate, from the Chairman and the Group Chief Executive. Succession plans are integrated into the key performance areas at management and executive levels and reported to the Board annually.

Standards of directors' conduct

Directors conduct themselves in accordance with the Aspen Code of Conduct and act consistently in performing their common law and legislative duties of care, skill and diligence, giving due consideration to their fiduciary responsibilities towards the Company.

Company Secretary & Group Governance Officer

The Company Secretary & Group Governance Officer plays a pivotal role in the corporate governance of the Group. He is appointed by and is accountable to the Board as a whole. He attends all Board and committee meetings and provides the Board and directors, collectively and individually, with guidance on the execution of their governance role. The Board has considered and is satisfied with the qualification, competence and expertise of the Company Secretary & Group Governance Officer. He is not a director of the Company and the Board has also satisfied itself of the fact that he continues to maintain an appropriate arm's length relationship with the Board.

All directors have access to the advice and services of the Company Secretary & Group Governance Officer.

Director development

Newly appointed directors are required to participate in an induction programme co-ordinated by the Chairman together with the Company Secretary & Group Governance Officer. In addition to providing an orientation in respect of the Group's operations, directors are guided in their fiduciary duties, provided with information relating to the relevant statutory and regulatory frameworks and introduced to key members of management. The programme makes directors aware of relevant policies such as those relating to dealing in the Company's securities, the duty to declare conflicts of interest and the Company's Code of Conduct.

The Company Secretary & Group Governance is also, with the assistance of the Group Legal Officer & Group Compliance Officer, responsible for ensuring that directors are kept abreast of relevant legislative and regulatory developments as well as significant information impacting the Group's operating environment. Training sessions for non-executive directors are held regularly and are presented by senior management or subject experts. These sessions are designed to keep directors updated on developments in the Group and the territories in which it operates as well as other relevant matters.

Legislative compliance

The Board is ultimately responsible for overseeing the Group's compliance with laws, rules, codes and standards in terms of King III. The Board has delegated to management the responsibility for the implementation of an effective legislative compliance framework and processes as envisaged by King III. The Board has considered the compliance framework that has been established by management and has satisfied itself that it is adequate for the requirements of King III. Aspen has appointed a Group Legal Officer & Group Compliance Officer who fulfils the function of Group Compliance Officer in providing the Board with assurance that the Group is compliant with applicable laws and regulations. This is an independent, objective assurance and consulting activity designed to give operational effect to the principles of King III.

Stakeholder engagement and dispute resolution

The strength of the Group lies in its ability to foster and maintain strong relationships with its stakeholders through transparency and effective communication. The Board of Directors is committed to sustaining Aspen's established credibility and rapport among its stakeholders – this commitment is dealt with in more detail in its Stakeholder Engagement Report available online. In line with this policy, conflict and dispute resolution is dealt with through constructive dialogue with the relevant parties. Where this preferred method does not result in adequate resolution of the matter, external legal advisers, mediators and/or arbitrators are engaged to expedite resolution.

Corporate citizenship

Aspen's vision to deliver value to its stakeholders as a responsible corporate citizen that provides high quality, effective, affordable medicines and products globally is contained in its Responsible Corporate Citizenship Philosophy which is available online.

Risk governance

Risk management is an embedded attribute of Aspen's corporate culture and is inherent to all its business decisions, activities and transactions. Risk management is considered to be a prerequisite to the sustainability of the Group. As such an integrated approach to risk management is implemented giving due consideration to economic, environmental and social indicators which impact the Company and its stakeholders. Both the opportunities and threats underlying each identified risk are considered to ensure a balanced outcome between risk and reward for the sustainability of the Group as a whole. Aspen's risk management objectives aim to sustainably support the effective pursuit of the Group's strategy.

IT governance

IT systems have an essential role to play in the implementation of the Group's strategy and the effectiveness of these systems is reported to the Board on a quarterly basis. The Board has adopted an IT governance charter in accordance with the King III recommendations and has appointed a Chief Information Officer to discharge the duties contained in this charter. An IT Steering Committee has been established to ensure that the Group's IT strategy is aligned with the Group's business objectives and to oversee the implementation and maintenance of the Group's IT governance. This steering committee meets periodically, comprises representatives from both the Group's businesses and functions and is chaired by the Deputy Group Chief Executive.

Internal audit

The Internal Audit is an independent, objective assurance and consulting activity aimed at assisting Aspen to accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, internal control and governance processes.

Remuneration report

The Remuneration & Nomination Committee, a subcommittee of the Board, assists the Board, *inter alia*, in ensuring that:

- the Board has the appropriate composition for it to execute its duties effectively;
- directors are appointed through a formal process;
- the formal induction and ongoing training and development of directors takes place;
- an annual evaluation of the performance of the Board, the Board committees, the Chairman, the Group Chief Executive, the Group Deputy Chief Executive (Finance Director), the Company Secretary & Group Governance Officer and each of the individual directors is conducted;
- the formal succession plans for the Board, the Chairman of the Board, Group Chief Executive, Deputy Group Chief Executive/Financial Director and senior management are reviewed and approved;
- the remuneration policy and remuneration levels are appropriately set across the Group;
- the Group remunerates each director and each executive fairly and responsibly; and
- the disclosure of directors and remuneration is accurate, complete and transparent.

Remuneration & Nomination Committee Terms of Reference

The Remuneration & Nomination Committee has adopted formal Terms of Reference as incorporated in the Board Charter which have been approved by the Board of Directors. The Terms of Reference are reviewed and amended by the Board as and when required. The Committee has conducted its affairs in compliance with these Terms of Reference and has discharged its responsibilities contained therein.

Remuneration & Nomination Committee members and attendance at meetings

In applying the recommendations of King III, the Remuneration & Nomination Committee consists of a majority of independent non-executive directors, one of whom chairs the Committee's meetings. Members and the Chairman of this Committee are elected by the Board.

The Chairman of the Board is a member of this Committee and the Group Chief Executive, Deputy Group Chief Executive and Company Secretary & Group Governance Officer attend meetings by invitation. From time to time other executives of the Group attend meetings of the Committee, as requested.

In accordance with the Terms of Reference, the Committee meets at least three times annually, but more often if necessary. During the current financial year, the Committee met three times. The minutes of these meetings are made available to the other directors on a secure electronic database. The Chairman of the Committee provides the Board with a verbal report of the Committee's activities at each Board meeting. The following table of attendance at Remuneration & Nomination Committee meetings reflects the Committee's meetings held during the year and the attendance of these meetings by its members during the year:

Committee member	12 July 2013	10 September 2013	5 March 2014
Roy Andersen (Chairman)	✓	✓	✓
John Buchanan	✓	✓	✓
Judy Dlamini	✓	✓	✓
Kuseni Dlamini	✓	✓	✓

The Chairman of the Committee represents the Remuneration & Nomination Committee at the annual general meeting each year.

The Company Secretary & Group Governance Officer is also the Secretary of the Committee.

Remuneration Philosophy and Policy

The Group strives to retain its competitive advantage in the global pharmaceutical industry through the attraction and retention of high-calibre individuals, who not only have the required technical qualifications and experience, but who also demonstrate the desired behavioural traits which fit the Group's entrepreneurial and dynamic culture.

The Group remains cognisant of the importance of finding the proper balance between keeping its employees appropriately rewarded and motivated and balancing the financial considerations of the Group's shareholders in the medium term. The Group makes reference to independent surveys, publicly available economic data and marketplace intelligence both locally and internationally in endeavouring to set remuneration packages that are competitive as well as industry and market related. In awarding annual salary increases and incentive payments to employees, consideration is given to an employee's performance and the financial performance of the Group company in which he or she is employed. Consideration is also given to the economic conditions impacting the industry and the geographical market in which the employee is based.

Executive and management remuneration principles

The Remuneration Philosophy of the Aspen Group is aimed at driving the Group's high-performance culture. Remuneration packages are directly linked to individual and Company performance. Executive and management remuneration is formulated in a manner which aligns the rewards of these employees with changes in the value delivered to the Group's stakeholders and further recognises exceptional individual contributions. The remuneration packages of executives and management are accordingly made up of fixed, variable and medium-term incentive elements, as follows:

Base salary

This is the fixed portion of the remuneration package which is payable in cash. It is reviewed annually and in circumstances where the executive or manager has changed responsibilities or has relocated.

Annual incentive

This variable portion of remuneration increases as a proportion of maximum potential earnings as the executive or manager reaches higher levels of seniority. Payable in cash, the entitlement to and the quantum of the annual incentive is determined according to the achievement of predetermined performance targets by the employee and by the Group company in which the executive or manager is employed.

The annual incentive is capped in value. The cap on the annual incentive for executives and managers varies between countries of employment, but does not in any instance exceed 30% of the total remuneration cost (excluding incentives).

A further discretionary bonus may be paid in cash to employees who are considered by the Remuneration & Nomination Committee to have rendered exceptional service in any given year.

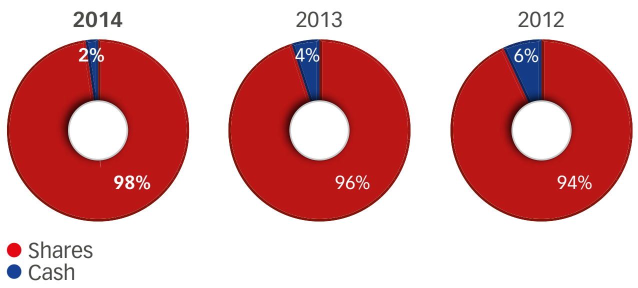
Medium-term incentive

This is applicable to selected employees in Group companies who exceed agreed performance criteria. The medium-term incentive vests three years after award on condition that the executive or manager concerned remains in the employ of the Group. However, should the employee retire within the three-year period, the medium-term incentive will be accelerated to the date of retirement. The medium-term incentive scheme thus plays a direct role in facilitating the Group's retention objectives. The medium-term incentive is determined according to the achievement of predetermined performance targets by the executive or manager and by the Group company in which they are employed. Individual performance is assessed against pre-set key performance measures and company performance is assessed relative to the operating profit budget of the company for which the employee works. In South Africa the medium-term incentive is payable in cash or shares, at the employee's election. In all other qualifying territories, the medium-term incentive is payable in cash under the principles of a phantom share scheme.

The medium-term incentive scheme is also capped in respect of the value that can be awarded, with this cap varying according to the level of seniority of the executive or manager and territory of employment. The maximum award does not exceed 33% of the total remuneration cost (excluding incentives) in any instance. These medium-term incentives are awarded under the following schemes currently in operation:

The Aspen South African Management Deferred Incentive Bonus Scheme

The scheme is designed to acknowledge performance and reward individuals for achievement of both the relevant Aspen business which employs the individual and the individual's performance for the trading period immediately preceding the date that the award is made. This scheme is also aimed at ensuring critical executive and professional skills retention and enhancing congruence between the interests of senior and executive employees and shareholders. The eligible employee is given the choice at the date of the award to receive the deferred incentive bonus either in cash or Aspen shares. These awards vest three years after the date of the award. An enhancement of 10% is given to employees who elect to receive the award in shares. Alignment between shareholder and employee interests has been successful as most eligible employees have historically elected to receive the value of the award in Aspen shares as graphically reflected below.



The value of deferred incentive awards taken in shares versus value of deferred incentive awards taken in cash over the past three years is reflected above.

To the extent that an employee elects to receive shares pursuant to the award, these shares are bought on the open market by the Share Incentive Scheme Trust to avoid the dilution of shareholders and are awarded to employees in terms of the existing Aspen Share Incentive Scheme. Shares awarded in terms of this scheme vest three years after the date of the award. The rules of the scheme specifically prohibit the re-pricing of awards to cater for unfavourable fluctuations in the share price. The rules of the scheme also provide that the Remuneration & Nomination Committee may amend the rules of the scheme at any time, provided that no such amendment may adversely affect the vested rights of the participants of the scheme unless their prior written consent is obtained. All material amendments are also subject to the approval of shareholders and the JSE.

The Aspen International Phantom Share Scheme

In order to incentivise the management of Aspen's International businesses in the medium term, a phantom share scheme exists for selected international employees. Awards are linked to performance of the employee, the business and growth in the Aspen share price. The scheme has been designed to incentivise managers for the medium term, align their goals with those of the Aspen Group and to match their reward to movements 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 bonus based initially on a predetermined value and thereafter on changes in the Aspen share price. As this scheme does not result in the issue of shares or other Company securities, it is not regulated by the JSE, it does not require shareholder approval and it does not lead to dilution in shareholding. All awards in terms of this scheme require the express approval of the Remuneration & Nomination Committee.

In determining annual incentives, the Remuneration & Nomination Committee has the discretion to exclude factors and extraordinary events which are beyond the control of the Group, but which may nevertheless favourably or adversely impact the Group's performance. Accordingly, extraneous factors may be excluded in the calculation of incentives for the executive directors and other members of executive management at the discretion of the Committee.

Legacy share schemes

The following share schemes are still operational in terms of awards which were previously made. No new awards are being made under the schemes.

Aspen Share Incentive Scheme

- The scheme was adopted by shareholders in January 1999. In terms of the scheme adopted, and subsequent amendments, share options were granted to management and key employees. Participants in the scheme are entitled to take release of the options granted in five equal annual tranches, commencing on the second anniversary of the date granted and expiring on the eighth anniversary of the grant date. To the extent that outstanding share options are exercised on or after vesting date, the appropriate number of shares will be listed and awarded to the participant.

Aspen Share Appreciation Plan

- The plan was adopted by shareholders in October 2005. In terms of the plan, share appreciation rights are awarded to key management. Participants are awarded rights to receive shares in the Company equivalent to an amount calculated by reference to the increase in value of the rights between the date of the grant and the date of exercise of the rights. The rights vest on the third anniversary of the award date and expire on the fifth anniversary of that date. To the extent that outstanding share appreciation rights are exercised on or after vesting date, the appropriate number of shares will be listed and awarded to the participant.

Aspen South African Workers' Share Plan

- The Workers' Share Plan was adopted by shareholders in October 2005. In terms of the plan, all South African employees employed by the Company for a full year on a permanent basis were issued shares in the Company to the value of R9 000 each over a period of three years. The shares vested immediately but are subject to a lock-up period of one year. The last tranche of this plan was issued in July 2009.

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 (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 0,34% of the Company's issued share capital. From the date of inception of these schemes in 2001, 39 036 329 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.

A detailed indication of the maximum number of shares that may result from awards granted in terms of the Share Incentive Scheme is contained in note 15.1 of the Group Annual Financial Statements. The number of shares that may result from awards made under the Share Appreciation Plan can only be determined at the date of exercise. Refer to note 15.2 of the Group Annual Financial Statements.

The Group's management incentive schemes are approved by the Remuneration & Nomination Committee, which reports to the Board on all approved schemes.

Benefits

Benefits vary from country to country depending on customs and regulations. Benefits include retirement funding, medical insurance and life and disability insurance. A limited number of employees in South Africa are entitled to post-retirement health benefits (as a consequence of contractual obligations assumed from predecessor companies). Aspen has never offered post-retirement health benefits, but has assumed obligations for retirement health benefits through various acquisitions.

In respect of retirement benefits, the Group generally contributes to employee retirement funding. The extent of its contributions varies from country to country, depending on the state social security contributions and benefits in the country concerned.

Executive directors

The principles in terms of which the remuneration packages of the Group's executive directors are determined are similar to those applicable to other executives and management. Executive directors accordingly receive a base salary, an annual incentive and a medium-term incentive which are determined in accordance with the principles applicable to executives and management and are calculated as set out in this report. In the case of the executive directors, the maximum annual incentive is 100% of their total remuneration cost (excluding incentives).

In terms of their service contracts, executive directors receive no additional remuneration on account of their being directors of the Company.

Executive directors' annual incentive bonuses are recommended by the Remuneration & Nomination Committee based on predetermined targets.

In respect of the year to 30 June 2014 the targets were:

- the three-year CAGR of the Group's fully diluted headline earnings per share from continuing operations. The maximum target is the three-year compound annual South African Consumer Price Index +8% and the minimum threshold for the achievement of the incentive is the three-year annual compound Consumer Price Index +1%. The weighting of this portion of the incentive is 40% of the total incentive;
- the three-year CAGR of the Group's earnings before interest, tax, depreciation and amortisation per share. The maximum target is the three-year annual compound South African Consumer Price Index +8% and the minimum threshold for the achievement of the incentive is the three-year compounded Consumer Price Index +1%. The weighting of this portion of the incentive is 30% of the total incentive; and

Remuneration report continued

- a weighting of 30% on their KPIs, which include the development and implementation of Group strategy, management of key stakeholder relationships, effective corporate governance, manufacturing capacity, product development, safety and environmental performance, the alignment of IT with business requirements and the satisfaction of objectives set by the Social & Ethics Committee, including transformation within Aspen's South African businesses.

These performance targets were met by both the executive directors.

The targets in respect of the year to 30 June 2015 remain unchanged from the targets set for the 2014 financial year.

In addition to the annual incentive, executive directors are, subject to the approval of the Remuneration & Nomination Committee, awarded a medium-term incentive bonus under the terms and conditions of the South African Management Deferred Incentive Bonus Scheme referred to previously, capped at a maximum of 41,25% of their total remuneration cost (excluding incentives). The extent of these awards is determined with reference to the same predetermined targets applicable to the executive directors' annual incentive bonus as detailed previously.

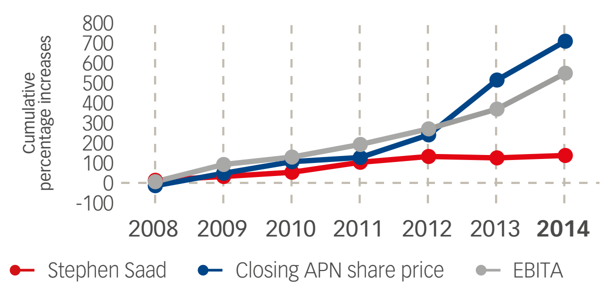
Neither of the executive directors has a long-term service contract with the Group and, in both instances, the service contracts of the executive directors are terminable on six months' written notice.

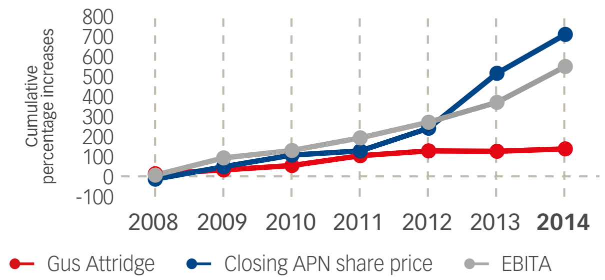
Total remuneration composition of executive directors

Stephen Saad

Gus Attridge

Cumulative executive director remuneration increases as compared to cumulative increases in EBITDA and the Aspen share price





The executive directors have, to date, always elected to receive their deferred incentive awards in shares as opposed to cash.

Non-executive directors

Non-executive directors do not receive any bonuses, share options, incentives or other payments in addition to their directors' fees. Following research into trends in non-executive director remuneration among companies of a similar size and complexity to the Group and the duties performed, non-executive directors' fees are proposed by management to the Remuneration & Nomination Committee.

After review of such proposals, the Remuneration & Nomination Committee makes appropriate recommendations, other than for fees for services rendered to the Remuneration & Nomination Committee, to the Board. The proposal endorsed by the Board is tabled for approval by shareholders at the annual general meeting. In line with the requirements of the Companies Act, the fees payable to the non-executive directors for the 2014 financial year were approved by a special resolution of Aspen's shareholders at the Company's annual general meeting held in December 2013. The fees payable to these directors through to the annual general meeting in 2015 will be submitted for approval at the Company's annual general meeting to be held on 8 December 2014.

The Chairman of the Board receives a flat annual fee for her role as Chairman. Non-executive directors' fees are fixed for the year. A quarterly base fee is payable to each non-executive director, in addition to a fee per meeting attended. Further fees will be paid for attendance at unscheduled meetings dependent on the number of hours spent at the meeting, up to a maximum of the set fee per meeting. In the instance of non-attendance, non-executive directors are obliged to continue to participate in meetings by providing the Chairman or the committee Chairman with detailed inputs for all agenda items. The Remuneration & Nomination Committee has discretion to approve payment of such fees to a non-executive director notwithstanding his/her absence from a meeting in special circumstances.

Consistency of application and approval

The remuneration philosophy is consistently applied across all companies forming part of the Group. In line with the recommendation of King III, the Group will table this Remuneration Policy at its 2014 annual general meeting for a non-binding advisory vote by shareholders.

Directors' remuneration and shareholding

The tables below set out the remuneration paid to the directors as well as the details of directors' shareholdings in the Group:

Non-executive directors	2014 R'000	2013 R'000
Roy Andersen	**560**	508
Rafique Bagus	**322**	308
John Buchanan	**662**	633
Judy Dlamini	**866**	817
Kuseni Dlamini	**318**	233
Abbas Hussain	**257**	185
Maureen Manyama-Matome*	**26**	–
Chris Mortimer	**248**	213
Sindi Zilwa	**532**	498
	3 791	3 395

Appointed to the Board with effect from 1 June 2014.

Executive directors	Remuneration R'000	Retirement and medical aid benefits R'000	Performance bonus R'000	Share-based payment expenses R'000	Total R'000
2014					
Gus Attridge	**4 796**	**591**	**5 377**	**1 914**	**12 678**
Stephen Saad	**5 814**	**701**	**6 506**	**2 319**	**15 340**
	10 610	**1 292**	**11 883**	**4 233**	**28 018**
2013					
Gus Attridge	4 568	555	5 123	1 794	12 040
Stephen Saad	5 535	660	6 195	2 173	14 563
	10 103	1 215	11 318	3 967	26 603

Remuneration report continued

Directors' interests in Aspen shares

The table below reflects the status of rights in existence at the beginning of the year which were issued to executive directors in terms of the Aspen Share Appreciation Scheme in the past and which of those rights were exercised during the year:

	Grant price (R)	Expiry date	Rights outstanding on 30 June 2013 ('000)	Exercised ('000)	**Rights outstanding on 30 June 2014 ('000)**	Vested ('000)
Stephen Saad	41,03	Sept 2013	181	181	**–**	–

No share appreciation rights lapsed or were cancelled during the year.

Shares allocated in terms of the South African Management Deferred Incentive Bonus Scheme as at the beginning of the year and those offered to and accepted by executive directors during the year were as follows:

	Grant price (R)	Expiry date	Shares outstanding on 30 June 2013 ('000)	Awarded during the year ('000)	Released during the year ('000)	**Shares outstanding on 30 June 2014 ('000)**
Gus Attridge	86,88	Nov 2013	19	–	19	**–**
	89,68	Oct 2014	20	–	–	**20**
	156,00	Oct 2015	13	–	–	**13**
	264,13	Oct 2016	–	8	–	**8**
			52	8	19	**41**
Stephen Saad	86,88	Nov 2013	24	–	24	**–**
	89,68	Oct 2014	25	–	25	**–**
	156,00	Oct 2015	16	–	–	**16**
	264,13	Oct 2016	–	10	–	**10**
			65	10	49	**26**
			117	18	43	**67**

The deferred incentive bonus shares have a maturity date of three years on acceptance of the bonus.

The direct and indirect beneficial interests of the directors and their associates in the shares of the Company were:

	Direct ('000)		Indirect ('000)	
	2014	2013	**2014**	2013
Roy Andersen	**40**	40	**–**	–
Gus Attridge	**3 679**	3 668	**15 169**	15 169
Rafique Bagus	**6**	6	**35**	30
John Buchanan	**–**	–	**30**	30
Judy Dlamini	**–**	–	**2 627**	2 627
Kuseni Dlamini	**–**	–	**–**	–
Abbas Hussain	**–**	–	**–**	–
Maureen Manyama-Matome	**–**	–	**–**	–
Chris Mortimer	**88**	78	**–**	–
Stephen Saad	**4 006**	3 830	**51 303**	51 303
Sindi Zilwa	**–**	–	**–**	–
	7 819	7 662	**69 164**	69 159

None of the directors held any non-beneficial shares in the Company at 30 June 2014.

Roy Andersen
Remuneration & Nomination Committee Chairman

22 October 2014

Statement of responsibility by the Board of Directors

The directors are responsible for the preparation, integrity and fair presentation of the Summarised Group Annual Financial Statements of Aspen Pharmacare Holdings Limited and its subsidiaries. The Summarised Group Annual Financial Statements were derived from the Group Annual Financial Statements which are separately available at www.aspenpharma.com.

The directors confirm that, in preparing the Summarised Group 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 Summarised Group 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 Summarised Group 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 Summarised Group Annual Financial Statements comply with the relevant legislation.

The preparation of the Summarised Group 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 Summarised Group 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 Summarised Group 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 Summarised Group Annual Financial Statements support the viability of the Group.

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

The Group's external auditors, PricewaterhouseCoopers Incorporated, audited the Group Annual Financial Statements from which the Summarised Group Annual Financial Statements were derived.

The Summarised Group Annual Financial Statements have been prepared under the supervision of the Deputy Group Chief Executive, MG Attridge CA(SA) and approved by the Board of Directors.

Judy Dlamini
Chairman

Gus Attridge
Deputy Group Chief Executive

Johannesburg
22 October 2014

Report of the independent auditor on the summarised Group financial statements to the shareholders of Aspen Pharmacare Holdings Limited

The summarised group financial statements, which comprise the summarised group statement of financial position as at 30 June 2014, and the summarised group statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, as set out on pages 92 to 101, are derived from the audited group financial statements of Aspen Pharmacare Holdings Limited for the year ended 30 June 2014. We expressed an unmodified audit opinion on those group financial statements in our report dated 22 October 2014.Our auditor's report on the audited group financial statements contained an Other Matter paragraph (refer below).

The summarised group financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to financial statements. Reading the summarised group financial statements, therefore, is not a substitute for reading the audited group financial statements of Aspen Pharmacare Holdings Limited.

Directors' responsibility for the summarised group financial statements

The company's directors are responsible for the preparation of a summary of the audited group financial statements in accordance with the JSE Limited's (JSE) requirements for summarised financial statements, set out in the Basis of Preparation and Accounting Policies to the summarised group financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on the summarised group financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summarised group financial statements derived from the audited group financial statements of Aspen Pharmacare Holdings Limited for the year ended 30 June 2014 are consistent, in all material respects, with those group financial statements, in accordance with the JSE's requirements for summarised financial statements, set out in the Basis of Preparation and Accounting Policies to the summarised group financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

The Other Matter paragraph in our audit report dated 22 October 2014 states that as part of our audit of the group financial statements for the year ended 30 June 2014, we have read the Director's Report, the Audit and Risk Committee's Report and the Certificate of the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited group financial statements. These reports are the responsibility of the respective preparers. The Other Matter paragraph states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited group financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The Other Matter paragraph does not have an effect on the summarised group financial statements or our opinion thereon.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Incorporated
Director: Tanya Rae
Registered auditor
Johannesburg

22 October 2014

Basis of presentation and accounting policies

These Summarised Group Annual Financial Statements for the year ended 30 June 2014 have been prepared in terms of the recognition and measurement requirements of the International Financial Reporting Standards, the AC 500 series pronouncements as issued by the Accounting Practices Board, the JSE Listings Requirements, the requirements of the South African Companies Act, No 71 of 2008, and the presentation and disclosure requirements of IAS 34 – *Interim reporting*. Accounting policies used are consistent with those applied in the previous Annual Financial Statements and IFRS.

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

These results have been audited by the Company's auditors, PricewaterhouseCoopers Incorporated.

Summarised Group statement of financial position

at year ended 30 June 2014

	Notes	2014 R'million	2013 R'million
Assets			
Non-current assets			
Property, plant and equipment		**7 150,8**	4 342,6
Goodwill		**6 641,8**	5 973,2
Intangible assets		**35 698,9**	18 933,0
Other non-current assets		**298,9**	26,7
Contingent environmental indemnification asset	F#	**727,1**	–
Deferred tax assets		**817,1**	369,2
Total non-current assets		**51 334,6**	29 644,7
Current assets			
Inventories		**10 275,2**	4 100,9
Receivables and other current assets		**9 661,2**	5 657,5
Cash and cash equivalents		**8 225,6**	6 018,6
Total operating current assets		**28 162,0**	15 777,0
Assets classified as held-for-sale		**3 050,8**	–
Total current assets		**31 212,8**	15 777,0
Total assets		**82 547,4**	45 421,7
Shareholders' equity			
Share capital (including treasury shares)		**3 867,9**	3 989,2
Reserves		**25 006,3**	18 804,6
Ordinary shareholders' equity		**28 874,2**	22 793,8
Non-controlling interests		**1,9**	5,1
Total shareholders' equity		**28 876,1**	22 798,9
Liabilities			
Non-current liabilities			
Borrowings		**29 915,5**	8 923,5
Deferred tax liabilities		**1 351,1**	600,5
Retirement and other employee benefits		**497,6**	94,0
Contingent environmental liability	F#	**727,1**	–
Unfavourable and onerous contracts	G#	**2 638,7**	–
Other non-current liabilities		**2 499,3**	139,5
Total non-current liabilities		**37 629,3**	9 757,5
Current liabilities			
Trade and other payables		**6 884,0**	4 174,6
Borrowings*		**8 075,3**	8 152,7
Other current liabilities		**747,4**	538,0
Unfavourable and onerous contracts	G#	**335,3**	–
Total current liabilities		**16 042,0**	12 865,3
Total liabilities		**53 671,3**	22 622,8
Total equity and liabilities		**82 547,4**	45 421,7
Number of shares in issue (net of treasury shares) ('000)		**455 914**	455 208
Net asset value per share (cents)		**6 333,3**	5 007,3

See notes on supplementary information.

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

Summarised Group statement of comprehensive income

for the year ended 30 June 2014

	Notes	Change	2014 R'million	2013 R'million
Revenue		53%	**29 515,1**	19 308,0
Cost of sales			**(15 793,2)**	(10 077,3)
Gross profit		49%	**13 721,9**	9 230,7
Selling and distribution expenses			**(4 401,3)**	(2 343,5)
Administrative expenses			**(1 652,5)**	(1 366,0)
Other operating income			**692,4**	104,2
Other operating expenses			**(935,7)**	(582,1)
Operating profit	B#	47%	**7 424,8**	5 043,3
Investment income	C#		**278,1**	298,8
Financing costs	D#		**(1 346,4)**	(852,7)
Profit before tax		42%	**6 356,5**	4 489,4
Tax			**(1 351,0)**	(975,3)
Profit for the year		42%	**5 005,5**	3 514,1
Other comprehensive income, net of tax*				
Net investment hedge profit in Aspen Asia Pacific			**23,9**	–
Net gains from cash flow hedging in respect of business acquisitions	K#		**75,1**	–
Currency translation movements	E#		**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
Weighted average number of shares in issue ('000)			**456 116**	455 397
Diluted weighted average number of shares in issue ('000)			**456 219**	456 027
Earnings per share				
Basic earnings per share (cents)		42%	**1 097,9**	773,0
Diluted earnings per share (cents)		42%	**1 097,6**	771,9
Distribution to shareholders				
Capital distribution per share (cents)			**26,0**	157,0
Cash dividends per share (cents)			**131,0**	–
			157,0	157,0

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

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

 # See notes on supplementary information.

Summarised Group statement of headline earnings

for the year ended 30 June 2014

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

Summarised Group statement of changes in equity

for the year ended 30 June 2014

	Share capital (including treasury shares) R'million	Reserves R'million	Total attributable to equity holders of the parent R'million	Non-controlling interests R'million	Total R'million
Balance at 1 July 2012	4 703,1	12 686,3	17 389,4	8,7	17 398,1
Total comprehensive income	–	6 078,2	6 078,2	(6,1)	6 072,1
Profit for the year	–	3 520,1	3 520,1	(6,0)	3 514,1
Other comprehensive income	–	2 558,1	2 558,1	(0,1)	2 558,0
Capital distribution and dividends paid	(714,9)	–	(714,9)	(0,2)	(715,1)
Stamp duty on acquisitions	–	(2,1)	(2,1)	–	(2,1)
Issue of ordinary share capital – share schemes	9,6	–	9,6	–	9,6
Treasury shares purchased	(21,1)	–	(21,1)	–	(21,1)
Deferred incentive bonus shares exercised	12,5	(12,5)	–	–	–
Share-based payment expenses	–	20,0	20,0	–	20,0
Equity portion of tax claims in respect of share schemes	–	23,8	23,8	–	23,8
Hyperinflation adjustment	–	10,9	10,9	2,7	13,6
Balance at 30 June 2013	**3 989,2**	**18 804,6**	**22 793,8**	**5,1**	**22 798,9**
Total comprehensive income	**–**	**6 915,4**	**6 915,4**	**(3,9)**	**6 911,5**
Profit for the year	**–**	**5 007,6**	**5 007,6**	**(2,1)**	**5 005,5**
Other comprehensive income	**–**	**1 907,8**	**1 907,8**	**(1,8)**	**1 906,0**
Capital distribution and dividends paid	**(118,6)**	**(597,4)**	**(716,0)**	**(0,2)**	**(716,2)**
Issue of ordinary share capital – share schemes	**2,7**	**–**	**2,7**	**–**	**2,7**
Treasury shares purchased	**(22,3)**	**–**	**(22,3)**	**–**	**(22,3)**
Deferred incentive bonus shares exercised	**16,9**	**(16,9)**	**–**	**–**	**–**
Share-based payment expenses	**–**	**21,8**	**21,8**	**–**	**21,8**
Equity portion of tax claims in respect of share schemes	**–**	**10,8**	**10,8**	**–**	**10,8**
Hyperinflation adjustment	**–**	**(132,0)**	**(132,0)**	**0,9**	**(131,1)**
Balance at 30 June 2014	**3 867,9**	**25 006,3**	**28 874,2**	**1,9**	**28 876,1**

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Summarised 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 operating profit		**7 911,2**	5 960,1
Changes in working capital		**(2 187,5)**	(590,1)
Cash generated from operations		**5 723,7**	5 370,0
Net financing costs paid		**(709,1)**	(584,6)
Tax paid		**(1 178,3)**	(799,3)
Cash generated from operating activities		**3 836,3**	3 986,1
Cash flows from investing activities			
Capital expenditure – property, plant and equipment	A#	**(1 328,9)**	(667,1)
Proceeds on the sale of property, plant and equipment		**106,3**	10,7
Capital expenditure – intangible assets	A#	**(700,4)**	(3 654,9)
Proceeds on the sale of intangible assets		**898,8**	3,5
Acquisition of subsidiaries and businesses	K#	**(19 764,2)**	(1 578,6)
Payment of deferred consideration		**(85,9)**	–
Prepayment in anticipation of acquisition		**–**	(394,7)
Stamp duty on acquisitions		**–**	(2,1)
Net investment hedge profit in Aspen Asia Pacific		**23,9**	–
Cash used in investing activities		**(20 850,4)**	(6 283,2)
Cash flows from financing activities			
Net proceeds from borrowings		**20 183,3**	4 336,0
Capital distribution and dividends paid		**(716,2)**	(715,1)
Proceeds from issue of ordinary share capital		**2,7**	9,6
Treasury shares purchased		**(22,3)**	(21,1)
Decrease in cash restricted for use as security for borrowings		**–**	1,3
Cash generated from financing activities		**19 447,5**	3 610,7
Movement in cash and cash equivalents before effects of 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		**6 161,8**	3 416,2
Diluted operating cash flow per share (cents)		**841,1**	875,3
Reconciliation of cash and cash equivalents			
Cash and cash equivalents per the statement of financial position		**8 225,6**	6 018,6
Less: Bank overdrafts		**(2 063,8)**	(2 602,4)
		6 161,8	3 416,2

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

See notes on supplementary information.

Summarised 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	35	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	8	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).*

Summarised Group supplementary information

for the year ended 30 June 2014

		2014 R'million	2013 R'million
A.	**Capital expenditure**		
	Incurred	**2 029,3**	4 322,0
	– Property, plant and equipment	**1 328,9**	667,1
	– Intangible assets	**700,4**	3 654,9
	Contracted	**477,2**	651,8
	– Property, plant and equipment	**425,7**	525,5
	– Intangible assets	**51,5**	126,3
	Authorised but not contracted for	**2 967,1**	1 242,2
	– Property, plant and equipment	**2 652,9**	1 052,0
	– Intangible assets	**314,2**	190,2
B.	**Operating profit has been arrived at after charging/(crediting)**		
	Depreciation of property, plant and equipment	**433,9**	294,5
	Amortisation of intangible assets	**389,9**	255,7
	Net (reversal of impairment)/impairment of property, plant and equipment	**(8,2)**	9,6
	Net impairment of intangible assets	**113,3**	59,6
	Share-based payment expenses – employees	**47,5**	31,2
	Transaction costs	**339,4**	37,3
	Restructuring costs	**42,1**	151,8
	Settlement of product litigation	**–**	43,0
	Monetary adjustment relating to hyperinflation	**80,9**	1,3
C.	**Investment income**		
	Interest received	**278,1**	298,8
D.	**Financing costs**		
	Interest paid	**(1 295,9)**	(842,3)
	Debt raising fees on acquisitions	**(154,7)**	(51,9)
	Net foreign exchange gains/(losses)	**80,7**	(34,3)
	Foreign exchange gain on settlement of transaction funding liability	**248,9**	–
	Fair value (losses)/gains on financial instruments	**(86,0)**	77,5
	Notional interest on financial instruments	**(131,4)**	(1,7)
	Other	**(8,0)**	–
		(1 346,4)	(852,7)

E. Currency translation movements

Currency translation movements on the translation of the offshore businesses is as a result of the difference between the weighted average exchange rate used in the statement of comprehensive income and the opening and closing exchange rate applied in the statement of financial position. For the period the weaker closing Rand translation rate increased the Group net asset value.

F. Contingent environmental liabilities and indemnification assets

The contingent environmental liability and contingent environmental indemnification asset relate to environmental remediation required at the Moleneind site at Oss, in the Netherlands, acquired as part of the API business. The remediation is being managed, undertaken and funded by MSD. However, as owner of the site, Aspen Oss has inherited a legal obligation for the remediation for which it has been indemnified by MSD. Consequently, Aspen has recognised a contingent liability and a corresponding contingent indemnification asset 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 liability and the realisation of the indemnification asset are not expected to have any cash flow implications for the Group.

G. Unfavourable and onerous contracts

Certain supply contracts for the third party manufacture of products in Aspen Oss and in Aspen NDB have been classified as either unfavourable or onerous. These liabilities will be released to revenue over the term of the contracts in terms of *IAS 18 – Revenue*.

		2014 R'million	2013 R'million
H.	**Contingent liabilities**		
	There are contingent liabilities in respect of		
	Contingency relating to product litigation	**27,6**	25,9
	Customs guarantee	**14,8**	–
	Indirect tax contingent liabilities	**36,1**	10,4
	Contingencies arising from labour cases	**2,8**	4,3
	Other contingent liabilities	**5,7**	2,0

I. Income tax contingency

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

		2014 R'million	2013 R'million
J.	**Guarantees to financial institutions**		
	Material guarantees given by Group companies for indebtedness of subsidiaries to financial institutions	**12 888,7**	5 600,6

K. Acquisition of subsidiaries and businesses

2014

API business

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

MSD business

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

Aspen NDB

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

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 presently conducted by Nestlé and Pfizer in Latin America, predominantly in Mexico, Venezuela, Colombia, Ecuador, Chile, Peru, Central America and the Caribbean for a purchase consideration of USD180 million.

South African infant nutritional business

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 nutritional 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.

Summarised Group supplementary information continued

for the year ended 30 June 2014

K. Acquisition of subsidiaries and businesses continued

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

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

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

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

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

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

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

K. Acquisition of subsidiaries and businesses continued

Goodwill

The goodwill arising on the acquisition of the Latam and South African infant nutritional businesses recognises
- the benefit to the products of Aspen's knowledge and expertise relating to its existing infant milk business; 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 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 goodwill arising on the acquisition of the GSK thrombosis business recognises
- the benefit to the products of Aspen's additional promotional focus;
- the synergies from the consolidation of the acquired business with Aspen's existing business, particularly in Europe; and
- the synergies from the vertical integration with the heparin production capabilities at the API business.

The total amount of goodwill recognised is not tax deductible.

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**

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 was completed on 25 September 2014. Mylan will pay Aspen USD225 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.

Eleven-year review

	10-year CAGR %	IFRS Year ended 30 June 2014 R'million	IFRS Year ended 30 June 2013 R'million	IFRS Year ended 30 June 2012 R'million
Group income statements				
Continuing operations				
Revenue	30	**29 515,1**	19 308,0	15 255,8
Gross profit	29	**13 721,9**	9 230,7	7 276,3
EBITA	28	**7 730,8**	5 600,3	4 415,0
Total amortisation and non-trading adjustments	15	**(306,0)**	(557,0)	(474,4)
Operating profit	30	**7 424,8**	5 043,3	3 940,6
Net financing costs	45	**(1 068,3)**	(553,9)	(500,6)
Profit before tax	28	**6 356,5**	4 489,4	3 440,0
Profit for the year	30	**5 005,5**	3 514,1	2 667,7
Group statements of financial position				
Assets				
Non-current assets				
Property, plant and equipment		**7 150,8**	4 342,6	3 807,0
Goodwill		**6 641,8**	5 973,2	5 343,9
Intangible assets		**35 698,9**	18 933,0	11 869,8
Preference share investment		**–**	–	–
Other non-current assets		**1 026,0**	26,7	31,5
Deferred tax assets		**817,1**	369,2	234,4
Total non-current assets		**51 334,6**	29 644,7	21 286,6
Current assets				
Inventories		**10 275,2**	4 100,9	3 292,0
Receivables and other current assets		**9 661,2**	5 657,5	3 825,2
Cash restricted for use		**–**	–	1,2
Cash and cash equivalents		**8 225,6**	6 018,6	3 313,5
Total operating current assets		**28 162,0**	15 777,0	10 431,9
Assets classified as held-for-sale		**3 050,8**	–	–
Total current assets		**31 212,8**	15 777,0	10 431,9
Total assets		**82 547,4**	45 421,7	31 718,5
Equity and liabilities				
Ordinary shareholders' equity		**28 874,2**	22 793,8	17 389,4
Equity component of preference shares		**–**	–	–
Non-controlling interests		**1,9**	5,1	8,7
Total shareholders' equity		**28 876,1**	22 798,9	17 398,1
Non-current liabilities				
Preference shares – liability component		**–**	–	–
Borrowings		**29 915,5**	8 923,5	6 254,1
Other non-current financial liabilities		**6 362,7**	233,5	210,0
Deferred tax liabilities		**1 351,1**	600,5	536,0
Total non-current liabilities		**37 629,3**	9 757,5	7 000,1
Current liabilities				
Trade and other payables		**6 884,0**	4 174,6	2 929,2
Borrowings		**8 075,3**	8 152,7	4 127,1
Other current financial liabilities		**1 082,7**	538,0	264,0
Total operating current liabilities		**16 042,0**	12 865,3	7 320,3
Liabilities associated with assets held-for-sale		**–**	–	–
Total current liabilities		**16 042,0**	12 865,3	7 320,3
Total equity and liabilities		**82 547,4**	45 421,7	31 718,5

IFRS Year ended 30 June 2011 R'million	IFRS Year ended 30 June 2010 R'million	IFRS Year ended 30 June 2009 R'million	IFRS Year ended 30 June 2008 R'million	IFRS Year ended 30 June 2007 R'million	IFRS Year ended 30 June 2006 R'million	IFRS Year ended 30 June 2005 R'million	SA GAAP Year ended 30 June 2004 R'million
12 383,2	9 619,2	8 441,4	4 682,5	4 025,9	3 449,3	2 814,6	2 201,7
5 613,5	4 476,5	3 877,3	2 171,3	1 941,7	1 660,3	1 390,6	1 058,1
3 488,6	2 734,6	2 294,5	1 260,0	1 194,3	1 009,8	837,4	631,8
(339,6)	(210,2)	(124,2)	(63,7)	(117,7)	(115,1)	(99,2)	(78,0)
3 149,0	2 524,4	2 174,7	1 196,3	1 076,6	894,7	738,2	553,8
(412,1)	(365,3)	(475,0)	(17,3)	(67,2)	(40,8)	(61,9)	(25,3)
2 736,9	2 157,4	1 696,4	1 177,9	1 009,4	853,9	676,4	528,5
2 154,9	1 698,9	1 337,5	844,8	717,7	637,5	468,8	355,6
3 651,5	3 012,4	2 261,1	1 623,0	855,1	613,1	481,7	312,8
4 626,6	456,1	398,4	603,0	295,0	270,4	195,6	86,2
8 916,7	8 609,9	4 103,6	3 631,8	844,7	803,4	665,8	441,9
–	–	–	–	376,8	376,8	376,8	–
11,8	34,4	27,6	30,5	6,0	11,9	0,1	124,5
2 16,5	65,5	17,9	1,0	15,1	34,4	57,6	7,5
17 423,1	1 2178,3	6 808,6	5 889,3	2 392,7	2 110,0	1 777,6	972,9
2 628,1	2 041,4	1 434,5	1 369,1	936,8	798,3	428,2	245,6
3 263,8	2 359,5	2 040,2	1 789,1	871,2	727,2	512,7	425,6
28,7	21,8	–	–	–	–	–	–
3 039,2	2 939,8	2 065,0	1 521,2	3 331,2	625,2	439,6	465,5
8 959,8	7 362,5	5 539,7	4 679,4	5 139,2	2 150,7	1 380,5	1 136,7
414,5	260,1	–	–	–	–	–	–
9 374,3	7 622,6	5 539,7	4 679,4	5 139,2	2 150,7	1 380,5	1 136,7
26 797,4	19 800,9	12 348,3	10 568,7	7 531,9	4 260,7	3 158,1	2 109,6
13 064,2	10 669,0	3 867,4	2 908,7	2 220,4	1 551,0	954,3	1 066,5
162,0	162,0	162,0	162,0	162,0	162,0	162,0	–
61,1	55,2	75,9	61,1	7,0	6,7	–	–
13 287,3	10 886,2	4 105,3	3 131,8	2 389,4	1 719,7	1 116,3	1 066,5
381,3	386,6	392,2	402,1	403,5	403,3	406,6	–
4 249,0	2 260,2	3 433,8	75,9	25,9	49,0	62,7	156,2
167,0	174,8	9,4	11,9	17,8	35,9	37,4	50,5
504,9	263,2	200,4	133,0	65,3	99,1	71,6	61,6
5 302,2	3 084,8	4 035,8	622,9	512,5	587,3	578,3	268,3
2 830,8	1 913,9	1 287,5	995,7	648,1	712,7	571,9	353,4
5 138,0	3 720,8	2 670,3	5 695,3	3 801,8	1 173,8	761,7	290,0
208,1	195,2	249,4	123,0	180,1	67,2	129,9	131,4
8 176,9	5 829,9	4 207,2	6 814,0	4 630,0	1 953,7	1 463,5	774,8
30,9	–	–	–	–	–	–	–
8 207,9	5 829,9	4 207,2	6 814,0	4 630,0	1 953,7	1 463,5	774,8
26 797,4	19 800,9	12 348,3	10 568,7	7 531,9	4 260,7	3 158,1	2 109,6

Healthcare. We Care.

Eleven-year review continued

		IFRS Year ended 30 June 2014 R'million	IFRS Year ended 30 June 2013 R'million	IFRS Year ended 30 June 2012 R'million
Group statements of cash flows				
Cash operating profit		**7 911,2**	5 960,1	4 746,0
Working capital movements		**(2 187,5)**	(590,1)	(869,6)
Cash generated from operations		**5 723,7**	5 370,0	3 876,4
Net financing costs paid		**(709,1)**	(584,6)	(513,9)
Tax paid		**(1 178,3)**	(799,3)	(454,1)
Cash generated from operating activities		**3 836,3**	3 986,1	2 908,4
Cash used in investing activities		**(20 850,4)**	(6 283,2)	(2 656,3)
Cash generated from/(used in) financing activities		**19 447,5**	3 610,7	(288,3)
Currency translation movements		**312,2**	112,8	273,2
Movement in cash and cash equivalents		**2 745,6**	1 426,4	237,0
Cash and cash equivalents at the beginning of the year		**3 416,2**	1 989,8	1 752,8
Cash and cash equivalents at the end of the year		**6 161,8**	3 416,2	1 989,8
Share performance				
Earnings per share – basic	cents	**1 097,9**	773,0	645,8
From continuing operations	cents	**1 097,9**	773,0	609,3
From discontinued operations	cents	**–**	–	36,5
Earnings per share – diluted	cents	**1 097,6**	771,9	623,2
From continuing operations	cents	**1 097,6**	771,9	588,2
From discontinued operations	cents	**–**	–	35,0
Headline earnings per share	cents	**1 016,3**	788,0	650,1
From continuing operations	cents	**1 016,3**	788,0	649,7
From discontinued operations	cents	**–**	–	0,4
Headline earnings per share – diluted	cents	**1 016,1**	786,9	627,3
From continuing operations	cents	**1 016,1**	786,9	626,9
From discontinued operations	cents	**–**	–	0,4
Normalised headline earnings per share	cents	**1 064,2**	837,3	659,8
From continuing operations	cents	**1 064,2**	837,3	659,4
From discontinued operations	cents	**–**	–	0,4
Normalised headline earnings per share – diluted	cents	**1 063,9**	836,2	636,6
From continuing operations	cents	**1 063,9**	836,2	636,2
From discontinued operations	cents	**–**	–	0,4
Capital distribution/dividend per share	cents	**157,0**	157,0	105,0
Net asset value per share	cents	**6 333,3**	5 007,3	3 828,7
Operating cash flow per share	cents	**841,1**	875,3	666,6
From continuing operations	cents	**841,1**	875,3	666,2
From discontinued operations	cents	**–**	–	0,4
Share information				
Number of shares in issue – at the end of the year	million	**456,3**	455,7	454,8
Number of shares in issue (net of treasury shares) – at the end of the year	million	**455,9**	455,2	454,2
Weighted average number of shares in issue	million	**456,1**	455,4	436,3
Diluted weighted average number of shares in issue	million	**456,2**	456,0	455,2
Market capitalisation at year-end	R'million	**136 395,8**	103 484,6	5 7234,0

IFRS Year ended 30 June 2011 R'million	IFRS Year ended 30 June 2010 R'million	IFRS Year ended 30 June 2009 R'million	IFRS Year ended 30 June 2008 R'million	IFRS Year ended 30 June 2007 R'million	IFRS Year ended 30 June 2006 R'million	IFRS Year ended 30 June 2005 R'million	SA GAAP Year ended 30 June 2004 R'million
3 845,0	3 269,5	2 668,3	1 494,0	1 322,0	1 127,5	929,3	670,5
(463,2)	(344,4)	(507,7)	(435,9)	(353,0)	(487,5)	(52,9)	(44,2)
3 381,8	2 925,1	2 160,6	1 058,1	969,0	640,0	876,4	626,3
(401,3)	(427,1)	(535,1)	(84,1)	(54,0)	(55,8)	(47,0)	(25,3)
(534,6)	(465,0)	(333,4)	(321,6)	(206,4)	(182,2)	(176,6)	(102,3)
2 445,9	2 033,0	1 292,1	652,4	708,6	402,0	652,8	498,7
(5 645,5)	(1 020,7)	(3 556,7)	(1 456,3)	(431,6)	(442,0)	(799,8)	(282,6)
3 247,0	(498,7)	3 129,0	1 210,7	(50,8)	(152,1)	115,6	54,3
(107,3)	(23,8)	(486,4)	40,6	9,0	14,8	5,5	(5,2)
(59,9)	489,8	378,0	447,3	235,2	(177,3)	(25,9)	265,2
1 812,7	1 322,9	944,9	497,5	262,3	439,6	465,5	200,3
1 752,8	1 812,7	1 322,9	944,9	497,5	262,3	439,6	465,5
595,5	494,9	374,6	245,3	205,6	185,3	137,6	99,8
495,2	425,4	370,1	239,7	205,6	185,3	137,6	99,8
100,3	69,5	4,5	5,6	–	–	–	–
572,0	474,7	362,9	240,1	201,8	179,2	133,9	97,2
476,5	409,1	358,7	234,8	201,8	179,2	133,9	97,2
95,5	65,6	4,2	5,3	–	–	–	–
520,3	482,9	389,4	231,3	210,1	185,4	138,3	103,7
510,9	451,8	378,1	225,7	210,1	185,4	138,3	103,7
9,4	31,1	11,3	5,6	–	–	–	–
500,3	463,4	376,7	227,0	206,1	179,3	134,3	101,0
491,4	434,1	366,1	221,7	206,1	179,3	134,3	101,0
8,9	29,3	10,6	5,3	–	–	–	–
554,5	486,8	389,4	231,3	210,1	185,4	138,3	103,7
544,3	455,7	378,1	225,7	210,1	185,4	138,3	103,7
10,2	31,1	11,3	5,6	–	–	–	–
533,0	467,0	376,7	227,0	206,1	179,3	134,3	101,0
523,3	437,7	366,1	221,7	206,1	179,3	134,3	101,0
9,7	29,3	10,6	5,3	–	–	–	–
70,0	–	–	70,0	62,0	48,0	30,0	20,0
3 013,9	2 473,1	1 072,3	825,4	633,3	446,4	281,1	297,7
565,0	505,7	361,0	185,4	203,1	116,8	191,7	140,1
554,8	471,2	363,3	187,6	203,1	116,8	191,7	140,1
10,2	34,5	(2,3)	(2,2)	–	–	–	–
434,3	431,6	361,3	391,3	389,6	386,4	378,4	377,0
433,5	431,4	360,7	352,4	350,6	347,4	339,4	358,2
432,9	402,0	357,9	351,8	348,9	344,1	340,6	356,2
454,4	426,2	382,7	374,7	371,6	369,8	350,2	365,8
36 480,8	32 845,6	19 783,7	12 444,7	14 413,9	14 102,9	9 005,3	4 788,1

Eleven-year review continued

		IFRS Year ended 30 June 2014	IFRS Year ended 30 June 2013	IFRS Year ended 30 June 2012
JSE statistics				
Number of shares traded	million	**247,8**	243,8	197,8
Number of shares traded as % of weighted average number of shares	%	**54,3**	53,5	45,3
Market price per share				
– year-end	cents	**29 889**	22 707	12 585
– highest	cents	**31 810**	22 707	12 761
– lowest	cents	**21 330**	12 300	7 774
Key market performance ratios				
Earnings yield	%	**3,6**	3,7	5,2
Price:earnings ratio	times	**28,1**	27,1	19,2
Business performance				
Profitability – measures financial performance of the Group				
Return on ordinary shareholders' equity	%	**19,7**	17,7	17,3
Return on total assets	%	**13,0**	16,4	16,5
Revenue growth from continuing operations	%	**52,9**	26,6	23,2
Gross margin	%	**46,5**	47,8	47,7
EBITA margin	%	**24,6**	27,0	27,0
South African EBITA margin	%	**24,4**	26,6	28,7
Asia Pacific EBITA margin	%	**22,8**	25,0	24,3
International EBITA margin	%	**28,6**	40,0	37,2
Sub-Saharan Africa EBITA margin	%	**12,2**	12,1	15,0
Effective tax rate	%	**21,3**	21,7	22,5
Liquidity – measures the Group's ability to meet its maturing obligations and unexpected cash needs in the short term				
Current ratio	times	**1,8**	1,2	1,4
Quick ratio	times	**1,1**	0,9	1,0
Cash ratio	times	**0,6**	0,6	0,5
Working capital as % of revenue	%	**37,3**	27,0	27,2
Debt indicators – measures the Group's ability to meet capital and interest payments over the long term				
Total debt	R'million	**30 416,0**	11 057,6	7 067,7
Net borrowings	R'million	**29 765,2**	11 057,6	7 067,7
Total debt to EBITA cover	times	**3,9**	2,0	1,6
Net interest cover	times	**7,8**	9,7	5,6
Gearing ratio	%	**51,3**	32,7	28,9

Comparative figures have been restated to conform with changes in presentation.

	IFRS Year ended 30 June 2011	IFRS Year ended 30 June 2010	IFRS Year ended 30 June 2009	IFRS Year ended 30 June 2008	IFRS Year ended 30 June 2007	IFRS Year ended 30 June 2006	IFRS Year ended 30 June 2005	SA GAAP Year ended 30 June 2004
	249,0	328,1	335,5	271,0	359,2	268,8	103,4	82,7
	57,5	81,6	93,8	77,0	103,0	78,1	30,3	23,2
	8 400	7 610	5 475	3 180	3 700	3 650	2 380	1 270
	9 785	8 505	5 748	3 239	4 016	4 450	2 500	1 410
	7 330	5 375	2 720	2 915	3 055	2 365	1 270	775
	6,5	6,0	6,9	7,1	5,7	5,1	5,8	8,2
	15,4	16,7	14,5	14,1	17,6	19,7	17,2	12,2
	18,4	23,1	39,1	32,9	38,0	50,9	46,4	38,4
	17,3	19,7	23,7	19,0	30,5	31,8	38,4	40,4
	28,7	14,0	80,3	16,3	16,7	22,6	27,8	16,5
	45,3	46,5	45,9	46,4	48,2	48,1	49,4	48,1
	26,4	27,1	27,2	26,9	29,7	29,3	29,8	28,7
	30,7	29,4	25,6	29,7	32,5	32,5	32,9	31,9
	21,4	14,0	12,4	13,9	14,6	14,0	14,9	16,8
	28,1	36,3	39,4	43,8	28,2	24,2	20,4	18,9
	13,6	7,9	19,2	12,7	26,8	16,7	2,9	(26,3)
	21,3	21,3	21,2	28,3	28,9	25,3	30,7	32,7
	1,1	1,3	1,3	1,1	1,1	1,1	0,9	1,5
	0,8	0,9	1,0	0,8	0,9	0,7	0,7	1,2
	0,4	0,6	0,6	0,2	1,9	0,4	0,3	0,6
	22,5	25,3	25,8	36,8	28,8	23,4	13,0	14,4
	6 729,1	3 427,8	4 431,9	2 011,0	967,6	1 032,2	866,8	75,6
	6 347,8	3 041,2	4 039,1	1 597,2	496,5	597,6	384,7	(19,3)
	1,9	1,3	1,9	1,6	0,8	1,0	1,0	0,1
	7,9	4,9	5,8	23,9	35,1	48,6	20,9	63,7
	33,7	24,0	52,4	39,6	28,9	37,6	43,7	6,6

DEFINITIONS AND FORMULAE

Asia Pacific EBITA margin (%)

$$\frac{\text{EBITA for Asia Pacific from continuing operations}}{\text{Gross revenue for Asia Pacific from continuing operations}}$$

Cash ratio

$$\frac{\text{Cash and cash equivalents}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale) – bank overdrafts}}$$

Current ratio

$$\frac{\text{Current assets (excluding assets classified as held-for-sale)}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale)}}$$

Earnings yield (%)

$$\frac{\text{Normalised headline earnings per share from continuing operations}}{\text{Market price per share at year-end}}$$

EBITA

EBITA represents operating profit before amortisation adjusted for specific non-trading items as set out in the segmental analysis contained in the Annual Financial Statements

EBITA growth (%)

$$\frac{\text{EBITA (current year) - EBITA (prior year)}}{\text{EBITA (prior year)}}$$

EBITA margin (%)

$$\frac{\text{EBITA}}{\text{Gross revenue from continuing operations}}$$

Effective tax rate (%)

$$\frac{\text{Tax from continuing operations}}{\text{Profit before tax from continuing operations}}$$

Gearing ratio (%)

$$\frac{\text{Total debt (net of cash)}}{\text{Total shareholders' equity - non-controlling interests + total debt (net of cash)}}$$

Gross margin (%)

$$\frac{\text{Gross profit from continuing operations}}{\text{Revenue from continuing operations}}$$

International EBITA margin (%)

$$\frac{\text{EBITA for International from continuing operations}}{\text{Gross revenue for International from continuing operations}}$$

Market capitalisation

Year-end market price per share multiplied by number of shares in issue at year-end

Net asset value per share (cents)

$$\frac{\text{Ordinary shareholders' equity}}{\text{Number of shares in issue (net of treasury shares)}}$$

Net borrowings

Non-current borrowings + current borrowings - cash and cash equivalents

Net interest cover (times)

Operating profit before amortisation

Interest paid from continuing operations - interest received from continuing operations (excluding capital raising fees)

Normalised headline earnings

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 one-off tax provision or credits arising from the resolution of prior year tax matters

Operating cash flow per share (cents)

Cash generated from operating activities

Weighted number of shares in issue

Price:earnings ratio

Market price per share at year-end

Normalised headline earnings per share from continuing operations

Quick ratio

Current assets (excluding assets classified as held-for-sale) - inventories

Current liabilities (excluding liabilities associated with assets held-for-sale)

Return on ordinary shareholders' equity (%)

Profit attributable to equity holders of the parent from continuing operations

Weighted average ordinary shareholders' equity

Return on total assets (%)

EBITA

Total monthly weighted average assets (excluding cash and cash equivalents)

Revenue growth from continuing operations (%)

Revenue from continuing operations (current year) - revenue from continuing operations (prior year)

Revenue from continuing operations (prior year)

South African EBITA margin (%)

EBITA for South Africa from continuing operations

Gross revenue for South Africa from continuing operations

SSA EBITA margin (%)

EBITA for SSA from continuing operations

Gross revenue for SSA from continuing operations

Total debt

Non-current borrowings + current borrowings + deferred payables + preference shares (liability component) - cash and cash equivalents

Total debt to EBITA cover (times)

Total debt (net of cash)

EBITA

Working capital as % of revenue

Inventories + trade and other receivables - trade and other payables

Annualised net revenue from continuing operations

Currency conversion for convenience purposes (unaudited)

Currency of financial statements

The Annual Financial Statements are expressed in Rand.

Selected Group financial data translated into USD

The statements of comprehensive income, financial position and cash flows have been translated from Rand into USD 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 Company's auditors is available for inspection at the Company's registered office.

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

The statement of financial position information 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		**662,6**	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 financial 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
Diluted operating cash flow per share (cents)	**80,6**	98,0

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:

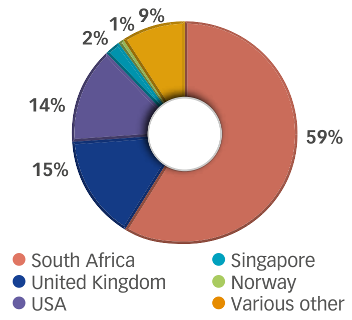
Shareholder	Number of shares	% of total shareholding
Glaxo Group Limited	56 468 758	12,4
Saad, SB	55 308 798	12,1
Government Employees Pension Fund	53 133 883	11,6
Imithi Investments (Pty) Limited	21 160 724	4,6
Attridge, MG	18 837 286	4,1
T. Rowe Price Associates Inc.	11 570 810	2,5
BlackRock	10 101 024	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

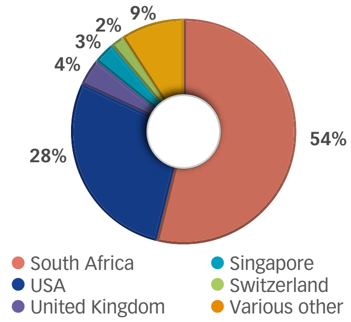
As required by paragraph 8.63 and terms of paragraph of 4.25 of the JSE's Listings Requirements, the spread of the ordinary shareholding at close of business 30 June 2014 was as follows:

	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

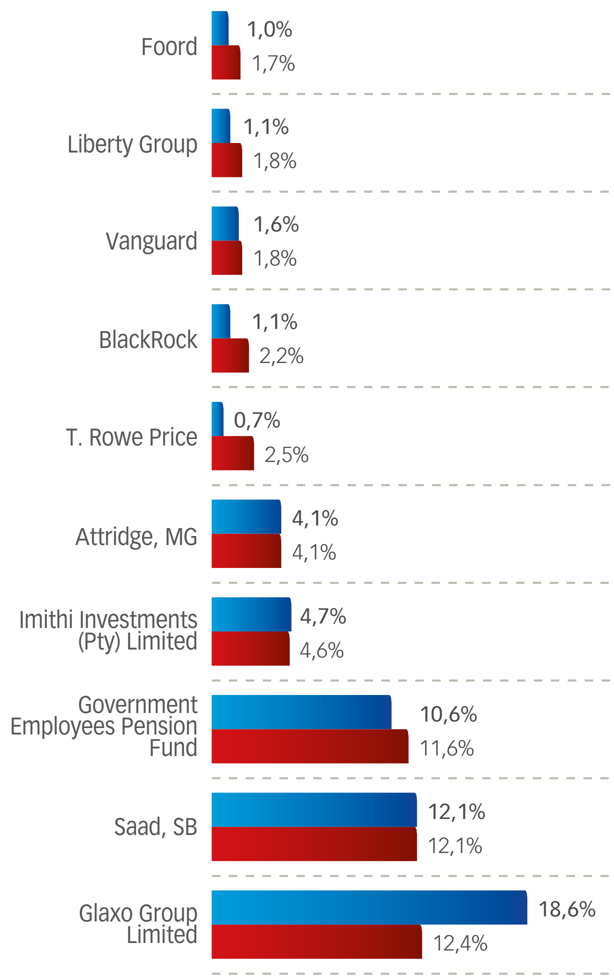


Geographical split of institutional shareholders 2014

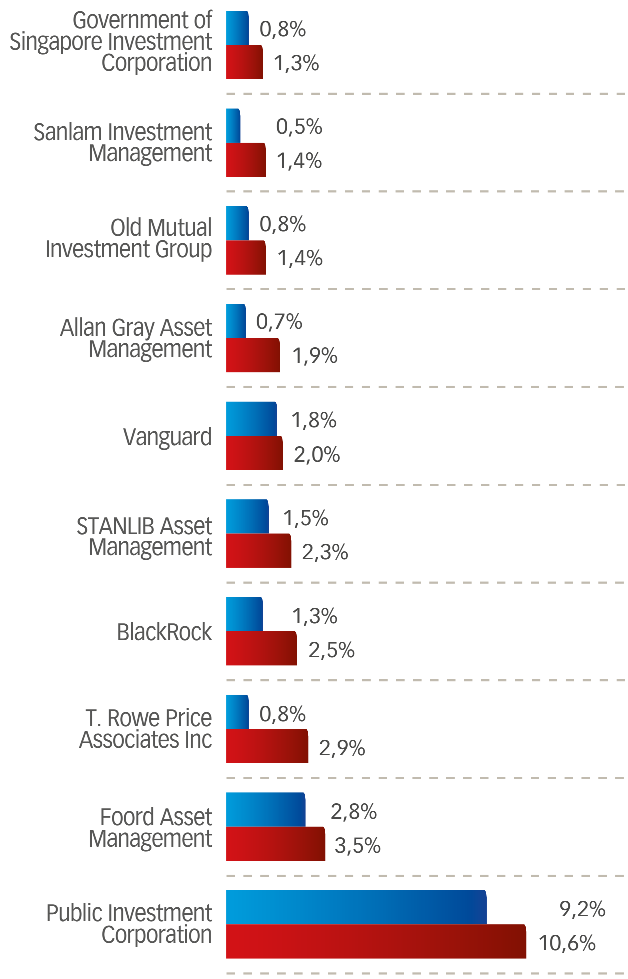


The analysis of the geographical split of beneficial shareholders is based on shareholders who own more than 50 000 shares.

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



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



2013 2014

Healthcare. We Care.

Shareholders' diary

Financial year-end	30 June 2014
Capital distribution and dividend paid to shareholders	13 October 2014
Annual general meeting	8 December 2014

Reports and Group results announcement for the 2015 financial year

Interim report	March 2015
Profit announcement for the year	September 2015
Annual financial statements	November 2015

Administration

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

Registered office and postal address
Building Number 8, Healthcare Park, Woodlands Drive, Woodmead
PO Box 1587, Gallo Manor, 2052
Telephone 011 239 6100
Telefax 011 239 6144

Registration number
1985/002935/06

Share code
APN ISIN: ZAE 000066692

Auditors
PricewaterhouseCoopers Inc.

Sponsors
Investec Bank Limited

Website address
www.aspenpharma.com

Transfer secretaries
Computershare Investor Services (Pty) Limited
Transfer office: 70 Marshall Street, Johannesburg
PO Box 61051, Marshalltown, 2107
Telephone 011 370 5000
Telefax 011 688 5218

Abbreviations of pharmaceutical regulatory authorities and acronyms

ANSM	National Agency for Medicinal and Health Product Safety
ANVISA	Brazilian National Health Surveillance Agency
APVMA	Australian Pesticides and Veterinary Medicines Authority
ASN	Nuclear Safety Authority for E-beam
COFEPRIS	Mexican Federal Commission for Protection against Health Risk
DACA	Ethiopian Drug Administration and Control Authority
DRU	Drug Regulatory Unit of Botswana
FMHACA	Ethiopian Food, Medicine and Healthcare Administration Control Authority
FSSC	Food Safety System Certification
GCC	Middle East and North African Gulf Cooperation Council
GFDB	Ghana Food and Drugs Board
GMP	Good Manufacturing Practice
GRA	German Regulatory Authority
HACCP (SANS 10330)	South African Hazardous Analysis and Critical Control Point
ICHA	Ivory Coast Health Authority
IGZ	Dutch Health Authority
IRA	Israeli Regulatory Authorities
ISO	International Organisation for Standardisation
KFDA	Korean Food and Drug Administration
KvH	Kilo vessel hours
LRA	Libyan Regulatory Authorities
MCAZ	Medicines Control Agency of Zimbabwe ISO 22000
MCC	South African Medicines Control Council
MHRA	United Kingdom Medicines and Health Products Regulatory Agency
MOH – DRC	Ministry of Health – Democratic Republic of Congo
MOH – IC	Ministry of Health – Ivory Coast
NAFDAC	Nigerian National Agency for Food and Drug Administration and Control
NDA	Ugandan National Drug Authority
NHRA	National Health Authority of Bahrain
PIC/S	Pharmaceutical Inspection Convention and Pharmaceutical Cooperation Scheme
PMDA	Japanese Pharmaceutical and Medical Device Agency
PMPB	Malawian Pharmacy, Medicines and Poisons Board
PPB	Kenyan Pharmacy and Poisons Board
PRA	Zambian Pharmaceutical Regulatory Authority
SARA	Saudi Arabian Regulatory Authority
TFDA	Tanzania Food and Drug Authority
TGA	Australian Therapeutic Goods Administration
TRA	Turkish Regulatory Authority
UAERA	United Arab Emirates Regulatory Authority
US FDA	United States Food and Drug Administration
WHO	World Health Organisation
YRA	Republic of Yemen Regulatory Authority

Abbreviation	Full reference
Annual financial statements	The Group and Company Annual Financial Statements for the year ended 30 June 2014
API	Active Pharmaceutical Ingredient
ARV	Antiretroviral
Aspen and/or Group	Aspen Pharmacare Holdings Limited and/or its subsidiaries as set out in note 22 to the Company financial statements, as the context demands
Aspen API	Aspen API Incorporated
Aspen Australia	Aspen Australia comprises Aspen Asia Pacific Pty Limited and its subsidiaries, including Aspen Pharmacare Australia Pty Limited, Aspen Pharma Pty Limited, Orphan Holdings Pty Limited, Orphan Australia Pty Limited, Aspen Lennon Pty Limited and Arrow Pharmaceuticals Pty Limited
Aspen Bad Oldesloe	Aspen Bad Oldesloe GmbH
Aspen Brazil	Aspen Pharma – Indústria Farmacêutica Limitada
Aspen Dubai	Aspen Health Care FZ LLC
Aspen Europe	Aspen Europe GmbH
Aspen Global	Aspen Global Incorporated
Aspen Healthcare	Aspen Healthcare FZ LLC
Aspen Hong Kong	Aspen (Hong Kong) Pty Limited
Aspen Ireland	Aspen Pharma Trading Limited
Aspen Japan	Aspen Japan KK
Aspen Malaysia	Aspen Medical Products Malaysia SDN BHD
Aspen Mexico	Aspen Mexico comprises Aspen Labs S.A. de C.V. (Mexico), Aspen Pharma Mexicoma S. de R.L. C.V, Solara S.A. de C.V., Wyeth Pharmaceuticals S. de R.L. de C.V., PN North America S. de R.L. de C.V., Wyeth Ilaclari S. de R.L. de C.V., Wyeth S. de R.L. de C.V., Marcas WN S.A. de C.V.
Aspen NDB	Aspen Notre Dame de Bondeville S.A.S.
Aspen Nigeria	Aspen Pharmacare Nigeria Limited
Aspen Oss	Aspen Oss B.V.
Aspen Peru	Aspen Peru S.A.
Aspen Philippines	Aspen Philippines Inc.
Aspen Venezuela	Aspen Venezuela C.A. and Nestlé Nutrition de Venezuela S.A.
BBBEE	Broad-Based Black Economic Empowerment
BBBEE Codes	The Department of Trade and Industry's BBBEE Codes of Good Practice
CAGR	Compound Annual Growth Rate
CEE	Central and Eastern Europe
CIS	Commonwealth of Independent States, comprising Russia and the former Soviet Republics
Classic Brands	25 prescription branded products acquired from GSK

Abbreviation	Full reference
DIFR	Disabling incident frequency ratio
EBITA	Operating profit before amortisation adjusted for specific non-trading items as set out in the segmental analysis contained in the Annual Financial Statements
ERM	Environmental Resources Management
FCC	Fine Chemicals Corporation (Pty) Limited
Global brands	Branded products owned by Aspen Global and distributed into multiple territories
GMP	Good manufacturing practice
GRI	Global Reporting Initiative
GSK	GlaxoSmithKline plc
IFRS	International Financial Reporting Standards
IMS	IMS Health (Pty) Limited
Internal Audit	The Aspen Group Internal Audit function
JSE	JSE Limited, licensed as an exchange under the Security Services Act, No 36 of 2004
King III	King Report on Corporate Governance for South Africa 2009
KPIs	Key performance indicators
LWDFR	Lost work day frequency ratio
MENA	Middle East and North Africa
MSD	Merck Sharpe & Dohme
OTC	Over-the-counter
Pharmacare	Pharmacare Limited
PBS	Pharmaceutical Benefits Scheme
Pharmerging countries	Emerging pharmaceutical countries
PHEF	South African Public Enhancement Fund
SED	Socio-economic development
SEP	Single Exit Pricing
SHE	Safety, Health and Environment
Shelys	Shelys comprises Shelys Africa Limited, Shelys Pharmaceuticals Limited, Shelys Pharmaceuticals International Limited, Beta Healthcare Kenya Limited and Beta Healthcare (Uganda) Limited
SKU	Stock keeping units
SSA	Sub-Saharan Africa
Supplementary Documents	The Corporate Governance Statement including the reports of Audit & Risk, Remuneration & Nomination and Social & Ethics Committees, the Sustainability Report and the Annual Financial Statements
Sustainability Report	The Aspen Group's sustainability report for the 2014 financial year
SRI	The JSE's Socially Responsible Investment Index
UN Global Compact	United Nations Global Compact
The Companies Act	The South African Companies Act, No 71 of 2008
The Company	Aspen Pharmacare Holdings Limited
Annual Financial Statements	Detailed audited Company and Group Annual Financial Statements
US	United States
AUD	Australian Dollar
EUR	Euro
GBP	Pound Sterling
USD	United States Dollar
R/ZAR	South African Rand

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