

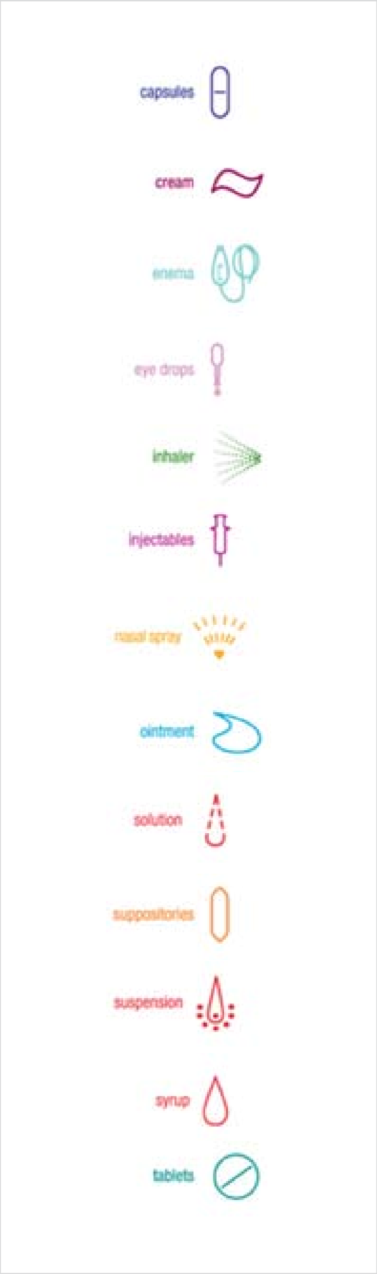




Annual Report for the year ended 30 June 2009

aspen HOLDINGS

Product identifiers

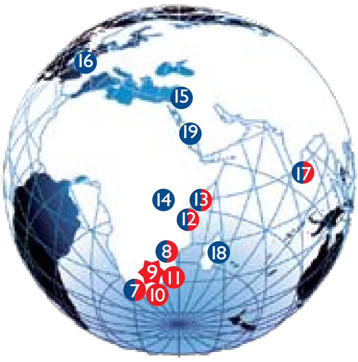


Abbreviations and definitions

API	Active Pharmaceutical Ingredient
ARV	Antiretroviral
Aspen	Aspen Pharmacare Holdings Ltd, or Aspen Pharmacare Holdings Ltd and its subsidiaries as set out in note 20 to the Company financial statements, as the context demands
Aspen Australia	Aspen Australia Pty Ltd
Aspen Global	Aspen Global Incorporated
BBBEE	Broad-Based Black Economic Empowerment
Beta Healthcare	Beta Healthcare (Kenya) Ltd
CEPPWAW	Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union
CSI	Corporate Social Investment
DoH	Department of Health
DTI Codes	Department of Trade and Industry's Codes of Good Practice on BBBEE
FCC	Fine Chemicals Corporation (Pty) Ltd
FDA	United States Food and Drug Administration
GMP	Good Manufacturing Standards
Group	Aspen Pharmacare Holdings Ltd, or Aspen Pharmacare Holdings Ltd and its subsidiaries as set out in note 20 to the Company financial statements, as the context demands
GSK	GlaxoSmithKline Group Ltd
HIRA	Hazard Identification and Risk Assessments
IMF	Infant Milk Formulations
IMS	IMS Health
MCC	South African Medicines Control Council
OSD	Oral Solid Dosage
OTC	Over-the-counter
PharmaLatina	PharmaLatina Holdings Ltd
SEP	Single Exit Pricing
SHE	Safety, Health, Environment and Quality
Shelys	Shelys Africa Ltd
Solara	Solara S.A. de C.V.
TGA	Australian Therapeutic Goods Association

Our global footprint

Aspen's products, which reach approximately 100 markets, are manufactured in 14 pharmaceutical facilities at 10 pharmaceutical manufacturing sites on three continents. Four of the sites are located in South Africa, one in India, two in East Africa and three in Latin America.



1 **Toluca, Mexico**
2 **Mexico City, Mexico**
3 **Caracas, Venezuela**
4 **Rio de Janeiro, Brazil**
5 **Campos, Brazil**
6 **Vittória, Brazil**
7 **Cape Town, South Africa**
8 **Johannesburg, South Africa**
9 **Durban, South Africa**
10 **Port Elizabeth, South Africa**
11 **East London, South Africa**
12 **Dar es Salaam, Tanzania**
13 **Nairobi, Kenya**
14 **Kampala, Uganda**
15 **Nicosia, Cyprus**
16 **Watford, United Kingdom**
17 **Bangalore, India**
18 **Grand Bay, Mauritius**
19 **Dubai, United Arab Emirates**
20 **Sydney, Australia**

Manufacturing centres
Sales, marketing and distribution centres
Combined sales, marketing, distribution and manufacturing centres
Group headquarters

www.aspenpharma.com

www.aspenpharma.com
Registration number: 1985/002935/06
Share code: APN ISIN: ZAE 000066692

aspen HOLDINGS

OUR GROUP IN BRIEF

OUR REVIEWS

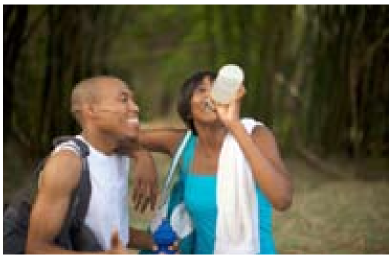
BUSINESS REVIEW

SUSTAINABILITY AND GOVERNANCE

GROUP FINANCIAL STATEMENTS

Healthcare for Life



Healthcare for Life

For more than 150 years Aspen has been providing quality, effective, affordable products to South Africans. Our extensive basket of products ensures that we are able to treat a broad spectrum of acute and chronic conditions experienced throughout all stages of life.

The Group's recent global expansion has enabled us to extend our healthcare reach to approximately 100 countries across the world, considerably increasing the number of lives which benefit from Aspen products.

We remain committed to making a meaningful difference in the health of all those using Aspen medicines and to increase our contribution to the lives of people in the many markets we service across the globe, through our robust product pipeline.

Making a difference

Group overview

- Aspen has businesses in South Africa, Australia, India, Cyprus, Brazil, Mexico, Venezuela, Kenya, Tanzania, Uganda, Mauritius, Dubai and the United Kingdom.
- Aspen is listed on the JSE Ltd and is Africa's largest pharmaceutical manufacturer.
- Aspen is a supplier of branded and generic pharmaceuticals in approximately 100 countries across the globe and of consumer and nutritional products in selected territories.
- Aspen is a leading generics manufacturer in the southern hemisphere.
- Aspen is a leading supplier of generic medicines to both the private and the public sectors in South Africa.
- Aspen is one of the top 20 generic manufacturers worldwide and South Africa's number one generic brand.
- Aspen has 14 pharmaceutical manufacturing facilities at 10 pharmaceutical manufacturing sites on three continents. Four of the sites are located in South Africa, one in India, two in East Africa and three in Latin America.
- Aspen has production capabilities for a wide variety of product types including tablets, capsules, steriles, injectables, penicillins, penems, infant milk formulations ("IMFs"), liquids and creams.
- Aspen is one of the leading global players in generic antiretrovirals ("ARVs").
- Aspen has an outstanding generic pipeline. These products are developed under the direction of highly skilled scientists employed by Aspen and in collaboration with other global pharmaceutical companies and research facilities.
- Aspen products are renowned for their quality, efficacy and affordability.

Highlights, achievements and key facts

REVENUE

an increase of 80% R8,5bn

OPERATING PROFIT

an increase of 82% R2,2bn

HEADLINE EARNINGS PER SHARE FROM CONTINUING OPERATIONS

an increase of 68% 379,5 cents

- Over the past year, Aspen grew its market share in all segments of the South African market in which it performs, realising 30% revenue growth.
- Exports from South Africa amounted to almost R600 million in 2009.
- Aspen announced that it had entered into a series of strategic, inter-dependent transactions with GlaxoSmithKline Group Ltd ("GSK"). The transactions, once completed, are expected to be earnings accretive from the outset.
- Aspen's revenue grew by 80% to R8,5 billion with all segments of the business contributing to this achievement.
- The South African private pharmaceutical market grew at 15% in value terms to R19,8 billion, while Aspen grew at 20%.
- The eye drop suite in the Sterile Facility in Port Elizabeth was completed and exports of Clear Eyes and Murine have commenced to the United States.
- Revenue from international businesses increased from R1,1 billion to R3,9 billion while operating profit rose from R0,2 billion to R1,0 billion.
- Aspen increased its shareholding to 51% in the businesses in Brazil, Mexico and Venezuela. Full ownership will be achieved during the year ahead.
- In Brazil 160 new sales representatives were appointed and initiatives were implemented to increase the sales forces in Mexico and Venezuela.

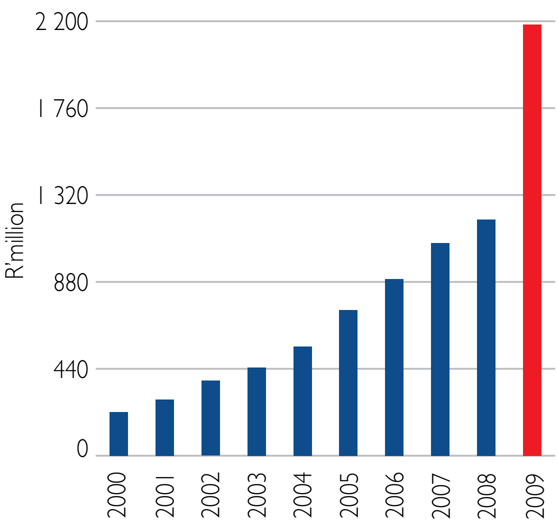
Exceptional growth in 2009

Financial highlights

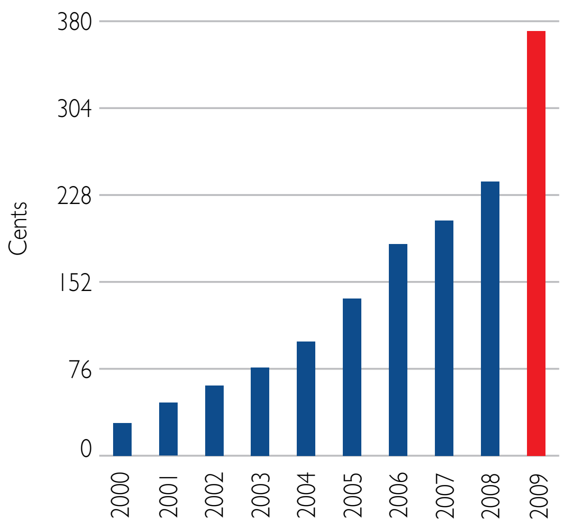
Group summary	30 June 2009 R'million	30 June 2008 R'million	Change %	Compound annual growth* %
Revenue from continuing operations	**8 450,3**	4 682,5	80	28
Operating profit from continuing operations	**2 183,0**	1 196,3	82	29
Profit after tax from continuing operations	**1 342,7**	844,8	59	33
Net cash from operating activities	**1 292,1**	652,4	98	21
Ordinary share performance				
Earnings per share from continuing operations – basic (cents)	**371,5**	239,7	55	33
Headline earnings per share from continuing operations (cents)	**379,5**	225,7	68	35
Net asset value per share	**1 114,8**	825,4	35	37
Operating cash flow per share (cents)	**361,1**	185,5	95	21
Financial statistics				
Return on total assets	**18,9**	13,2	43	
Return on ordinary shareholders' equity	**38,4**	32,9	17	
Percentage debt ratio	**51,4**	39,6	30	

** Compound growth represents nine-year compound annual growth, calculated for the period 2000 to 2009.*

OPERATING PROFIT FROM CONTINUING OPERATIONS



EARNINGS PER SHARE FROM CONTINUING OPERATIONS



Performance highlights

Sustainability highlights and recognition

SUSTAINABILITY HIGHLIGHTS

> The number of learnerships in South Africa increased from 39 to 139 during the year, thereby increasing Aspen's contribution to the development of scarce, skilled resources.

> Aspen is committed to environmental sustainability and has a formal environmental policy in place which is aligned with the Best Practice Environmental Option.

> During the year, 625 employees completed the ongoing Growing Effective Managers Programme aimed at identifying and grooming the Group's management talent pipeline.

> Aspen's ongoing commitment to providing primary healthcare facilities to disadvantaged communities continued. To date, the Group has been involved in the enhancement, extension or construction of six such clinics throughout South Africa. Collectively these clinics provided treatment to approximately 250 000 citizens during the year.

> Aspen received an "A" rating from independent verification agency, *Empowerdex*, for its Broad-Based Black Economic Empowerment ("BBBEE") status.

RECOGNITION

> Aspen retained its position as the number one supplier of generics to both the private and public sectors in South Africa.

> Aspen's over-the-counter ("OTC") division was ranked first for the fourth time in six years in the Campbell Belman Independent Confidence Standing Survey of 42 OTC companies in South Africa.

> One in five script lines dispensed in South Africa is for an Aspen product.

> 5,3% of all scripts written in Australia are for an Aspen product.

> Cegedim Strategic Data ranked Aspen Australia's sales team as the best in the country.

> Shelys Africa Ltd ("Shelys") was the overall winner in the President's Best Manufacturer of the Year award in Tanzania.

> Aspen Australia is ranked seventh by volume of scripts written and generates more prescriptions than several of the major multinationals in that market.

> Aspen South Africa has more script lines dispensed per annum than any other pharmaceutical company.

> Aspen was ranked 18th out of 54 companies surveyed in the peer review of South Africa's most trusted and admired companies conducted by Ask Africa Trust Barometer.

> Aspen received a "Good" rating in the Ernst and Young Excellence in Corporate Reporting 2009 survey.

Aspen as an investment

VISION AND MISSION

> To deliver value to all our stakeholders as a responsible corporate citizen that provides quality, affordable medicines globally.

VALUES

> Integrity
> Innovation
> Excellence
> Commitment
> Teamwork

STRATEGIC OBJECTIVES

> To maintain our position as the leading provider of pharmaceuticals in South Africa.
> To be the leading provider of pharmaceuticals in sub-Saharan Africa through the GSK/Aspen collaboration.
> To rapidly grow our market share in Latin America.
> To outperform the market in Australia.
> To strive for continuous improvement in every business.
> To extend our presence into new markets.
> To provide patients with high quality medicines at competitive prices.
> To achieve a strategic advantage through our production capabilities.
> To continuously increase and improve our offering to healthcare professionals and patients through a prolific product pipeline.
> To provide a safe, challenging and rewarding environment for our employees.
> To deliver excellent service to our customers.
> To practise good corporate governance.
> To achieve superior returns on investment for our shareholders.

Striving for excellence

RESPONSIBLE CORPORATE CITIZENSHIP

- The Aspen Group strives to uphold high standards of business ethics and integrity through the Group-wide implementation of the Code of Corporate Practices and Conduct as prescribed in the King II Report on Corporate Governance.
- The qualification, independence and contribution of Board members is formally evaluated on an annual basis to provide a sound foundation for good corporate governance in the Group.
- Compliance with relevant legislation, JSE Ltd Listings Requirements and industry-specific regulations is carefully monitored.
- Specific attention is given to the effective implementation, monitoring and ongoing evaluation of sound internal controls throughout the Group.
- The Board, through the Audit & Risk Committee, is committed to the effective identification, reporting and monitoring of strategic, operational and financial risks, a function managed by the Group Chief Risk Officer.
- Aspen's Corporate Social Investment ("CSI") initiatives are aligned to supporting projects aimed at enhancing access to primary healthcare and those programmes which address prevention and management of HIV/AIDS and Tuberculosis.
- Aspen supports global sustainability initiatives.

DIVERSIFICATION

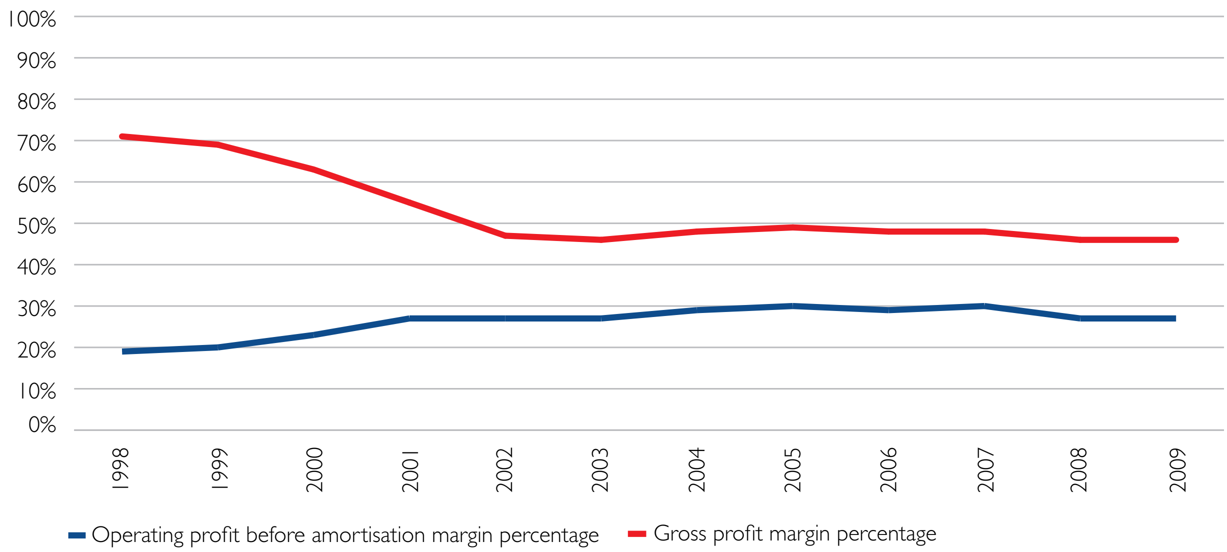
- **Geographies:** operating on three continents and reaching approximately 100 countries, with the international operations contributing 44% and 47% to Group revenue and operating profits, respectively.
- **Products:** the portfolio consists of branded, generic, OTC, self-medication, infant nutritional and personal care products which range across a number of key therapeutic categories and which are registered in accordance with the regulatory requirements specific to each market.
- **Manufacturing capability:** includes tablets, capsules, suppositories, creams, ointments, liquids, steriles, penicillins, penems, IMFs and specialist APIs.
- **Regulatory compliance:** manufacturing facilities comply with the regulatory requirements of the various domestic and export markets into which products are supplied. Aspen has transformed from a domestic producer to a manufacturer with the capability to supply various dosage forms to any market in the world.
- **People:** more than 5 000 people are employed by the Group with due consideration being given to diversity and transformation management.

Aspen strives to continuously increase and diversify its offering to its customers through a prolific product pipeline.

PERFORMANCE INDICATORS – CONTINUING OPERATIONS

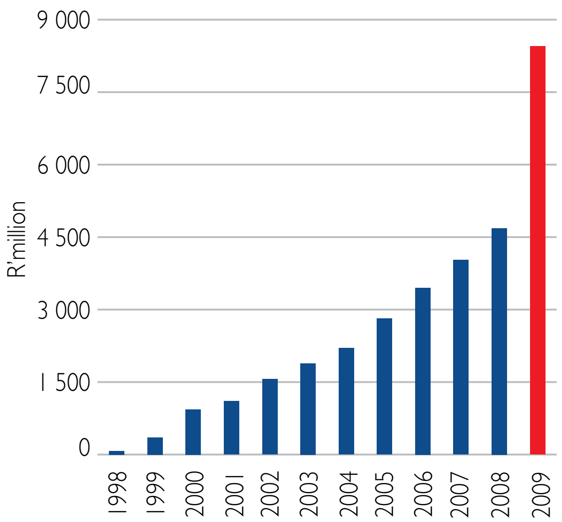
Indicator	Year ended June 2009	Year ended June 2008
Earnings per share	**371,5 cents**	239,7 cents
Headline earnings per share	**379,5 cents**	225,7 cents
Closing share price	**R54,75**	R31,80
Price: earnings ratio	**14,4**	14,1
Market capitalisation	**R19,8 billion**	R12,4 billion
Gross margin	**46%**	46%
Operating profit before amortisation and impairments of intangible assets margin	**27%**	27%
Percentage debt ratio	**51%**	40%
Total debt/operating profit before amortisation	**1,9x**	1,5x
Net interest cover	**6x**	14x
Return on shareholders' equity	**38%**	33%
Working capital as a % of Group revenue	**27%**	37%

GROSS PROFIT MARGIN PERCENTAGE SINCE LISTING

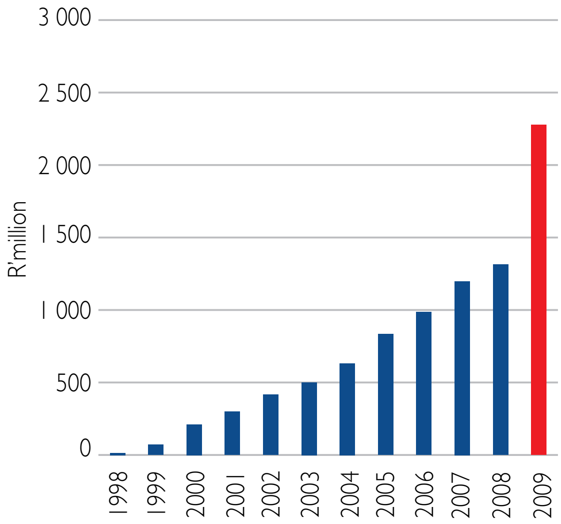


Exponential growth

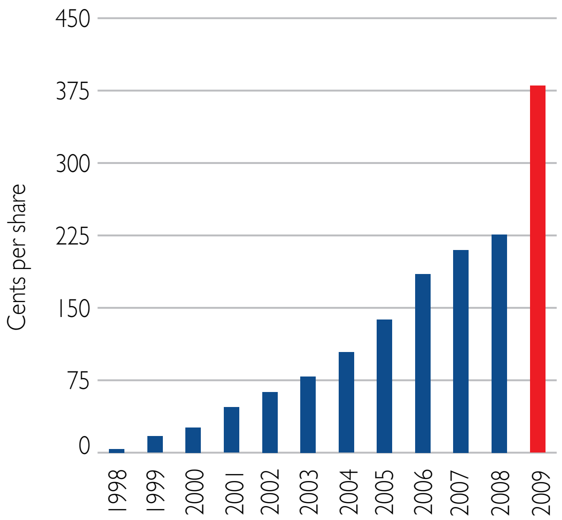
*CAGR IN REVENUE = 54%



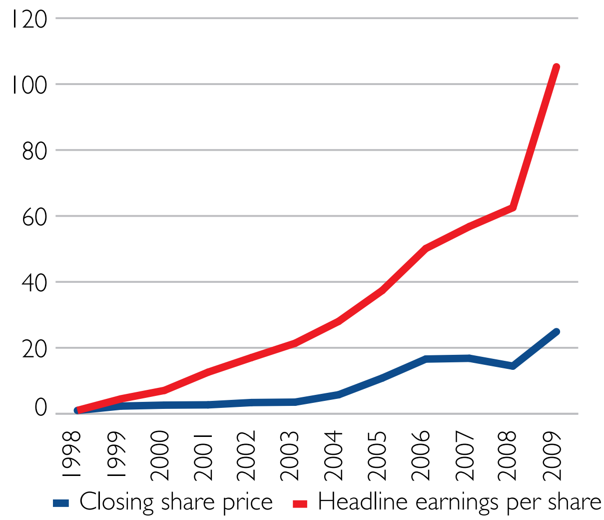
*CAGR IN OPERATING PROFIT BEFORE AMORTISATION PERCENTAGE = 59%



*CAGR IN HEADLINE EARNINGS PER SHARE = 52%



INDEXED GROWTH IN SHARE PRICE AND HEADLINE EARNINGS PER SHARE



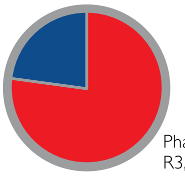
** Compound annual growth rate since listing*

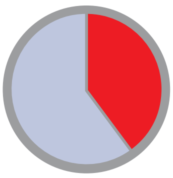
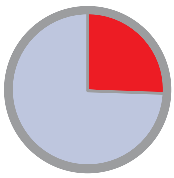
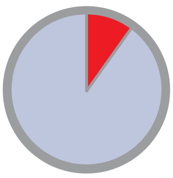
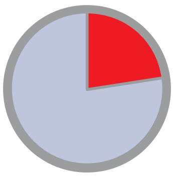
Since listing, the Group has delivered consistent and significant growth to shareholders.

Our Group at a glance

South African Business	DESCRIPTION OF BUSINESS	OPERATIONAL HIGHLIGHTS
Sales, marketing and distribution	Provides a basket of quality, affordable branded, generic, OTC, self-medication, infant nutritional and personal care products to pharmacies, retail pharmacy chains, hospitals, clinics, prescribing specialists, dispensing general practitioners, managed healthcare funders and retail stores across the private and public sectors as well as to selected export markets. Active Pharmaceutical Ingredients ("APIs") are sold into South Africa and export territories.	> Aspen remains the leading supplier of medicines to the South African private and public sectors, representing 34% of generic product sales and 13% of total pharmaceutical sales in the private sector. Growth of 20% was recorded in the private sector, 5% ahead of total market growth. Aspen's OTC division grew 8% ahead of the market at 21%. One in five script lines dispensed by a pharmacist in South Africa is for an Aspen product.
Manufacturing operations	Aspen is Africa's largest manufacturer of generic pharmaceuticals and one of the world's top 20 generic manufacturers. Significant investments have been made in the expansion, diversification and upgrade of manufacturing capability and capacity to supply quality, affordable products for the Group's growing local and international markets. Aspen also has infant nutritional and API manufacturing facilities.	> Manufacturing capability has been diversified into the manufacture of steriles with the commencement in August 2009 of the export of eye drops to the United States for Prestige Brands Inc. Capital expenditure projects to unlock manufacturing and packing capacity and to enhance manufacturing processes are substantially complete.

International Business	DESCRIPTION OF BUSINESS	OPERATIONAL HIGHLIGHTS
Global brands	Aspen's international distribution platform has been developed to facilitate supply of global brands into numerous worldwide markets. Aspen Global manages the intellectual property rights, regulatory and commercialisation strategy of this portfolio of specialist, branded products.	> The portfolio of global brands has been extended to seven recognised brands which provide a springboard for Aspen into new international markets. Transition to Aspen's distribution network is scheduled to be materially complete by the end of the 2010 financial year.
Asia Pacific	Distributes niche, branded pharmaceutical and consumer products in Australia and New Zealand and has recently extended its distribution in South East Asia.	> Despite Australia's 25% legislated price cut in August 2008, Aspen Australia delivered strong growth for the sixth consecutive year since inception. Contributors to growth included implementation of innovative marketing and pricing strategies and the negotiation of licensing arrangements for additional differentiated products. 5,3% of all scripts written in Australia prescribe an Aspen brand.
Sub-Saharan Africa	Aspen's 60% subsidiary, Shelys, has operations in Tanzania, Kenya and Uganda. Shelys has a portfolio of well recognised pharmaceutical and OTC brands which are promoted through an established distribution platform in the region. This forms the foundation for Aspen's presence in sub-Saharan Africa.	> Growth was recorded despite political unrest in Kenya and negative currency fluctuations. Shelys received the President of Tanzania's award for the Best overall Manufacturer of the Year across all industries.
Latin America	Aspen's Latin American operations in Brazil, Mexico and Venezuela have historically supplied generic pharmaceuticals to the hospitals and public sector. Focused attention is being given to unlocking growth opportunities for branded pharmaceutical and OTC products in the private sectors across Latin America. The Group has manufacturing facilities in Brazil and Mexico.	> Full control of the Latin American businesses will be attained in the year ahead. Focus has been shifted to the development of the private market for branded products. A sales representative force has been established and a portfolio of branded pharmaceutical and OTC products has been acquired in Brazil. Commercial production of penem and penicillin injectables commenced at the completed Brazilian facilities.
Oncology joint venture	Aspen's 50% joint venture develops and manufactures a portfolio of oncology products with intended supply to international markets. The manufacture and development facilities are situated in Bangalore, India.	> Manufacture and supply arrangements were concluded with two leading multinational pharmaceutical companies. The facility obtained Australian Therapeutic Goods Association ("TGA") approval and 14 products are anticipated to be filed with the US Food and Drug Administration ("FDA") by December 2009.

GROUP REVENUE*	LEADING BRANDS	NUMBER OF EMPLOYEES#	PRODUCT TYPES
Revenue: R4,9 billion (+30%)			
 Consumer R1,1 billion 22%; Pharmaceuticals R3,8 billion 78%	Altosec, CiLift, Flusin, Infacare, Lamzid, Lenadol, Lennon Dutch Medicines, Mybulen, Pharmapress, Sinuclear, Vectoryl and Woodwards Gripe Water	543	
		3 104	

GROUP REVENUE*	LEADING BRANDS	NUMBER OF EMPLOYEES#	PRODUCT TYPES
Revenue: R3,6 billion (+245%)			
 Global brands R1,4 billion 39%	Aggrastat, Aldomet, Eltroxin, Imuran, Indocid, Lanoxin and Zyloric	31	
 Asia Pacific R0,9 billion 25%	Bio Oil, Cardizem, Di-gesic, Neotigaston, Keflex, Murine, Proscar, Spray Fresh, Transderm Nitro and Tritace	73	
 Sub-Saharan Africa R0,4 billion 11%	Action, Coldril, Diclopar, Good Morning Lung Tonic, Hemovit, Koflyn, Malafin, Mara Moja, Mucolyn and Sulphador	877	
 Latin America R0,9 billion 25%	Ceflen, Cellexina, Enjoy, Heptron, Hidrosone, Omeprazole, Pravastatina, Sulidaco, Tazpen and Zylpen	645	
	Anticipated to be commercialised in 2011	89	

• = percentage of revenue segment

* *Amounts stated are from continuing operations.*
# *Full-time and part-time employees.*

Ten-year review

GROUP INCOME STATEMENTS	Compound annual growth since 2000 %	IFRS Year ended 30 June 2009 R'million	IFRS Year ended 30 June 2008 R'million
Continuing operations			
Revenue	28	8 450,3	4 682,5
Gross profit	23	3 886,2	2 171,3
Operating profit before amortisation of intangible assets	29	2 278,0	1 314,2
Operating profit	29	2 183,0	1 196,3
Profit before tax	33	1 704,7	1 177,9
Profit after tax from continuing operations	33	1 342,7	844,8
Discontinued operations			
Profit/(loss) for the year from discontinued operations		10,9	19,7
Profit for the year	34	1 353,6	864,5
Attributable to:			
Equity holders of the parent		1 340,4	862,9
Minority interests		13,2	1,6

GROUP STATEMENTS OF FINANCIAL POSITION			
ASSETS			
Non-current assets			
Property, plant and equipment		2 373,5	1 623,0[7]
Intangible assets		4 502,0	4 234,8[7]
Preference share investment		–	–
Other non-current assets		45,5	31,5
Total non-current assets		6 921,0	5 889,3
Current assets			
Inventories		1 434,6	1 369,1[7]
Trade and other receivables		2 100,9	1 789,1[7]
Cash and cash equivalents		2 065,3	1 521,2[7]
Total current assets		5 600,8	4 679,4
Total assets		12 521,8	10 568,7
EQUITY AND LIABILITIES			
Ordinary shareholders' equity		4 020,7	2 908,7[7]
Equity component of preference shares		162,0	162,0
Minority interests		80,3	61,1
Total shareholders' equity		4 263,0	3 131,8
Non-current liabilities			
Preference shares – liability component		392,2	402,1
Borrowings		3 433,8	75,9
Deferred-payables and other non-current financial liabilities		9,4	11,9
Deferred tax liabilities		203,0	133,0[7]
Total non-current liabilities		4 038,4	622,9
Current liabilities			
Trade and other payables		1 300,2	995,7[7]
Financial liability at amortised cost		–	2 653,0
Borrowings		2 670,3	3 042,3[7]
Other current financial liabilities		249,9	123,0
Total current liabilities		4 220,4	6 814,0
Total equity and liabilities		12 521,8	10 568,7

GROUP STATEMENTS OF CASH FLOWS			
Cash operating profit		2 668,3	1 494,0
Changes in working capital		(507,7)	(435,9)
Cash generated from operations		2 160,6	1 058,1
Net financing costs paid		(759,3)	(347,5)
Investment income received		224,2	263,4
Tax paid		(333,4)	(321,6)
Net cash generated from operating activities		1 292,1	652,4
Net cash (used in)/generated by investing activities		(3 556,7)	(1 456,3)
Net cash generated/(used in) financing activities		3 129,0	1 210,7
Effects of exchange rate changes		(486,4)	40,6
Movement in cash and cash equivalents		378,0	447,4
Cash and cash equivalents at the beginning of the year		944,9	497,5
Cash and cash equivalents at the end of the year		1 322,9	944,9

1 Excludes once-off cost of the BBBEE transaction amounting to R282,4 million.
2 Includes R8,1 million amortisation of goodwill.
3 Includes R13,8 million amortisation of goodwill.
4 Includes R8,4 million amortisation of goodwill.
5 Includes R6,0 million amortisation of goodwill.
6 Includes a loss on exceptional items (which represents restructuring costs) of R15,9 million.
7 The 2008 statement of financial position excludes the balances of Astrix Laboratories Ltd, which is regarded as a discontinued operation.
8 The capital distribution paid in 2008 relates to profits earned in the 2007 financial year. No capital distribution is proposed in respect of the earnings for the year ended 30 June 2009. The distributions for the years 2000 to 2003 relate to dividends declared after year-end.

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	SA GAAP Year ended 30 June 2003 R'million	SA GAAP Year ended 30 June 2002 R'million	SA GAAP Year ended 30 June 2001 R'million	SA GAAP Year ended 30 June 2000 R'million
4 025,9	3 449,3	2 814,6	2 201,7	1 890,2	1 561,2	1 104,3	936,0
1 941,7	1 660,3	1 390,6	1 058,1	860,8	736,3	603,8	592,8
1 197,7	987,3	833,0[1]	631,8	501,3	413,7	299,5	224,5[6]
1 076,6	894,7	738,2	553,8[2]	447,2[3]	379,4[4]	284,9[5]	220,7
1 009,4	853,9	676,4	528,5	390,3	331,2	237,4	134,1
717,7	637,5	468,8	355,6	274,8	221,8	171,2	104,5
–	–	–	–	(1,5)	3,4	1,9	(4,6)
717,7	637,5	468,8	355,6	273,3	225,2	173,1	99,9
717,4	637,7	468,8	355,6	270,5	219,0	171,2	99,9
0,3	(0,2)	–	–	2,8	6,2	1,9	–

855,1	613,1	481,7	312,8	180,1	145,6	138,3	157,3
1 139,7	1 073,8	861,4	528,1	504,5	289,9	237,7	74,9
376,8	376,8	376,8	–	–	–	–	–
21,1	46,3	57,7	132,0	169,1	190,7	223,2	251,9
2 392,7	2 110,0	1 777,6	972,9	853,7	626,2	599,2	484,1
936,8	798,3	428,2	245,6	213,5	287,0	185,0	166,9
871,2	727,1	512,7	425,6	414,1	341,0	254,5	201,9
3 331,2	625,2	439,6	465,5	200,4	184,1	135,2	140,2
5139,2	2 150,7	1 380,5	1 136,7	828,0	812,1	574,7	509,0
7 531,9	4 260,7	3 158,1	2 109,6	1 681,7	1 438,3	1 173,9	993,1
2 220,4	1 551,0	954,3	1 066,5	787,6	599,4	335,3	235,9
162,0	162,0	162,0	–	–	–	–	–
7,0	6,7	–	–	7,4	17,1	10,7	–
2 389,4	1 719,7	1 116,3	1 066,5	795,0	616,5	346,0	235,9
403,5	403,3	406,6	–	–	–	–	–
25,9	49,0	62,7	156,2	144,7	54,0	176,1	280,2
17,8	35,9	37,4	50,5	92,4	103,3	49,9	9,9
65,3	99,1	71,6	61,6	42,3	29,1	22,8	35,6
512,5	587,3	578,3	268,3	279,4	186,4	248,8	325,7
648,1	712,7	571,9	353,4	338,6	383,8	350,9	308,9
–	–	–	–	–	–	–	–
3 801,8	1 173,8	761,7	290,0	151,5	160,9	201,8	122,6
180,1	67,2	129,9	131,4	117,2	90,7	26,4	–
4 630,0	1 953,7	1 463,5	774,8	607,3	635,4	579,1	431,5
7 531,9	4 260,7	3 158,1	2 109,6	1 681,7	1 438,3	1 173,9	993,1

1 322,0	1 127,5	929,3	670,5	508,6	424,1	308,8	241,6
(353,0)	(487,5)	(52,9)	(44,2)	(11,6)	(94,4)	(38,2)	117,6
969,0	640,0	876,4	626,3	497,0	329,7	270,6	359,2
(193,8)	(128,7)	(84,6)	(52,6)	(96,1)	(67,9)	(65,5)	(101,8)
139,8	72,9	37,6	27,3	39,2	19,7	18,0	15,2
(206,4)	(182,2)	(176,6)	(102,3)	(54,1)	(50,7)	(20,9)	(32,7)
708,6	402,0	652,8	498,7	386,0	230,8	202,2	239,9
(431,6)	(442,0)	(799,8)	(282,6)	(351,3)	(40,6)	(186,6)	267,4
(50,8)	(152,1)	115,6	54,3	20,9	(193,9)	(31,1)	(483,1)
9,0	14,8	5,5	(5,2)	(39,4)	52,6	10,5	–
235,2	(177,3)	(25,9)	265,2	16,2	48,9	(5,0)	24,2
262,3	439,6	465,5	200,3	184,1	135,2	140,2	116,0
497,5	262,3	439,6	465,5	200,3	184,1	135,2	140,2

Ten-year review continued

Share performance			Compound annual growth since 2000 %	IFRS Year ended 30 June 2009 R'million	IFRS Year ended 30 June 2008 R'million
Earnings per share – basic				374,6	245,3
From continuing operations		cents	33	371,5	239,7
From discontinued operations		cents		3,1	5,6
Earnings per share – diluted				362,9	240,1
From continuing operations		cents	33	360,0	234,8
From discontinued operations		cents		2,9	5,3
Headline earnings per share				389,4	231,3
From continuing operations		cents	35	379,5	225,7
From discontinued operations		cents		9,9	5,6
Headline earnings per share – diluted				376,7	227,0
From continuing operations		cents	35	367,5	221,7
From discontinued operations		cents		9,2	5,3
Capital distribution/dividend per share[8]		cents		–	70,0
Net asset value per share	Ordinary shareholders' equity / Number of shares in issue (net of treasury shares)	cents	37	1 114,7	825,4
Operating cash flow per share	Net cash generated from operating activities / Weighted number of shares in issue	cents	21	361,0	185,5
Share information					
Number of shares in issue – at the end of the year		millions		361,3	391,3
Number of shares in issue (net of treasury shares) – at the end of the year		millions		360,7	352,4
Weighted number of shares in issue		millions		357,9	351,8
Market capitalisation at year-end		R'million	28	19 783,7	12 444,7
JSE Ltd statistics					
Number of shares traded		millions		335,5	271,0
Number of shares traded as % of weighted average number of shares		%		93,8	77,0
Market price per share					
• Year-end		cents		5 475	3 180
• Highest		cents		5 748	3 239
• Lowest		cents		2 720	2 915
Key market performance ratios					
Earnings yield	Headline earnings per share from continuing operations / Market price per share at year-end	%		6,9	7,1
Price: earnings ratio	Market price per share at year-end / Headline earnings per share from continuing operations			14,4	14,1
Business performance					
Profitability – measures financial performance of the Group					
Total net assets	Total assets – total liabilities			4 263,0	3 131,8
Return on ordinary shareholders' equity	Net profit attributable to equity holders of the parent from continuing operations / Average ordinary shareholders' equity	%		38,4	32,9
Return on total assets	Operating profit from continuing operations / Total average assets	%		18,9	13,2
Return on net assets	Profit before tax from continuing operations / Total average assets – total average liabilities	%		46,1	42,7
Revenue growth from continuing operations	Revenue from continuing operations (current year) – revenue from continuing operations (prior year) / Revenue from continuing operations (prior year)	%		80,5	16,3
Gross margin	Gross profit from continuing operations / Revenue from continuing operations	%		46,0	46,4

1 Excludes once-off cost of the BBBEE transaction amounting to R282,4 million.

8 The capital distribution paid in 2008 relates to profits earned in the 2007 financial year. No capital distribution is proposed in respect of the earnings for the year ended 30 June 2009. The distributions for the years 2000 to 2003 relate to dividends declared after year-end.

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	SA GAAP Year ended 30 June 2003 R'million	SA GAAP Year ended 30 June 2002 R'million	SA GAAP Year ended 30 June 2001 R'million	SA GAAP Year ended 30 June 2000 R'million
205,7	185,3	137,6	99,8	76,6	62,5	46,8	27,2
205,6	185,3	137,6[1]	99,8	77,0	61,5	46,3	28,5
–	–	–	–	(0,4)	1,0	0,5	(1,3)
201,8	179,2	133,9	97,2	74,8	60,6	45,6	27,2
201,8	179,2	133,9[1]	97,2	75,2	59,6	45,1	28,5
–	–	–	–	(0,4)	1,0	0,5	(1,3)
210,1	185,4	138,3	103,7	79,1	62,7	46,3	33,8
210,1	185,4	138,3[1]	103,7	79,1	63,1	46,6	26,2
–	–	–	–	–	(0,4)	(0,3)	7,6
206,1	179,3	134,3	101,0	77,1	60,8	45,1	32,8
206,1	179,3	134,3[1]	101,0	77,1	61,2	45,4	25,2
–	–	–	–	–	(0,4)	(0,3)	7,6
62,0	48,0	30,0	20,0	11,0	8,0	–	–
633,3	446,4	281,1	297,7	222,1	170,5	96,0	64,2
203,1	116,8	191,7	140,0	109,3	65,9	55,3	65,3
389,6	386,4	378,4	377,0	373,5	370,3	368,2	367,3
350,6	347,4	339,4	358,2	354,6	351,5	349,4	367,3
348,9	344,1	340,6	356,2	353,1	350,4	365,8	367,3
14 413,9	14 102,9	9 005,3	4 788,1	2 894,3	2 759,0	2 191,0	2 112,0
359,2	268,8	103,4	82,7	128,9	132,1	30,9	28,0
103,0	78,1	30,3	23,2	36,5	37,7	8,4	7,6
3 700	3 650	2 380	1 270	775	745	595	575
4 016	4 450	2 500	1 410	800	790	695	710
3 055	2 365	1 270	775	640	565	400	350
5,7	5,1	5,8[1]	8,2	10,2	8,5	7,8	4,6
17,6	19,7	17,2	12,3	9,8	11,8	12,8	21,9
2 389,4	1 719,7	1 116,3	1 066,5	795,0	616,5	346,0	235,9
38,0	50,9	46,4	38,4	39,2	46,1	59,3	52,2
18,3	24,1	28,0	29,2	28,7	29,1	26,3	17,2
49,1	60,2	62,0	56,8	55,3	68,8	81,6	66,9
16,7	22,6	27,8	16,5	21,1	41,4	18,0	165,4
48,2	48,1	49,4	48,1	45,5	47,2	54,7	63,3

Ten-year review continued

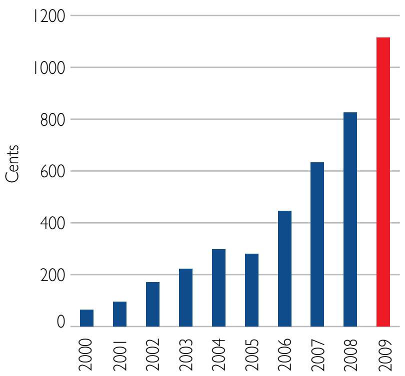
Business performance continued			Compound annual growth since 2000 %	IFRS Year ended 30 June 2009 R'million	IFRS Year ended 30 June 2008 R'million
Profitability continued					
Operating profit margin	Operating profit from continuing operations / Revenue from continuing operations	%		25,8	25,5
South African profit margin	Operating profit for South Africa from continuing operations / Revenue for South Africa from continuing operations	%		25,2	28,4
International operating profit margin	Operating profit for international from continuing operations / Revenue for international from continuing operations	%		30,0	20,9
Effective tax rate	Tax from continuing operations / Profit before tax from continuing operations	%		21,2	28,3
Liquidity – measures the Group's ability to meet its maturing obligations and unexpected cash needs in the short-term					
Current ratio	Current assets / Current liabilities			1,3	1,1[9]
Quick ratio	Current assets – Inventories / Current liabilities			1,0	0,8
Cash ratio	Cash and cash equivalents / Current liabilities – bank overdrafts	%		48,8	22,1
Working capital as a % of revenue	Inventories + trade and other receivables – trade and other payables / Revenue from continuing operations	%		26,5	36,8[10]
Debt indicators – measures the Group's ability to meet capital and interest payments over the long term					
Total debt (net of cash)	Total borrowings + deferred payables + preference shares (liability component) – cash and cash equivalents			4 431,6	2 011,0
Gearing ratio	Total debt (net of cash) / Total shareholders equity			1,0	0,6
Total debt operating profit before amortisation	Total debt (net of cash) / Operating profit before amortisation from continuing operations	times		1,9	1,5
Net interest cover	Operating profit before amortisation of intangible assets from continuing operations / Interest paid from continuing operations – interest received from continuing operations	times		6,0	14,0
Percentage debt ratio	Total debt (net of cash) / Total shareholders equity + total debt (net of cash) – minority interests	%		51,4	39,6

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

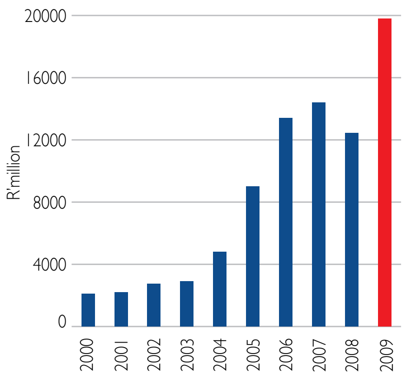
9 Excludes financial liability at amortised cost of R2 653,0 million.
10 Excludes deferred receivable of R440,1 million.

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	SA GAAP Year ended 30 June 2003 R'million	SA GAAP Year ended 30 June 2002 R'million	SA GAAP Year ended 30 June 2001 R'million	SA GAAP Year ended 30 June 2000 R'million
26,7	25,9	26,2	25,2	23,7	24,3	25,8	23,6
30,0	28,7	29,8	29,0	23,7	24,3	25,8	23,6
12,6	13,0	11,8	9,6	–	–	–	–
28,9	25,3	30,7	32,7	29,6	33,0	27,9	22,1
1,1	1,1	0,9	1,5	1,4	1,3	1,0	1,2
0,9	0,7	0,7	1,2	1,0	0,8	0,7	0,8
185,5	39,3	30,0	60,1	33,0	29,1	23,3	32,5
28,8	23,6	13,1	14,4	15,3	15,6	8,0	6,4
967,6	1 032,2	863,2	75,6	243,1	185,4	321,3	262,6
0,4	0,6	0,7	0,1	0,3	0,3	0,9	1,1
0,8	1,1	1,0	0,1	0,5	0,5	1,1	1,2
18,8	21,6	21,0	65,1	18,2	9,3	6,2	2,7
28,9	37,6	43,6	6,6	23,6	23,6	48,9	52,7

NET ASSET VALUE PER SHARE



MARKET CAPITALISATION



Cardiovascular system

Cardiovascular disease relates to various diseases of the heart. These include heart attacks, strokes, raised blood pressure, high cholesterol, heart failure and hereditary causes of heart disease. Generally heart problems don't have visible symptoms. Consequently there is an increased emphasis on modifying risk factors such as healthy eating, exercise and avoidance of smoking to reduce the incidence of heart disease.

Commonly used medication for the treatment of cardiovascular disease include angiotensin-converting enzymes ("ACE") inhibitors (perindopril and enalapril), beta-blockers (atenolol), statins (simvastatin) and diuretics (indapamide and hydrochlorothiazide ("HCTZ")).

Perindopril is a long-acting ACE inhibitor used for the treatment of hypertension (or high blood pressure), heart failure and related indications. Perindopril primarily regulates blood pressure, reduces the risk of cardiac events and treats symptomatic heart disease or heart failure. Results from both clinical trials and post-marketing surveys indicate that perindopril is well tolerated in a wide range of patients with hypertension.

Enalapril is an ACE inhibitor used in the treatment of hypertension and in some types of chronic heart failure. The primary effect of enalapril is to lower blood pressure. Hypertension is a medical condition in which the blood pressure is chronically elevated. Persistent hypertension is one of the risk factors for strokes, heart attacks and heart failure and is a leading cause of chronic renal failure.

Simvastatin controls elevated cholesterol levels thereby helping to prevent cardiovascular disease. Simvastatin blocks an enzyme in the liver which manufactures cholesterol, resulting in reduced levels of bad cholesterol and an elevation of good cholesterol levels. Elevated cholesterol in the blood may be related to diet, genetic factors and the presence of other diseases such as diabetes and an underactive thyroid.

HCTZ is a first line diuretic – a drug that elevates the rate of urination and inhibits the kidneys' ability to retain water. This reduces the volume of the blood, decreasing blood return to the heart and thereby cardiac output (volume of blood being pumped by the heart). HCTZ is often used in the treatment of hypertension, congestive heart failure, symptomatic oedema (abnormal accumulation of fluid beneath the skin) and in the prevention of kidney stones.

1

Vectoryl Plus sold in South Africa during 2009:

3,4* million

Vectoryl Plus share of IMS# category

5,5%

Vectoryl Plus contains:
Perindopril, indapamide

2

Pharmapress sold in South Africa during 2009:

18* million

Pharmapress share of IMS category

15%

Pharmapress contains:
Enalapril maleate

3

Aspen Simvastatin sold in South Africa during 2009:

5,2* million

Aspen Simvastatin share of IMS category

4%

Aspen Simvastatin contains:
Simvastatin

4

Ridaq sold in South Africa during 2009:

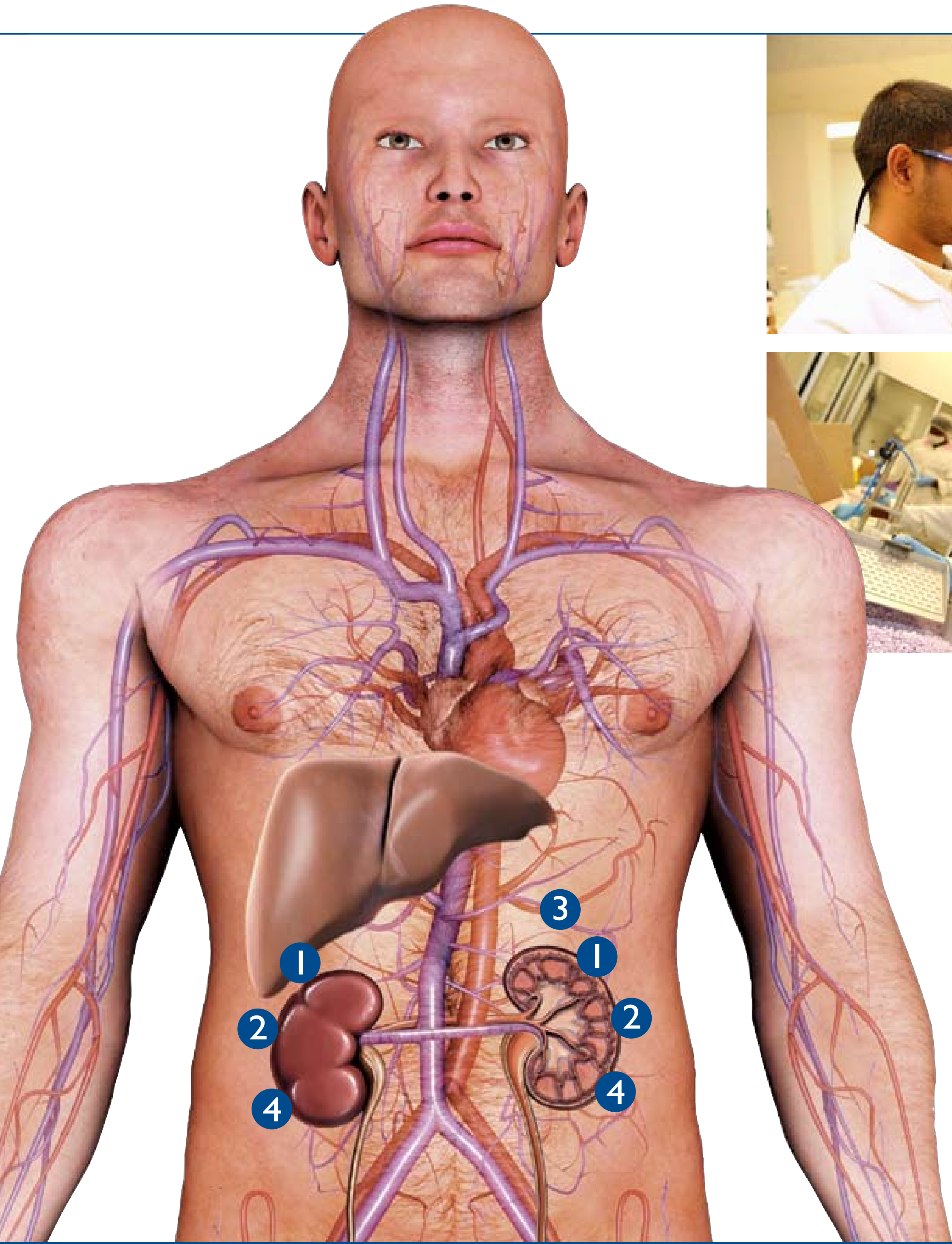
14,5* million

Ridaq share of IMS category

21%

Ridaq contains:
Hydrochlorothiazide

*Counting units for all dosage forms which are sold in South Africa as reported by IMS at 30 June 2009.
#IMS Health ("IMS") is an independent measure of the private pharmaceutical market in the respective territories.



Cardiovascular disease accounts for more deaths in the world than any other disease. The World Health Organisation predicts more than 25 million deaths worldwide from this disease by 2015. The IMS value of Aspen's international cardiovascular pipeline is USD1 564 million (source: table on page 27).

QUALITY AFFORDABLE MEDICINES GLOBALLY

The past year has been a watershed for Aspen in that the Group has transformed from a regionally focused operation to a truly global business. The earnings contribution from international operations has increased significantly and amounted to slightly less than half of Group earnings. The marked expansion of the international business should not, however, overshadow the achievements and positioning of Aspen's South African business which remains the foundation of the Group.

CONCENTRATION ON EMERGING MARKETS

Core to the Group's increased global footprint has been a concentration on emerging markets. Aspen has acquired businesses in Latin America and sub-Saharan Africa in the period since March 2008. These territories have been identified as strategic focus areas, along with the Asia Pacific region in which the Group already has an established business in Australia. The characteristics of these emerging markets have much in common with South Africa. From a demographic perspective, common features are a growing population, increasing numbers of the aged and an expanding middle class which is susceptible to lifestyle diseases who have heightened awareness of brands, price and quality. In pharmaceuticals, the shift towards generic medicines is gaining momentum in almost all emerging markets although in several countries this has been more pronounced in the public sector. Trading conditions are generally challenging and there are frequently barriers to entry.

The Group businesses in the emerging markets will concentrate on applying the fundamental elements of Aspen's formula which has proven so successful in South Africa. The primary element of this formula is the supply of high quality medicines at affordable prices. This is supported by extensive sales representation and excellent service delivery. No doubt there will be a number of challenges along the way, but I have confidence that should this formula be successfully applied, these markets will become an important factor in Aspen's growth over the next few years.

SOUTH AFRICAN BUSINESS REMAINS FUNDAMENTAL

The internationalisation of the Group should not in any way be seen as a dilution of the role of the South African business. Over the past year, the South African business grew its share in all the market segments in which it performs. This converted into revenue growth of 30%. The strength of the South African business remains fundamental to the Group's performance and to its future.

The South African business is also a catalyst to the growth of the international businesses. Aspen has invested close to R1,5 billion in capital projects in South Africa over the last five years. These capital projects have transformed Aspen from a domestic producer to a manufacturer with the capability to supply various dosage forms to any market in the world. The South African production facilities are an important future supplier to the Group's international businesses. Exports from South Africa amounted to almost R600 million in 2009 and are set to continue growing.

The other key contribution from the South African operations to the international businesses is in product development. Aspen's extensive product portfolio in South Africa provides many opportunities for the international businesses to access intellectual property which supports new product registrations in additional territories. The nature of the South African product portfolio is particularly relevant to other emerging markets where many of the health challenges and disease patterns are similar.

INVESTMENT IN SOUTH AFRICA

Aspen has played a meaningful role in sustaining the pharmaceutical industry in South Africa and has been a pioneer in developing an international pharmaceutical business for the country. The Group has also played an important role as a responsible corporate citizen in South Africa. The growth of Aspen has created over 1 000 new jobs for South Africans since 2001, many of these are positions in areas of advanced technology. The Group has introduced

Global expansion

Dr Judy Dlamini
Chairman
photographed at the OSD Facility, Port Elizabeth *(left)*

production and pharmacological technologies to the country for the first time as it has raised its standards to the highest international levels. Aspen was the first company on the African continent to launch a generic ARV for the treatment of HIV/AIDS. Today Aspen is responsible for supplying a significant volume of the ARVs required in South Africa and Aspen ARVs support some one million lives across Africa.

The Group supports many upliftment projects in South African society and has been involved in the building or expansion of six community healthcare clinics in different parts of the country. Aspen continues to support the Friends of Mosvold Trust, a bursary assistance programme in KwaZulu-Natal, which has produced 12 doctors and four pharmacists to date. Aspen's commitment to the application of BBBEE Codes of Good Practice is reflected by the chairmanship of the Transformation Committee by Group Chief Executive, Stephen Saad. Independent rating agency, Empowerdex, has recently verified Aspen as a Level 4 contributor under the BBBEE Codes of Good Practice, confirming that the Group has achieved its medium-term rating objective.

KING III TO GET FOCUS

In the year ahead Aspen will pay particular attention to its governance structures across the expanded Group, taking consideration of the guidance contained in King III which comprises a code of principles and a report on best practice recommendations relating to corporate governance. Account will also be taken of the requirements of the new Companies Act promulgated in South Africa. The responsibilities of Boards of Directors have been further emphasised in these recent publications. Aspen is fortunate to be well served by a Board of skilled and experienced directors who are committed to upholding the Group's record of sound corporate governance. I thank them for their ongoing support. I also record Aspen's gratitude to Pasco Dyani for the service he rendered as a director since his appointment in 2006 until he stepped down in February 2009.

The exceptional results of the past year would not have been possible without the skills and dedication of the thousands of men and women who work for Aspen on five continents. This diversity of personnel across many geographies underscores the importance of teamwork as one of the Group's key values.

A POSITIVE YEAR AHEAD

Aspen has made significant progress in establishing an international business over the past year. The South African business is well positioned and will continue to be the most influential part of the Group. Completion of the series of strategic transactions with GSK announced in May 2009 is expected in the next few months and will further support the Group's strategies in South Africa, sub-Saharan Africa and internationally. I believe that all Aspen's stakeholders can look forward to another exciting year ahead.

Dr Judy Dlamini
Chairman

22 October 2009

The strength of the South African business remains fundamental to the Group's performance and to its future.

Central nervous system

The central nervous system consists of the brain and spinal cord. It contains millions of nerve cells and together with the peripheral nervous system (a portion of the nervous system that is outside the brain and spinal cord) they play a fundamental role in controlling behaviour. Central nervous system medication is used for the treatment of disorders such as depression, anxiety, schizophrenia, epilepsy, Parkinson's disease and insomnia.

Commonly used central nervous system medication includes amitriptyline, carbidopa, citalopram, escitalopram, fluoxetine, levodopa, sertraline and zolpidem.

Citalopram is an anti-depressant medication used to treat major depression associated with mood disorders. It is also used on occasion in the treatment of social anxiety disorders, panic disorders, obsessive compulsive disorders, anxiety and body dismorphic disorders (anorexia, bulimia). Citalopram is widely used internationally and is generally well tolerated in patients.

Passiflora incarnata is used to treat nervous anxiety, insomnia, hysteria and epilepsy and is also valued for its painkilling properties. It is classified as a natural hypnotic or sedative. In initial trials for the treatment of generalised anxiety disorder, passiflora incarnata extract performed as well as oxazepam but with less short-term side effects.

Amitriptyline is a tricyclic anti-depressant first introduced in the 1950s. Although this class of treatment is being replaced by next generation anti-depressants that are better tolerated, they are still widely used and are prescribed for certain indications. While amitriptyline is commonly used to treat major depression, it is also a mild tranquiliser with sedative properties which are helpful in alleviating anxiety or agitation accompanying depression.

The combination carbidopa and levodopa is indicated for the treatment of Parkinson's disease. This is a degenerative disorder of the central nervous system that often impairs the patient's motor skills, speech and other functions. Parkinson's disease is characterised by muscular rigidity, tremors, a slowing of physical movement and, in extreme cases, a loss of physical movement.

1

CiLift sold in South Africa during 2009:

21* million

CiLift share of IMS category

23%

CiLift contains:
Citalopram

2

Calman sold in Brazil during 2009:

7,2* million

Calman share of IMS category

17%

Calman contains:
Passiflora incarnata;
Crataegus oxyacantha L.

3

Trepiline sold in South Africa during 2009:

42* million

Trepiline share of IMS category

57%

Trepiline contains:
Amitriptyline HCl

4

Carbilev sold in South Africa during 2009:

4,5* million

Carbilev share of IMS category

29%

Carbilev contains:
Carbidopa, levodopa

Counting units for all dosage forms sold in South Africa and Brazil as reported by IMS at 30 June 2009.

Central nervous system disorders constitute one of the most significant components of healthcare spending in the developed world, contributing to an estimated 35% of the disease burden within the seven major pharmaceutical markets. The IMS value of Aspen's international central nervous system pipeline is USD786 million (source: table on page 27).

ACHIEVING SUCCESS IN DIFFICULT TIMES

The financial crisis and the related fall-out in the markets was the dominant feature of the business environment during the last financial year. During this period Aspen has performed strongly, demonstrating the resilience of the Group in difficult times and confirming that the strategies adopted have been effective.

REVENUE GROWS BY 80%

Revenue grew 80% to R8,5 billion with all segments of the business contributing positively to this achievement. The overall results of the Group were favourably impacted by the international expansion. However, this was also supported by good growth in long-established businesses, most notably in South Africa and Australia. Operating profit of R2,2 billion was up 82%. The operating profit was underpinned by excellent cash generation with cash generated from operations also reaching R2,2 billion, more than double the prior year. These results are an endorsement of the strategies the Group has pursued and demonstrates Aspen's ability to succeed in difficult market conditions.

SOUTH AFRICAN BUSINESS PERFORMS WELL

Despite the increase in the Group's international business, the South African operations contributed more than half of revenue and of profits. The South African private pharmaceutical sector grew at 15% in value terms over the year to June 2009 to R19,8 billion while Aspen grew at 20%. The private sector is subject to price controls administered through the Single Exit Pricing ("SEP") legislation. The Department of Health ("DoH") announced a 13,2% increase in the SEP in February 2009 which only found its way into the market in the fourth quarter of the financial year. It is thus apparent that the market as a whole, and more particularly Aspen, recorded robust volume growth over the period. Market growth has been stimulated by the demographics of a growing population, an expanding middle class and an unfortunately large number of young people who are suffering with infectious diseases such as HIV/AIDS and Tuberculosis. Revenue in the pharmaceutical division was up 34%.

The revenue increase of 16% recorded by the consumer division was a notable achievement given the depressed retail sector. The Group's strong focus on medicinal products and IMFs as the leading brands in the consumer offering proved effective in growing the consumer business under testing market conditions.

CAPITAL PROJECTS COME ON LINE

The Group has invested heavily in capital projects in South Africa over the last five years in order to establish world class manufacturing technologies and production standards of the highest international quality. The manufacturing capacities and capabilities which will result from this programme have secured the Group's domestic manufacturing sustainability and created a catalyst for international expansion. A number of the projects have recently been completed or will be completed in the year ahead turning these investments into productive assets. During the second half of the year, further Oral Solid Dosage ("OSD") manufacturing capacity came on line in Port Elizabeth with the completion of the capital project to add more packing lines.

Success amidst challenges

Stephen Saad
Group Chief Executive
photographed at the Sterile Facility, Port Elizabeth *(left)*

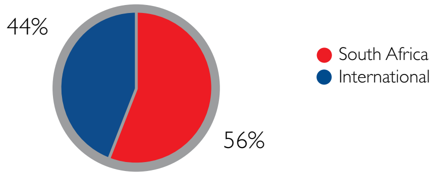
This relieved production pressure which had arisen primarily as a consequence of unscheduled increases in demand from the public health sector. Further OSD capacity will be unlocked before the end of 2009 with the completion of the new tabletting production plant which is presently being validated. The eye drop suite in the Sterile Facility was also completed during the past year and exports of Clear Eyes and Murine have commenced to Prestige Brands Inc in the United States. Trials have been initiated in the hormonal suite of the Sterile Facility.

JUMP IN INTERNATIONAL RESULTS

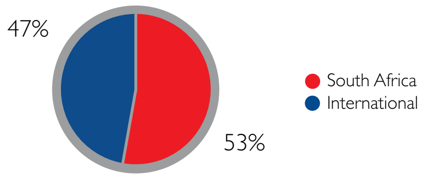
Aspen's international business showed a quantum increase in contribution to the Group as the benefits of the purchase of a portfolio of global brands as well as the acquisition of interests in businesses in Latin America and East Africa flowed into the results. Revenue increased from R1,1 billion to R3,9 billion while operating profit improved from R0,2 billion to R1,0 billion. Growth was also supported by another strong showing from the Australian business which raised revenue 29% to R915 million despite a challenging legislative environment.

SEGMENTAL ANALYSIS

REVENUE



OPERATING PROFIT FROM CONTINUING OPERATIONS BEFORE AMORTISATION, DISPOSALS AND IMPAIRMENT OF INTANGIBLE ASSETS



The Group has invested heavily in capital projects over the past five years in order to establish world-class manufacturing technologies and production capabilities of the highest international standards.

STRATEGIC TRANSACTIONS ANNOUNCED WITH GSK

On 12 May 2009 Aspen announced that it had agreed terms on a series of strategic, inter-dependent transactions with GSK ("the GSK transactions"). It is expected that the GSK transactions, which are subject to the fulfilment of various conditions precedent, will be completed before the end of December 2009. In terms of the GSK transactions, Aspen will issue 68,5 million new ordinary shares to GSK as consideration. This amounts to approximately 16% of the proposed enlarged shareholding of Aspen. The components of the GSK transactions are:

> the acquisition of the rights to distribute GSK's pharmaceutical products in South Africa;
> the formation of a collaboration arrangement between Aspen and GSK in relation to the marketing and selling of prescription pharmaceuticals in sub-Saharan Africa;
> the acquisition of eight specialist, branded products for worldwide distribution; and
> the acquisition of GSK's manufacturing facility in Bad Oldesloe, Germany.

The shareholding by GSK in Aspen allows for alignment of objectives in respect of the GSK transactions in South Africa and sub-Saharan Africa as well as providing GSK with an ongoing and increased exposure to Africa as a region.

PRODUCT PIPELINE EXPANDED

The Group has been engaged in a fairly intensive period of acquisitive activity over the past two years. These acquisitions have been undertaken in order to give Aspen access to new markets. This practice is likely to continue into the future as will the purchase of additional products which fit the Group's portfolio, representing good value and which adds critical mass in strategically important markets. However, Aspen recognises that organic growth provides the most effective return on investment. To this end, much attention has been paid over the past year to the building and extending of the Group's product pipeline to take account of the new territories in which Aspen now operates. The product pipeline is critical to the future sustainability of the Group, providing opportunities to bring new products to the market and growing Aspen's presence in addition to compensating for any products in decline in the existing portfolio. The product pipeline is a most valuable asset as is demonstrated by the table on the following page.

GOOD MOMENTUM IN SOUTH AFRICAN BUSINESS

The Aspen business remains very well positioned in South Africa and the underlying growth fundamentals for the sector are positive. The team in South Africa continues to prove they are the best in the field and leadership has been strengthened with the recruitment of Noel Guliwe as Chief Executive – South Africa and the appointment of Morné Geyser as Head of South African Operations. The formidable product pipeline, with more than 200 dossiers awaiting registration at the South African Medicines Control Council ("MCC"), will add to the momentum this business has achieved.

Completion of the transaction to acquire the rights to GSK's pharmaceutical products in South Africa will strengthen Aspen's position in branded products. GSK recorded sales of GBP45 million from these products in the year ended 31 December 2008. Apart from adding critical mass in therapeutic categories, all the personnel in the GSK pharmaceutical division will join Aspen, adding to the share of voice with script physicians. The GSK products will benefit from the increased exposure offered by Aspen's extensive distribution network. Aspen will also have access to GSK's

(continued on page 28)

ASPEN'S PRODUCT PIPELINE

Important explanatory notes to the table below:

1. *With the exception of sub-Saharan Africa, values stated have been derived from IMS Health ("IMS"). IMS is an independent measure of the private pharmaceutical market in the respective territories. The IMS value, as set out in the table below, records the annual value of sales of the originator's products for the year to 31 December 2008.*
2. *In the absence of IMS data, values for sub-Saharan Africa represent Aspen's estimate of the value of the total private market in East Africa per molecule.*
3. *In assessing the potential value to Aspen of the dossiers to be launched, the following needs to be taken into consideration:*
   i) The generic product of an original trades at a discount to the original product.
   ii) The entry of generic products to the market will result in greater competition.
4. *The table relates to the private markets of the relevant territories only. The value of the public sector markets has been omitted entirely.*
5. *Products which are already registered are not included.*
6. *Products have only been included when Aspen has a physical product dossier in hand. Not all products have been submitted to the applicable regulatory authorities for registration.*

Therapeutic category	South Africa USD'million	Asia Pacific USD'million	Latin America USD'million	Sub-Saharan Africa USD'million	Total USD'million
Analgesic	27	2	9	12	50
Anti-infective	68	38	117	43	266
ARV	17	–	–	–	17
Central Nervous System	81	23	682	–	786
Cardiovascular	97	3	1 451	13	1 564
Dermatological	4	–	–	19	23
Endocrine	45	36	395	7	483
Gastrointestinal	47	21	355	6	429
Immunosuppressants	9	43	28	–	80
Oncology	42	116	–	–	158
Ophthalmics	3	–	–	–	3
Respiratory	37	–	40	40	117
Urology	8	–	151	25	184
Vitamins	9	–	–	10	19
Total	**494**	**282**	**3 228**	**175**	**4 179**
Anticipated launch in:					
0 – 2 years	195	64	1 038	68	1 365
3 – 5 years	299	218	2 190	107	2 814
Total	**494**	**282**	**3 228**	**175**	**4 179**

pipeline of products for South Africa giving impetus to the existing pipeline. Included in the GSK portfolio for South Africa are vaccines, a sector where the Group has not previously been active, but which is an excellent fit with Aspen's product offering.

GSK ASPEN HEALTHCARE FOR AFRICA

The Group has been seeking to increase its business in sub-Saharan Africa for a number of years. In May 2008 the first step was taken in pursuit of this objective with the purchase of 60% of Shelys . This business performed well over the past year and is set to launch a number of new products during the next year with a particular concentration on the branded and OTC products in the private sector in East Africa. Completion of the GSK transactions will substantially increase the Group's involvement in the region. GSK is a leading multinational pharmaceutical company in the region, having recorded revenue of GBP62 million in the year ended 31 December 2008. The GSK brands have established credibility and with more than 260 representatives, have wide coverage and an effective distribution network. The supplementation of GSK's existing portfolio with Aspen's pipeline of relevant products should allow the collaboration to increase access to quality healthcare in sub-Saharan Africa under the "GSK Aspen Healthcare for Africa" identity. Shelys will not form part of the collaboration at this stage.

GLOBAL BRANDS INCREASED

The Group's portfolio of global brands is a key component of Aspen's international strategy. The global brands are specialised products with established credibility and strong brand equity among doctors and patients across the world. Aspen plans to use the recognition and acceptance of these products as a foundation on which to grow its business in selected markets by introducing promotion and representation of a product portfolio which is expanded by the addition of the Aspen pipeline. The global brands are distributed in approximately 100 countries across the world. The four global brands acquired from GSK with effect from 30 June 2008 were initially distributed by GSK in terms of the transition arrangements. Almost all markets will have moved to the Aspen global distribution network by the end of the 2010 financial year.

The existing portfolio of global brands will be increased by the addition of eight further products, which recorded sales of more than GBP50 million in the year ended 31 December 2008, upon completion of the GSK transactions. Alkeran, Leukeran, Purinethol, Lanvis and Myleran are all oncolytics and will provide synergy in territories in which Aspen promotes products from the oncology joint venture with Strides. The remaining three products are Kemadrin for the treatment of Parkinson's disease, Trandate, for the treatment of high blood pressure and Septrin, an anti-microbial. Many of the acquired products are manufactured at the Bad Oldesloe Facility in Germany which forms part of the GSK transactions. By acquiring this manufacturing site the Group gains control over the production of a material component of the global brands and also adds an important trans-European distribution capability. Bad Oldesloe is highly automated and comes with an exceptionally capable technical team from whose skill and knowledge the operations of the Group in all territories should benefit.

GREAT POTENTIAL IN LATIN AMERICA

Latin America has been a target territory for the Group for a number of years. The region is characterised by the complexity of multiple individual markets, barriers to entry and developing economies with strong demand for pharmaceuticals. In 2008 Aspen acquired 50% of businesses in Brazil, Mexico and Venezuela. This shareholding was raised to 51% with effect from July 2008 and full ownership will be achieved in the year

Strategic GSK agreement

ahead. Aspen has now experienced the regulatory and cultural challenges of doing business in Latin America first hand. Despite the obstacles presented in these markets, the region represents great future growth potential for the Group and is receiving considerable executive focus. Specific attention is being given to changing the business models of the companies and redirecting focus to branded business in the private sector. Interventions have been made to strengthen management. Investment in sales representation has been necessary to provide coverage over large geographies. In Brazil, 160 new sales representatives were employed and initiatives are underway to increase the sales force in Mexico and Venezuela. New products have been added to the portfolio, including the launch of the first biosimilar insulins in Brazil. The Group has already established a valuable product pipeline for the region which will represent an excellent growth driver into the future. While there are undoubtedly further hurdles Aspen will need to clear before the Group is fully established in Latin America, the opportunities are most exciting.

ASIA PACIFIC OPPORTUNITIES BEING EXPLORED

The Asia Pacific region is another territory in which Aspen is seeking new growth opportunities. Building off the very successful business in Australia, regional management responsibilities have been assigned and the opportunities in these markets are being assessed.

ASPEN TEAM HAS DELIVERED

The globalisation of Aspen has tested and proven the exceptional executive team that has been instrumental in successfully delivering on this strategy. The Group has also welcomed many very capable additional members to the Aspen team in our new affiliates. They join the existing group of employees whose competence and commitment provided the confidence that was needed for Aspen to embark on the international expansion in the first place. The Board of Directors has provided expert guidance in business direction and has ensured that corporate governance is an essential element of Aspen's culture. My personal thanks go to the Chairman, Dr Judy Dlamini, for her unstinting support.

WELL POSITIONED

Aspen has a great business in South Africa which is set to consolidate its position in this market. The international strategy has been successfully implemented and there are promising opportunities in new markets.

The Group is well positioned for further rewarding growth.

Stephen Saad
Group Chief Executive

22 October 2009

The supplementation of GSK's existing portfolio with Aspen's pipeline of relevant products should allow the collaboration to increase access to quality healthcare in sub-Saharan Africa.

Analgesics

Analgesic medications are commonly referred to as painkillers, which form part of a diverse group of medicines used to relieve pain. There are two kinds of analgesics, namely non-narcotics and narcotics. Analgesic medication acts in various ways on the peripheral and central nervous systems. Analgesics include paracetamol, non-steroidal anti-inflammatory drugs, narcotic drugs, synthetic drugs with narcotic properties and various others.

Commonly used analgesic medication includes aspirin, dextropropoxyphene, diclofenac, ibuprofen, indo-methacin, meloxicam and paracetamol.

Ibuprofen is a non-steroidal anti-inflammatory used for the relief of pain, inflammation and fever including specific symptoms of arthritis, menstrual pain and acute gout. Ibuprofen is a core medicine in the World Health Organisation's "Essential Drugs List", which is a list of minimum medical needs for a basic healthcare system.

Diclofenac is used as an analgesic to reduce pain. The suppository dosage form is very effective in the reduction of acute fever and post-operative pain and inflammation. Suppositories are also indicated as an anti-inflammatory to reduce swelling in conditions such as arthritis, acute injuries and acute gout.

Dextropropoxyphene is an analgesic in the opioid category. The body converts dextropropoxyphene into a stronger painkiller (opioid – morphine) for maximum efficacy. It is used to treat mild to moderate pain and can be used to ease pain before and after an operation.

Paracetamol is widely used to reduce pain, fever and other minor aches and pains. It is a major ingredient in numerous cold and flu remedies and is also used in the treatment of uncomplicated headaches. Paracetamol is used in combination with non-steroidal anti-inflammatories and opioid analgesics in the management of more severe pain such as cancer or post-operative pain.

1

Mybulen sold in South Africa during 2009:

86* million

Mybulen share of IMS category:

11%

Mybulen contains:
Ibuprofen, paracetamol, codeine

2

Panamor sold in South Africa during 2009:

41* million

Panamor share of IMS category:

7%

Panamor contains:
Diclofenac sodium

3

Di-gesic sold in Australia during 2009:

26* million

Di-gesic share of IMS category:

16%

Di-gesic contains:
Dextropropoxyphene hydrochloride, paracetamol

4

Stilpane sold in South Africa during 2009:

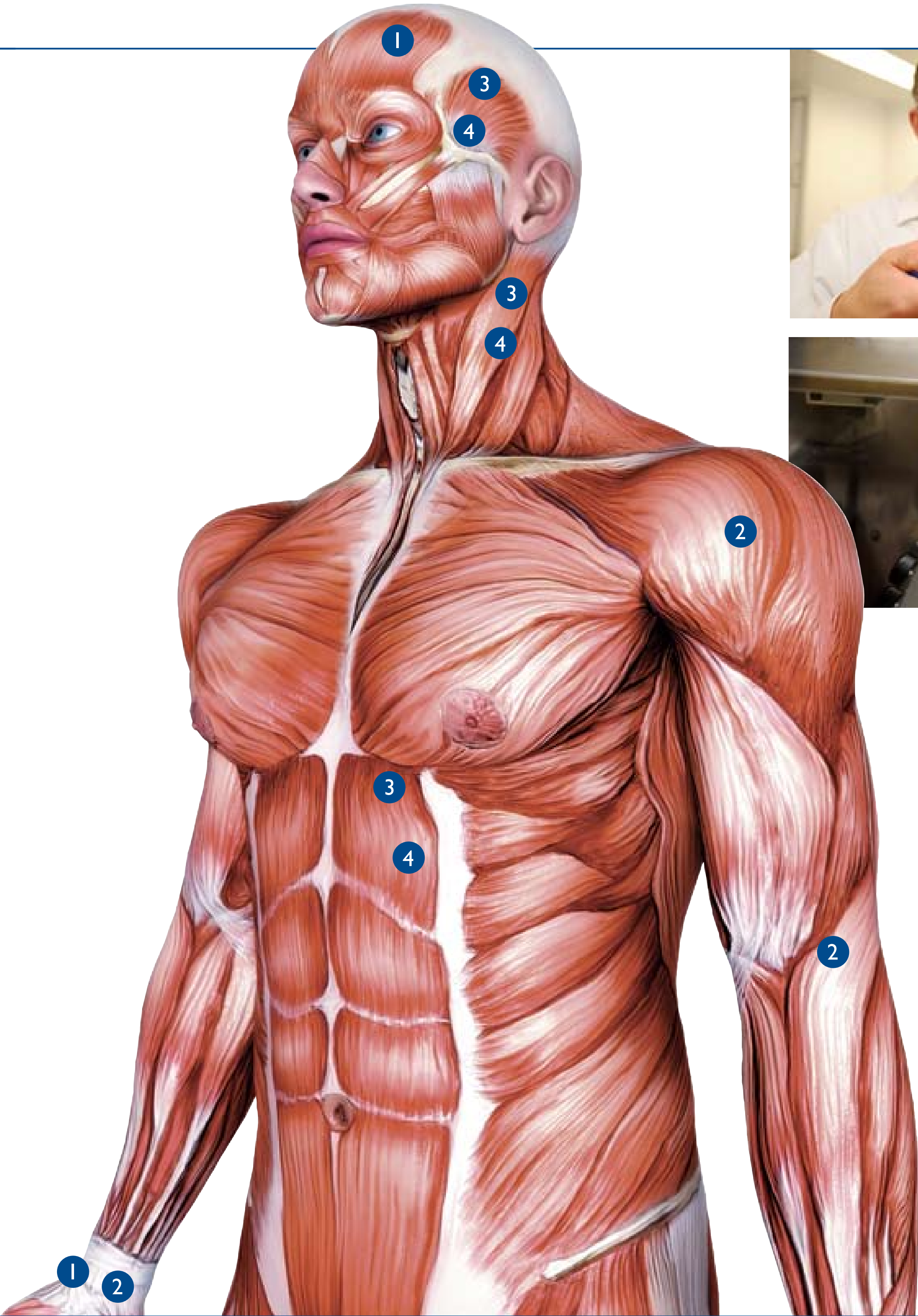
127* million

Stilpane share of IMS category:

16%

Stilpane contains:
Paracetamol, codeine, caffeine, meprobamate

**Counting units for all dosage forms which are sold in South Africa and Australia as reported by IMS at 30 June 2009.*



IMS reports a 18% global growth in analgesics from 2007 to 2008 with the global value of this market being USD21,8 billion in 2008. The IMS value of Aspen's international analgesic pipeline is USD50 million.

(source: table on page 27).

STRONG FUNDAMENTALS

The financial fundamentals of the Group are sound following this period of rapid expansion, particularly internationally. Growing profits have converted into strong cash flows. Working capital and debt levels are well under control.

SHARP INCREASE IN HEADLINE EARNINGS PER SHARE

The Group recorded growth in headline earnings per share of 68% to 389,4 cents for the year ended 30 June 2009. The increase in earnings per share of 53% was lower than the increase in headline earnings per share due mainly to the exclusion of non-recurring capital profits or losses from the determination of headline earnings per share.

GROWTH DRIVERS

Headline earnings per share from continuing operations increased by 68% to 379,5 cents. Material influences on this outcome were:

> An 80% increase in revenue to R8,5 billion. International operations which were in the first full year of trading added R2,7 billion to revenue and organic growth in the South African business added R1,1 billion;

> Operating margins before amortisation, profits on disposals and impairments remained steady year-on-year at 27% as South African margins contracted and international margins widened;

> Operating profit increased by 82% to R2,2 billion. The contribution to operating profit from international operations increased from 13% to 46%;

> Net funding costs (finance costs net of investment income) rose from R17 million to R475 million, primarily due to the increase in offshore debt which was used to acquire global brands, but also influenced by an unfavourable swing of R119 million in foreign exchange and fair value gains/losses of R53,3 million; and

> A decline in effective tax rate from 28,3% to 21,2% as a consequence of a change in mix of earnings towards the lower effective tax rate of the international business.

Aspen disposed of its 50% shareholding in Astrix Laboratories Ltd, with effect from 31 May 2009, for USD39 million. A strong South African Rand to US Dollar exchange rate at the time of completion of this transaction resulted in a loss on sale of R20 million.

PRESSURE ON SOUTH AFRICAN MARGINS

In South Africa, operating margins were under pressure for much of the year as raw material prices increased in response to the weaker Rand and production inflation accelerated while selling prices remained fixed. Margins improved in the last quarter as the SEP increase and the State's tender price adjustment mechanism took effect.

EXPOSURE TO CURRENCY VOLATILITY

Operating margins in the international business improved for the year due to the realisation of better margins in the expanded operations, most notably from the global brands. The operating margins in the international business were however reduced in the second half of the year following an unfavourable change

Strong operating cash flow

Gus Attridge
Deputy Group Chief Executive
photographed at the OSD Facility, Port Elizabeth *(left)*

in the mix of relative exchange rates. The extent of Aspen's international business means that the Group is, and will continue to be, exposed to the vagaries of relative exchange rate movements. The table below sets out the major currencies in which revenue was earned over the past year as well as the average movement of these currencies against the US Dollar, the functional currency of Aspen Global, which is the holding company of almost all of the Group's international businesses.

Region	Currency	Percentage of Group revenue	Average currency increase/ (decrease)*
South Africa	South African Rand	51%#	(14%)
Sub-Saharan Africa	Tanzanian Shilling	3%	(9%)
	Kenyan Shilling	2%	(18%)
Asia Pacific	Australian Dollar	10%	(31%)
	Japanese Yen	1%	7%
Latin America	Brazilian Real	9%	(31%)
	Mexican Peso	2%	(26%)
	Venezuelan Bolivare Fuertes	1%	0%
EMENAC	Euro	6%	(16%)
	Canadian Dollar	1%	(15%)
Rest of the world	Various	14%	
		100%	

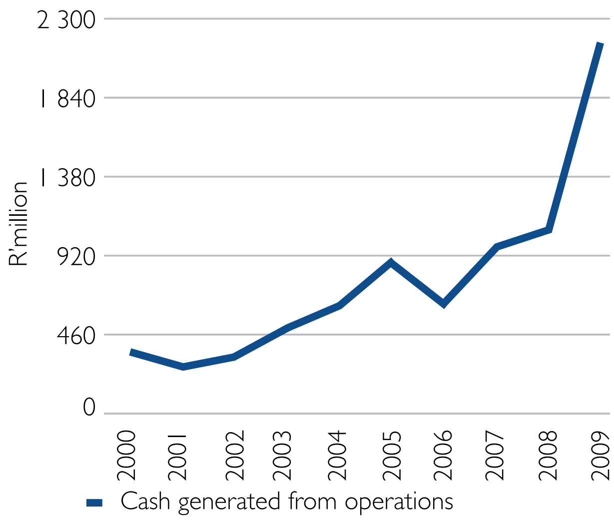
**Movement of the exchange rate against the US Dollar between 1 July 2008 and the average for the year ended June 2009.*

#*The South African Rand is a functional currency of the Group. The South African Rand-denominated revenue is not exposed to currency fluctuations.*

The extent of Aspen's international business means that the Group is, and will continue to be, exposed to the vagaries of relative exchange rate movements.

The table demonstrates how all of the Group's major currencies, with the exception of the Japanese Yen, were weaker on average over the year against the US Dollar when compared to the exchange rates for the first day of the year. As the greatest weighting of currencies was, on average, weaker against the US Dollar than the South African Rand, foreign currency-denominated revenue converted to less Rand than would have been the case had this revenue been converted at opening exchange rates. As cost of goods in all territories are heavily influenced by the US Dollar exchange rate movements over the year were unfavourable to Group earnings in US Dollars and in South African Rands.

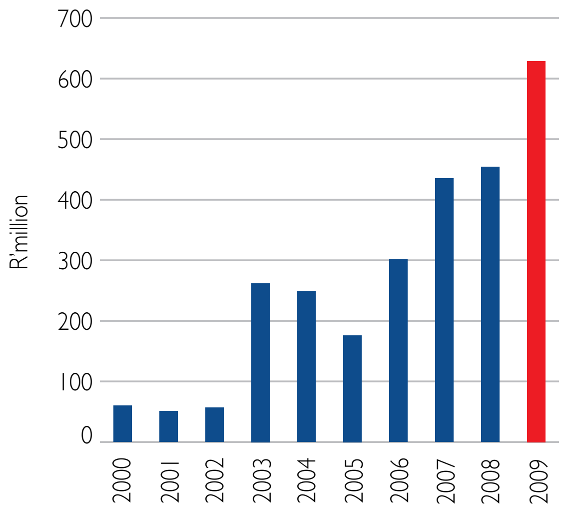
CASH GENERATED FROM OPERATIONS



POSITIVE OPERATING CASH FLOWS

Operating cash flows for the year were extremely strong. This was influenced by a substantially improved working capital position with working capital from continuing operations at year-end

CAPITAL EXPENDITURE



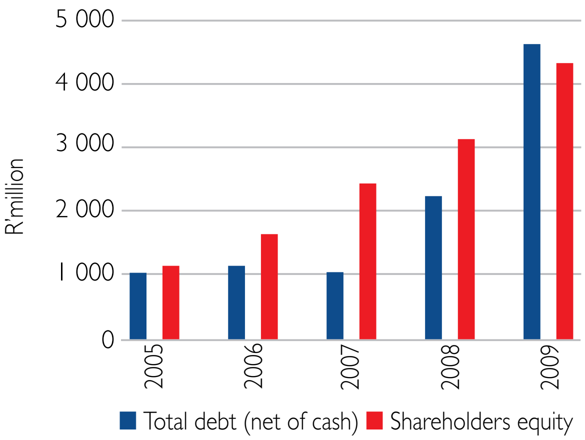
expressed as a percentage of Group revenue decreasing from 37% to 27%. Stockholdings were reduced to optimum levels. The value of stock at year-end was lower than at the beginning of the year, despite the expansion of the Group. Stock levels did benefit from the interim distribution arrangements for the global brands, but substantial improvements were made elsewhere. In particular, the volume of ARV raw materials on hand in the South African business was well controlled.

The past year was a period of significant investment. In addition to the business and product acquisitions, R627 million was spent on property, plant and equipment of which R530 million was in expansion capital expenditure. This represents the high point in spending on the existing capital projects and a decline in capital expenditure is anticipated in the forthcoming year.

GEARING COMFORTABLE

The Group's funding arrangements clearly reflect the investments made. Gearing has risen from 40% at 30 June 2008 to 51% at 30 June 2009. Interest is covered six times by operating profit. This nevertheless remains a comfortable level for Aspen. A five-year US Dollar-denominated loan of USD385 million was put in place with a consortium of banks in October 2008 which settled the bridging finance used to fund the acquisition of global brands from GSK effective 30 June 2008. An element of short-term funding which previously existed has been replaced with longer term debt. Short-term interest-bearing debt of R2,7 billion at year-end was significantly covered by cash of R2,1 billion. Upon completion of the GSK transactions announced in May 2009, gearing will improve further as these acquisitions will be settled in equity. Taking consideration of this factor and the Group's strong operating cash generating capabilities, which will be enhanced by the GSK transactions, Aspen has capacity to take on further debt if additional funding is required for the Group's development.

NET DEBT TO SHAREHOLDERS' EQUITY



FAVOURABLE OUTLOOK

Aspen is set for a positive performance in the year to June 2010 although growth will not be of the magnitude achieved over the year just completed. The following factors are likely to drive growth in the period:

> The pharmaceutical sector in South Africa is robust and the Aspen business has sound fundamentals to generate organic growth;
> The effect of the SEP increase in South Africa is likely to result in improved profit margins provided the Rand remains relatively stable;
> New manufacturing capacity will be unlocked in the South African operations with Unit 2, an OSD Facility, coming into production;
> The eye drop suite in the Sterile Facility has commenced production with product being exported to Prestige Brands Inc in the United States; and
> The GSK transactions, once completed, are expected to be earnings accretive from the outset.

Partially offsetting this momentum will be the transition of the global brands to the Aspen distribution network. In territories where the Group does not have an affiliate, Aspen's global distribution network is serviced by third parties. These external service providers will absorb an element of revenue and profits. Finally, the movement in the relative exchange rates between the currencies in which Aspen trades could influence results positively or negatively, depending on the nature and extent of the movements.

Gus Attridge
Deputy Group Chief Executive

22 October 2009

Respiratory system

The respiratory system manages the body's respiration or breathing. It is comprised of three segments, namely the upper respiratory tract (nose and nasal passages, sinuses and throat), the respiratory airways (voice box, trachea and bronchi) and the lungs. The respiratory tract is a common site for infections with upper respiratory tract infections being recorded more frequently worldwide than any other form of infection.

Commonly used medication for the treatment of upper respiratory tract conditions includes carbocysteine, cetirizine, fluticasone propionate, loratadine, pseudoephedrine hydrochloride and salbutamol.

Salbutamol is a short and fast acting medication used for the relief of bronchospasms in conditions such as asthma and chronic obstructive pulmonary disease. Salbutamol is usually administered through inhalation (via a metered dose inhaler), providing the most direct and efficient effect on the bronchial muscle. Asthma, which affects approximately 7% of the population worldwide, is a chronic inflammation of the lungs where patients experience a narrowing of the airways.

Pseudoephedrine hydrochloride is a decongestant used to treat nasal and sinus congestion primarily relating to common colds, influenza and allergies. Decongestants act upon blood vessels in the nose, throat, and sinuses, resulting in reduced inflammation or swelling and mucus formation in these areas.

Carbocysteine is used as an expectorant (medication that helps bring up mucus and other material from the lungs, bronchi and trachea) by reducing the viscosity (resistance) of a fluid. Carbocysteine is commonly used to treat inflammation of the uppermost part of the throat, outer ear, ear channel, upper respiratory system, mucus membranes of the bronchi (passage of the airway in the respiratory tract).

Fluticasone propionate is a corticosteroid which reduces inflammation, swelling and irritation in the nose and treats seasonal and perennial (throughout the year) allergies. Variables such as elevated pollen counts, dust and histamines as well as allergies to animals, trigger the onset of allergies. In sensitive patients, allergies cause itching, swelling and increased mucus production in the upper respiratory tract.

1

Venteze sold in South Africa during 2009:

203* million

Venteze share of IMS category:

32%

Venteze contains:
Salbutamol

2

Flusin sold in South Africa during 2009:

49,3* million

Flusin share of IMS category:

32%

Flusin contains:
Pseudoephedrine, paracetamol, chlorpheniramine, vitamin C

3

Mucolyn sold in East Africa during 2009:

1,9* million

Mucolyn estimated share#:

20%

Mucolyn contains:
Carbocysteine

4

Flixonase sold in South Africa during 2009:

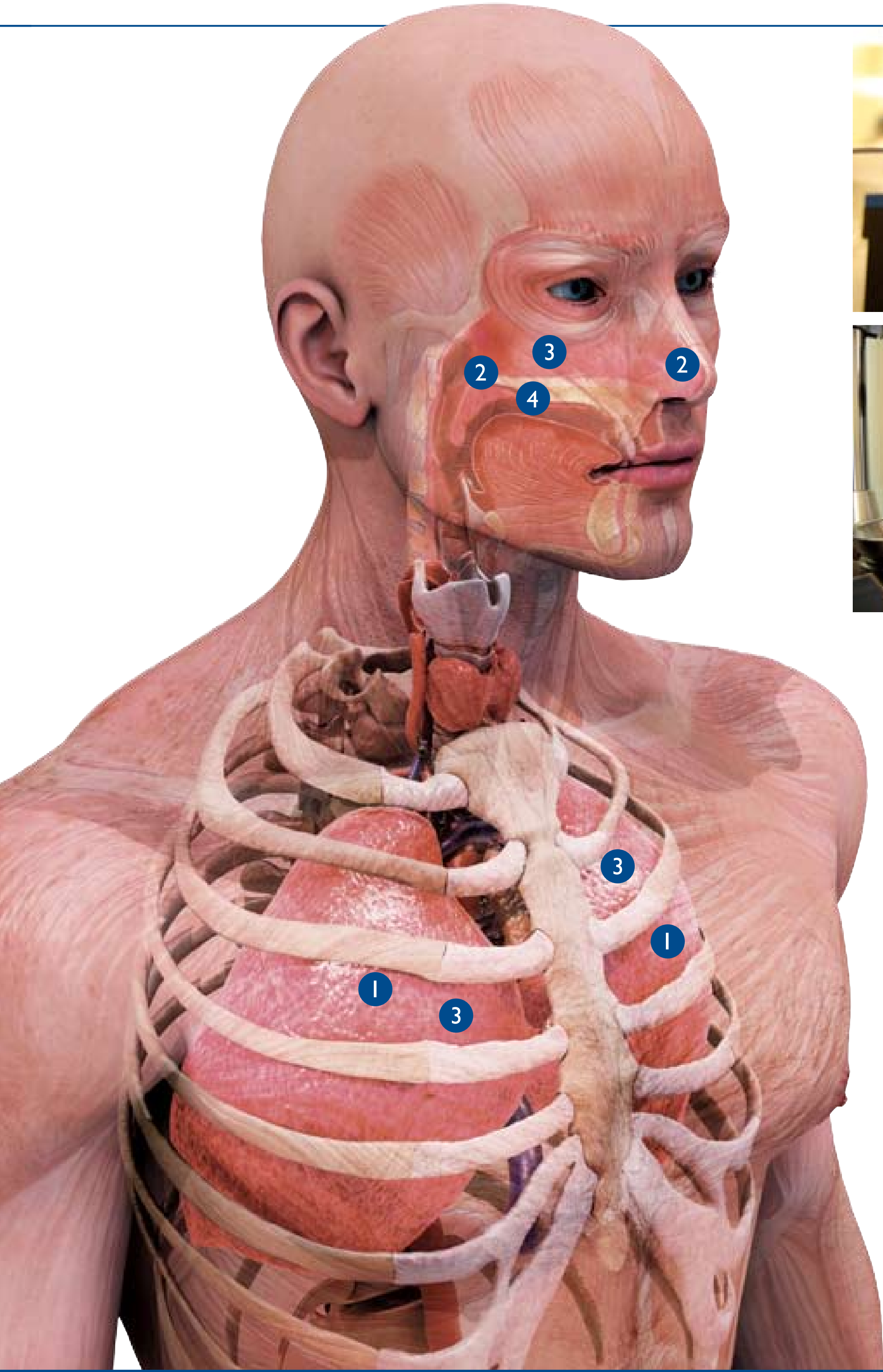
23,5* million

Flixonase share of IMS category:

10%

Flixonase contains:
Fluticasone propionate

**Counting units for all dosage forms which are sold in South Africa and East Africa with the former as reported by IMS at 30 June 2009.*
#In the absence of IMS data, the value for sub-Saharan Africa represents Aspen's estimate of the value of the total private market in East Africa per molecule.



The World Health Organisation confirms that the global disease burden for respiratory viruses accounts for 64 million cases and 160 000 deaths every year. The IMS value of Aspen's international respiratory pipeline is USD117 million (source: table on page 27).

> Sales and marketing

The South African business provides a basket of high quality, affordable branded, generic, OTC, consumer and nutritional products. These products 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, as well as to selected export markets. APIs are sold into South Africa and to export territories.

	Growth	2009 R'million	2008 R'million
Revenue	+30%	**4 868**	3 759
Pharmaceutical division	+34%	**3 767**	2 808
Consumer division	+16%	**1 101**	951
Operating profit before amortisation, disposals and impairments	+15%	**1 227**	1 067

THE SOUTH AFRICAN PHARMACEUTICAL MARKET CONTINUES TO GROW

The South African pharmaceutical business recorded excellent growth in revenue under challenging economic and operating market conditions. The value of the total South African private pharmaceutical market has grown by 15% during the 2009 year and Aspen has grown ahead of the market at 20%.

Aspen remains the leading supplier of medicines domestically, having retained its position as the number one generics pharmaceutical company in South Africa. Aspen holds 13% share and a 34% share of the total private pharmaceutical and generic sectors respectively. Aspen also continues to be a leading supplier of products to the State tender programmes, including the OSD tender, oral contraceptive tender and the ARV tender. These accomplishments have been retained in an increasingly competitive market.

ImpactRx, an independent company which evaluates and reports on the impact of pharmaceutical promotion on scripted products, indicates that one in five script lines dispensed by South African pharmacists in the past two years are for an Aspen product, placing Aspen in first position with a script line share of 21%. In the public sector, it is estimated that Aspen supplies one in every four tablets to the State tender programme and was awarded almost 75% of the State's ARV volumes. Public sector tenders are scheduled to be awarded again in the next year and Aspen expects to remain competitive in these tenders.

Organic volume growth and the success of recent product launches such as Truvada, Viread, Vectoryl and Aspen Efavirenz resulted in sustained growth. The DoH granted a SEP increase of 13,2% in February 2009 which offered some relief from the adverse effects of the increased cost of goods caused by the weakening of the currency in the first half of the financial year and domestic inflation running into double digits. Margins improved in the last quarter as the benefits of the increase in the SEP worked through to the market.

Aspen's diverse portfolio of products includes more than 2 000 stock-keeping units and offers a convenient, one-stop-shop to valued customers. Aspen's range of chronic

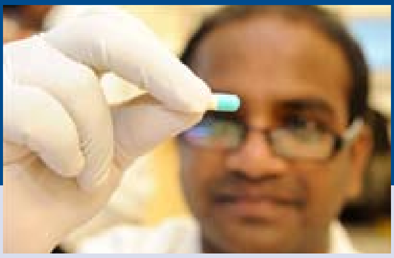
Senior Executives:

Noel Guliwe
Chief Executive Officer: South Africa
(Appointed 2009).

Morné Geyser
Head: South African Operations
(Appointed 1995).

Stavros Nicoloau
Strategic Trade Development
Senior Executive
(Appointed 1994).

Vincent Alexander
National Human Resources Executive
(Appointed 2007).



Aspen holds a 13% share and a 34% share of the total private pharmaceutical and generic sectors respectively

> Sales and marketing

Leading prescription brands include:

Product	Description
Aspen Lamzid	For the treatment of HIV/AIDS
Altosec	For the treatment of ulcerative conditions of the gastrointestinal tract
CiLift	For the treatment of depression
Pharmapress	For the treatment of hypertension
Mybulen	For the treatment of mild to moderate pain

medicines represent more than 50% of the revenue from the pharmaceutical division, indicating a high level of trust in the brand by customers.

HIV/AIDS is a grave reality in Africa and activities to combat this disease remain a priority for governments in this region. It is estimated that Aspen's portfolio of ARV products supports approximately 600 000 HIV/AIDS patients throughout South Africa, both in the private and public sectors.

REPLACEMENT PRODUCTS SUCCESSFULLY LAUNCHED BY THE OTC DIVISION

In the OTC sector which grew by 13% during the year, Aspen recorded growth of 21%, despite regulatory factors which impacted key brands in the OTC portfolio. Aspen performed particularly well in the cold and flu preparations segment achieving a growth of 43%, 13% ahead of market growth.

Seasonal OTC brands such as Flusin, Sinuclear and Rinex generated strong sales. In addition, the Aspen Bear Care campaign, promoting the Aspen winter range of cough, cold and flu products again successfully contributed towards the growth in this division. The reformulated slimming products, including brands such as Thinz and Leanor were relaunched towards the end of 2008 and are anticipated to grow steadily. Thinz Alcachofra delivered a solid performance in its launch year.

For the fourth time in the past six years, Aspen's OTC division was rated first in the Campbell Belman Independent Confidence Standing Survey of 146 top retail pharmacies which evaluated 42 OTC companies. This survey of top retail pharmacies in major metropolitan areas, gives an insight into the level of trust in Aspen, in its products and the service levels delivered to customers.

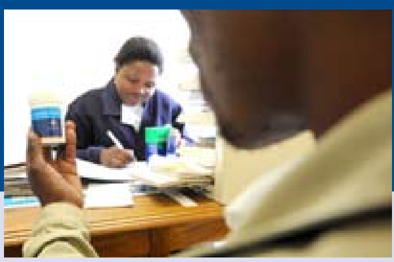
ASPEN RAISES HOLDING IN FINE CHEMICALS CORPORATION TO 100%

Aspen acquired the 50% share in Fine Chemicals Corporation (Pty) Ltd ("FCC"), held by Matrix Laboratories Ltd, with effect from the end of May 2009. FCC manufactures a niche portfolio of specialised APIs. Full control of FCC will enable Aspen to assess opportunities for vertical integration of FCC's API business into the broader Group product pipeline requirements. Product development for third parties will receive focused attention to create momentum for further growth in this business.

Leading APIs in FCC's portfolio include azathioprine, codeine phosphate, fentanyl, paracetamol and baclofen.

Leading OTC brands include:

Product	Description
Flusin	For the treatment of cold and flu symptoms
Hyospasmol	For the treatment of gastrointestinal disturbances
Lenadol	For the treatment of mild to moderate pain associated with tension and fever
Rinex	For the treatment of colds, flu and allergic rhinitis
Sinuclear	For the treatment of sinusitis and congestion



ASPEN'S EXTENSIVE DISTRIBUTION PLATFORM IN SOUTH AFRICA

A critical success factor in the achievements of the Group in South Africa has been the performance of the sales and marketing personnel. Aspen's qualified and experienced team of approximately 190 sales representatives, led by more than 50 sales and customer relationship managers, gives the Group extensive reach across all segments of the South African private and public sectors. In addition, the key account and healthcare funder teams drive optimal sales strategies through formulary listing and reimbursement activities.

PENDING HEALTHCARE LEGISLATION

The long-awaited Code of Practice for the Marketing of Medicines is pending release. Once enacted, this code is expected to strengthen the pharmaceutical industry's governance efforts with regard to the advertising of medicines and recommended guidelines to govern interaction between pharmaceutical companies, healthcare professionals and the general public. Legislative priorities at the DoH seem to have shifted from matters such as international benchmarking and logistics fees to the proposed National Healthcare Insurance scheme. The impact of this scheme on the pharmaceutical business cannot be assessed with any certainty at this stage, given its formative development. Aspen's extensive product offering and broad distribution capabilities provides the flexibility to be able to rapidly adapt to changing market circumstances and new challenges.

Leading brands in the consumer division include:

Product	Description
Flutex	For the relief of symptoms associated with colds and flu
Guronsan C	For the treatment of depleted energy levels
Infacare and the S26 range	For the nourishment of infants
Lennon Dutch Medicines	For the treatment of assorted ailments
Woodwards Gripe Water	For the treatment of infant gripes

IMF SALES REMAIN BUOYANT IN THE CONSUMER DIVISION

Given the depressed retail environment, the improvement of 16% in revenue from the consumer range was an excellent performance.

IMFs are an important aspect of the consumer business, and recorded strong growth in revenue despite the decline in the retail market. The total value for IMFs in South Africa grew by 32%, whilst Aspen's nutritionals business posted growth of 35%. The export range has been extended by the introduction of Melegi, meaning "caregiver" in Setswana, for sale into Botswana. Similarly, packaging has been designed and customised for the launch of IMFs into selected other sub-Saharan African markets.

There were indications of an increased prevalence of self medication amongst South African patients. Lennon Dutch Medicines, one of the Group's legacy brands, remains strong. Other leading self-medication brands include Flutex and Woodwards Gripewater. In the laxatives portfolio, Hamburg Tea and Surge Salts contributed to increased sales. Sales of the personal care products, including that of toothpastes, lacked traction and remained static.

During the year Aspen acquired Eye gene, a well-recognised eye drop with good brand equity, and launched Murine and Clear Eyes to augment Aspen's ophthalmic portfolio, which includes brands such as Safyr Bleu and Oculerge.

> Operations division

Significant investments have been made in the expansion, diversification and upgrade of manufacturing capability and capacity to supply quality, affordable products to the Group's growing local and international markets. As these capital projects begin to operationalise, so the benefits of these investments will be realised.

THE OSD FACILITY (UNIT 1) GEARS UP FOR INCREASED DEMAND

An increase in demand at Unit 1, the FDA-approved OSD Facility at the Port Elizabeth site, resulted in the implementation of capital expenditure projects to unlock capacity in the constrained manufacturing areas. Unit 1 primarily manufactures high-volume products for domestic supply as well as products for Aspen's international markets. Additional roller compaction, encapsulation and coating capacity was successfully installed during the first half of 2009 and has contributed towards doubling the output in the encapsulation and tablet coating areas. An investment in two high-speed bottling lines, which commenced production in April 2009, has increased packing capacity. Aspen's continued growth in South Africa and its recent expansion into international markets has resulted in an increased requirement for manufacturing capacity for high volume products. Consequently, a capacity enhancement project has been initiated at Unit 1 to increase the current granulation and compression capacity. This project is anticipated to be completed during 2010.

RATIONALISATION AND OPTIMISATION OF THE FACILITIES IN PORT ELIZABETH AND EAST LONDON

Small and medium volume products for domestic supply, including solid, liquid and semi-solid dosage forms, are manufactured at the Heritage Facility in Port Elizabeth. The East London site has historically been the manufacturer of oral contraceptives and selected consumer and OTC products. Owing to Aspen's growing demand, investment has been made in capital expenditure projects to upgrade the Heritage Facility and to extend the manufacturing capability and capacity at the East London site to include pharmaceutical products. These infrastructure upgrade projects, extending over three inter-dependent phases, will also be at enhanced levels of Good Manufacturing Practice ("GMP") compliance.

In the first phase of this project, the existing warehousing facilities in Port Elizabeth were expanded and upgraded to accommodate the growth in volume. This project was completed in 2008.

The second phase encompasses the replacement of the OSD manufacturing areas at the Heritage Facility. This new OSD Facility will be referred to as Unit 2. A high-rise structure, completed in June 2009, was constructed to house the granulation, fluid-bed drying, compression and coating areas. An investment has been made in new equipment and high calibre technical support services for this area. The implementation of advanced technology and world-class manufacturing processes is expected to increase and optimise throughput. Longer production runs, for higher-volume products, present an opportunity for realising economies of scale. Operating staff have received the necessary equipment and process training to empower them to work effectively in the upgraded environment. Unit 2 commenced commercial production in September 2009.

The completion of the third phase, for the refurbishment of Unit 3, will result in a manufacturing area for the production of lower volume OSD products, a limited range of semi-solids and liquids and an upgrade of the existing solids packaging areas. Pre-construction activities in this section commenced in May 2009 and the project is scheduled to be completed in 2010. In the last year, the packing capacity for patient-ready packs supplied to the tender market, has already been doubled through investment in additional equipment.

As a result of Aspen's strategic focus on pharmaceutical products, the manufacture of selected fast-moving consumer goods such as aerosols, personal care and dental products has been transferred from the East London site to accredited third-party manufacturers. The resultant capacity at the East London site has been dedicated to the manufacture of core, low-volume pharmaceutical products. A capital expenditure project has been initiated to refurbish the relevant manufacturing areas to install new equipment which will meet existing demands and also to accommodate future growth. This project is envisaged to be completed in 2010.

THE STERILE FACILITY COMMENCES PRODUCTION OF EYE DROPS

The Sterile Facility extends Aspen's manufacturing capability into the specialist manufacturing areas of sterile eye drops, freeze-dried lyophilised vials and sterile injectables, including the manufacture of injectable hormones. The multi-product suite producing eye drops was commercialised in August 2009. The facility is able to produce in excess of 30 million bottles per year, with close to 24 million units per annum to be exported into the United States under the manufacturing contract for Clear Eyes and Murine with Prestige Brands Inc. Manufacture of Aspen's other ophthalmic products will also be phased into this facility over time.

The Sterile Facility has been constructed and validated in accordance with international standards.

Trials have been initiated in the injectable suite of the Sterile Facility. These areas are scheduled to be commercialised during 2010. Contracts are in place with leading multi-national pharmaceutical companies Eli Lilly and Bayer for the manufacture of products for international markets. The successful validation, commissioning and commercialisation of this highly specialised and sophisticated plant is testament to the efforts, skills and competence of the management and staff involved in the project.

CAPACITY ENHANCEMENTS AT THE NUTRITIONALS FACILITY

As a result of growing demand, a project is underway to increase the blending capacity by more than 50% at the Nutritionals Facility in Johannesburg. Following completion of this project in October 2009, this facility will be positioned to meet local and international demand.

An explosion, induced by the combustion of dust particles, occurred in the drying tower on 18 August 2009. The explosion and resultant fire caused extensive damage to this part of the facility.

However, production in the blending and packing areas remains uninterrupted. It is expected that the drying tower will recommence production in the second half of 2010. A contingency plan, utilising outsourced production, has been implemented to ensure continued supply of IMFs into the market. Aspen is fully insured against damage and loss of profits arising out of this incident.

> **Operations division**

CONTINUOUS IMPROVEMENT PROJECTS ENHANCE EFFICIENCIES

A number of continuous improvement projects have been implemented successfully across the South African facilities with a committed objective to increase efficiency and reduce costs. Continuous improvement targets are set and monitored periodically to measure progress. Achievements recorded to date include:

- The doubling of batch sizes to reduce set-up time between batches and thereby optimise equipment utilisation;
- Enhancement of cleaning validation studies to improve set-up times;
- Elimination of redundant in-process tests to improve throughput times;
- Automation of end-of-line packing to match the increased rate of manufactured output; and
- Improvement of product yields through manufacturing process improvements and advanced training of operators.

To implement and embed the improved manufacturing technologies and processes, a committed investment has been made in the training and development of all operating and support staff throughout the facilities. Accelerated skills development, on-the-job coaching and ongoing GMP training have contributed to the achievement of continuous improvement objectives.

The Group's international operations have expanded significantly over the last 18 months with the acquisition of businesses in Latin America and East Africa. Aspen's recently acquired portfolio of recognised global brands is supplied to approximately 100 worldwide territories through the establishment of an international distribution platform.

	2009 R'million	2008 R'million
Revenue	3 869	1 124
Global brands	1 438	12
Asia Pacific	915	709
Latin America	841	83
East Africa	373	47
Rest of the world	302	273
Less: discontinued operations	(286)	(199)
Revenue from continuing operations	3 583	925
Operating profit before amortisation, disposals and impairment	1 076	193

Senior Executives:

Asia Pacific

Gregory Lan
Managing Director
(Appointed 2001).

Trevor Ziman
Finance and Commercial Director
(Appointed 2001).

Aspen Global

Samer Kassem
Chief Operating Officer
(Appointed 2008).

Duncan Westcott
Finance Director
(Appointed 2008.)

EMENAC

Brandon Jabour
Chief Operating Officer
(Appointed 2008).

Tarique Saiyed
Commercial Finance Manager
(Appointed 2009).

EXTENDING ASPEN'S INTERNATIONAL FOOTPRINT TO APPROXIMATELY 100 COUNTRIES

An important element of Aspen's international strategy has been implemented through the development of an international distribution platform to facilitate supply of the global brands into numerous worldwide territories. Key markets include Asia Pacific, Latin America and Europe. Aspen Global Incorporated ("Aspen Global") manages and maintains the intellectual property pertaining to this portfolio of specialist, branded products.

A transitional distribution arrangement is in place with GSK, whereby the four acquired products purchased on 30 June 2008 are being phased into Aspen's distribution network on a territory-by-territory basis. Transition to Aspen's distribution network is scheduled to be materially complete by the end of the 2010 financial year.

In order to meet the diverse regulatory requirements across all of the markets concerned, significant investment has been made in the establishment of a dedicated regulatory team to ensure compliance with the applicable pharmaceutical legislation in the various territories into which these products are sold. In addition to managing the registration process of products for multiple territories, the regulatory team also facilitates adherence to specific packaging, product quality and stability requirements which may be unique to a territory. An electronic

100 territories worldwide

The global brands include:

Product	Description
Aggrastat	For the treatment of acute coronary syndrome
Aldomet	For the treatment of high blood pressure
Eltroxin	For the treatment of hypothyroidism
Indocid	For the treatment of active rheumatoid arthritis
Imuran	For the treatment of, *inter alia*, rheumatoid arthritis and for the survival of organ transplants
Lanoxin	For the treatment of certain heart conditions, including heart failure
Zyloric	For the treatment of gout

document management system has been implemented to facilitate effective communication and sharing of regulatory information across the regional regulatory teams.

A new representation office, Aspen Healthcare FZ LLC, was set up in Dubai during the year to manage and represent the global brands portfolio in the European, Middle Eastern, North African and Canadian (EMENAC) region.

ASPEN AUSTRALIA CONTINUES TO DELIVER GROWTH IN CHALLENGING MARKET CONDITIONS

The management team, which has successfully led the Australian business in the past, has been assigned regional responsibilities for the Asia Pacific territory which incorporates Australia. An office has been established in Hong Kong and distribution of the global brands has already been transitioned in Japan. Opportunities to extend the Group's influence in this region are being explored.

Aspen Australia Pty Ltd ("Aspen Australia") posted yet another year of strong growth in a difficult market, driven by consistent performance from the existing product portfolio and by the introduction of new licensing arrangements. Marketing arrangements with Merck, Sharpe & Dohme for Proscar, a product used for the treatment of an enlarged prostrate gland, and with Union Swiss for the rights to market and distribute Bio-Oil, a specialist skincare product, were negotiated for Australia.

The 25% Pharmaceutical Benefits Scheme price cut was enacted in August 2008, followed by a 2% price cut in August 2009. The resultant margin losses have weighed heavily on generic companies in Australia. A further 2% price cut is anticipated to be applied in 2010. However, despite pricing and exchange rate challenges, Aspen Australia has continued to deliver positive results. This has been achieved through the experience and initiatives of the Australian management team which is supported by a committed sales force. Innovative marketing and pricing strategies were implemented to respond to pricing pressures. A survey assessing the quality of pharmaceutical sales forces in Australia, carried out by Cegedim Strategic Data for the pharmaceutical industry, ranked Aspen's sales team as the best in the country. Aspen Australia is currently ranked seventh in terms of the number of scripts written for medicines in Australia, with 5,3% of all scripts prescribing an Aspen brand.

Leading brands sold by Aspen Australia include:

Product	Description
Cardizem	For the treatment of hypertension
Di-gesic	For the treatment of moderate to mild pain
Keflex	For the treatment of upper respiratory, ear, skin and urinary tract infections
Murine	For the treatment of ophthalmic conditions
Tritace	For the treatment of hypertension

ASPEN ESTABLISHES A FOOTHOLD IN SUB-SAHARAN AFRICA

Shelys performed well in its first full year since Aspen acquired a 60% shareholding, with just two months having been included in the results of the prior period. Revenue growth against a 12-month comparison was up 23%.

The revenue contributions from the private sector and from the sale of OTC products have shown pleasing growth, in line with management's strategic objectives. Exports to neighbouring countries also delivered significant growth over the previous year, reflecting increasing credibility of the Shelys brand outside Tanzania. New pain management, anti-infective, dermatological, respiratory and anti-malarial products were successfully launched during the year. Revenues were negatively impacted by the political unrest around Kenya's contested general election, which was finally resolved at the end of February 2009.

Beta Healthcare is in the process of completing a new GMP compliant manufacturing facility in Nairobi which is expected to be commercialised during the first half of 2010. The facility will have the capability of manufacturing both pharmaceutical and consumer products and will thereby allow diversification of Beta Healthcare's product offering. A manufacturing transfer plan is in place to secure continuity of supply whilst products are transferred to the new facility. GMP and special technical skills training is currently taking place and overall project milestones are on track.

Regulatory authorities in the region have enhanced controls to prevent the inflow of unregistered medicines. Registered local manufacturers such as Shelys are therefore well placed. Technical, regulatory, manufacturing and commercial Group best practices are being transferred to Shelys to enhance Aspen's overall competitiveness and credibility in sub-Saharan Africa.

Shelys remains one of the leading companies in Tanzania and was awarded the Tanzanian President's Best Manufacturer Award in the Chemicals and Chemical Products Industry category for the second consecutive year. In addition, Shelys was also declared the 2009 overall winner of the President's Award across all industry categories in Tanzania.

Senior Executives: Shelys

Rahul Malhotra
Chief Executive
(Appointed 2006).

Lewis Hussein
Chief Financial Officer
(Appointed 2009).

Leading brands sold by Shelys include:

Product	Description
Action	For the treatment of acute headaches
Diclopar	For the treatment of pain and fever
Malafin	For the treatment of malaria
Mara Moja	For the treatment of general pain
Mucolyn	For the treatment of coughs and colds

Leading products sold in Latin America include:

Product	Description
Ceflen	For the treatment of broad spectrum disease
Heptron	For the treatment of thrombosis
Omeprazole	For the treatment of ulcers and gastric disorders
Pravastatina	For the treatment of cholesterol
Zylpen	For the treatment of broad spectrum disease

LATIN AMERICAN BUSINESSES REFOCUSED ON THE PRIVATE SECTOR

The 2009 results for the Latin American operations represent performance over a 12-month period, whereas the comparative results reflect revenue for the four months since the acquisition of a 50% interest in March 2008. With effect from 1 July 2008, Aspen acquired a further 1% of the Latin American businesses from Strides to give Aspen full control of these operations, including 100% of benefits from their performance.

The implementation of Aspen's strategy in this region has been prioritised in order to improve the Group's positioning in a territory which offers tremendous potential. Under Aspen management, the Latin American businesses are being refocused with the objective of making inroads into the lucrative branded private sector. Considerable attention is being given to the registration and introduction of branded pharmaceutical and OTC products. In Brazil, Mexico and Venezuela, where the Group has operational presence, investments have been made to establish effective sales representation in the private sector. The product offering in the Brazilian private sector was increased through the acquisition of branded and OTC products. A sales force of 160 representatives was recruited and trained to promote these additional products. The introduction of the global brands into the Latin American regions from early in 2010, will provide further impetus to the branded product strategy. A range of insulins has been launched in Brazil and is being promoted by a dedicated team of sales representatives.

Focus on the public sector business in Latin America will continue to be maintained with a more targeted product portfolio.

From a manufacturing perspective, the new penem and penicillin manufacturing facilities at Campos in Brazil were completed during the year. Commercial production has commenced in the penem and penicillin injectables manufacturing areas. The penicillin solids line is expected to be completed by the end of 2009.

Aspen intends to exercise its call option for the acquisition of the remaining 49% interest in the Latin American businesses. This will allow the acceleration of Aspen's strategy to build a private market business in the region. The Group companies are in the process of undergoing name changes to associate them with the Aspen Group.

Senior Executives:

Brazil

Evandro Paiva
Chief Financial Officer
(Appointed 2009).

Germano Mackrodt
Chief Operating Officer
(Appointed 2008).

Mexico

Francisco Alonso Lopez
Country Head Mexico
(Appointed 2009).

Peter Erlbacher
Financial Controller
(Appointed 2009).

Venezuela

KL Shashidhar
Regional Manager
(Appointed 2008).

Sivakumar Chettiyar
Finance Manager
(Appointed 2006).

BUILDING THE FOUNDATIONS FOR ASPEN'S ONCOLYTICS PORTFOLIO

The oncology portfolio consists of 32 products in development, 14 of which will be submitted to the FDA for approval by December 2009.

The liquids line in the new Bangalore-based Oncology Facility has been validated and has been accredited by the TGA and is presently pending an FDA inspection. The solids manufacturing line is expected to be completed during the first half of 2010. A manufacturing contract has been signed with a leading multinational pharmaceutical company for the supply of one product which is scheduled to commence in January 2010. GSK has confirmed the selection of eight products, including five oncology products, from the joint venture under the licensing arrangement between the parties.

50% SHARE IN ASTRIX LABORATORIES LTD DIVESTED

Aspen disposed of its interest in Astrix Laboratories Ltd at the end of May 2009 for USD39 million but retained the commercial advantage of securing continued access to cost-effective supply of ARV APIs. Aspen also acquired the rights to distribute a number of new generation ARV combination products for the South African and African markets. Aspen will however, no longer share in the profits which Astrix Laboratories Ltd earns from sales to third parties.

CO-PHARMA LTD AND ASPEN USA INC. – SHIFTING FOCUS TO THE EMERGING MARKETS

Aspen continues to hold a minority interest in Co-pharma Ltd and divested of its business in the USA in 2009.

Senior Executives: Onco Therapies Ltd

CK Sundhar
Vice President – Operations
(Appointed 1996).

Sudhir Kanchan
Vice President – Finance
(Appointed 2006).

Directorate

Executive Directors

Stephen Bradley Saad *(45) (Appointed 1999)*
CA(SA)
Group Chief Executive
Chairman Transformation Committee

Michael Guy (Gus) Attridge *(48) (Appointed 1999)*
CA(SA)
Deputy Group Chief Executive
Transformation Committee Member

Non-Executive Directors

Arthur (Archie) Jacob Aaron *(77)# (Appointed 1994)*
BCom, LLB
Formerly a director of Werksmans Inc. Attorneys.
Directorships include non-executive Chairman of Transpaco Ltd.

Roy Cecil Andersen *(61)# (Appointed 2008)*
CA(SA), CPA (Texas)
Former Chairman and Chief Executive Officer of Ernst & Young, former President of JSE, former Chief Executive Officer of Liberty Group Ltd.
Directorships include Sanlam Ltd, Nampak Ltd and Murray & Roberts Holdings Ltd.
Chairman Remuneration & Nomination Committee and Audit & Risk Committee member.

Mogammed Rafique Bagus *(46)# (Appointed 2003)*
BA, BA (Hons) (Economics), MA (Economics and Econometrics)
Chief Executive Officer of Ehlobo Group.
Past Chief Executive Officer of Trade and Investment South Africa, a division of the Department of Trade and Industry. Transformation Committee Member.

John Frederick Buchanan *(65)# (Appointed 2002)*
CA(SA), BTh
Former Group Finance Director of Cadbury Schweppes SA Ltd.
Directorships include Business Connexion Group Ltd.
Chairman Audit & Risk Committee and Interim Chairman Remuneration & Nomination Committee.

Nobuhle Judith (Judy) Dlamini *(50) (Appointed 2005)*
MBChB, DOH, MBA
Chairman
Managing Director and Executive Chairman of Mbekani Health & Wellbeing (Pty) Ltd and Chairman of Masibulele Pharmaceuticals. Shareholder and Director of Imithi Investments (Pty) Ltd.
Directorships include Northern Platinum and GijimaAst Ltd.
Transformation Committee Member and Remuneration & Nomination Committee Member.

Christopher (Chris) Nattle Mortimer *(49) (Appointed 1999)*
BA, LLB
Full-time practising attorney.
Audit & Risk Committee Member*.
**Resigned subsequent to year-end.*

David Morris Nurek *(59) (Appointed 2001)*
DipLaw, Grad Dip Company Law
Executive of Investec Bank Ltd.
Directorships include Chairman of Clicks Group Ltd, Foschini Ltd, Sun International Ltd, Distell Group Ltd, Lewis Group Ltd and Trencor Ltd.

Sindiswa (Sindi) Victoria Zilwa *(42)# (Appointed 2006)*
CA(SA) BCompt (Hons), CTA, Advanced Taxation Certificate, CFP, Advanced Diploma in Financial Planning, Advanced Diploma in Banking.
Chief Executive of Nkonki Chartered Accountants.
Directorships include ACSA Ltd, Discovery Holdings Ltd, Woolworths Holdings Ltd, STRATE Ltd and Ethos Private Equity Ltd.
Audit & Risk Committee Member and Transformation Committee Member.

 # Independent

Company Secretary

Hymie Aaron Shapiro *(54)*
CA(SA), HDip Tax Law
(Appointed 1999)

Aspen Holdings Senior Executives

Sean Capazorio
Group Finance Officer
(Appointed 1996).

Lorraine Hill
Strategic Business Development and Pharmaceuticals Affairs Executive
(Appointed 1994).

Mohammed Lorgat
Group Chief Risk Officer
(Appointed 1995).

Management strength

From left: **Rafique Bagus, Chris Mortimer, David Nurek, John Buchanan, Sindi Zilwa, Gus Attridge, Stephen Saad, Judy Dlamini, Archie Aaron and Roy Andersen** photographed at Aspen's Sterile Facility in Port Elizabeth

Aspen's recorded successes have been as a result of the effective implementation of carefully considered strategies by a committed team, which has been most ably directed.

Gastrointestinal system

Digestive diseases are classified as all diseases relating to the gastrointestinal system. This includes diseases of the oesophagus, stomach, duodenum, small and large intestines, the colon and the rectum. These conditions commonly present as ulcers and various forms of reflux. The gastrointestinal tract consists of a hollow muscular tube where food enters the mouth, continuing through the pharynx, oesophagus, stomach and intestines until it is expelled.

Commonly used medication for the treatment of acute and chronic gastrointestinal disorders includes amoxicillin, azithromycin, ciprofloxacin, clarithromycin, loperamide, lansoprazole, omeprazole and ondansetron.

Omeprazole is a proton pump inhibitor used to treat peptic ulcers and reflux diseases including gastro-oesophageal reflux disease ("GORD"), a condition in which backward flow of acid from the stomach causes heartburn and injury of the food pipe (oesophagus). Effective treatment regimes include medication with lifestyle and dietary modifications complementing healing. In more severe cases, patients are required to undergo surgery.

Lansoprazole is used to treat gastric and duodenal ulcers, GORD, indigestion and conditions where the stomach produces too much acid, such as Zollinger-Ellison syndrome. Lansoprazole is used in combination with other medications to eliminate bacteria that cause ulcers by decreasing the amount of acid produced in the stomach.

Clarithromycin is an antibiotic used in the eradication of Helicobacter pylori (H.pylori – a bacterial presence in the stomach) infection and used in combination with a proton pump inhibitor to reduce recurrence of the duodenal ulcer. Stomach acid is reduced through the eradication of the H.pylori bacteria, which heals the ulcer and prevents a recurrence of the condition. More than 50% of the world's population suffers from H. pylori infection with a higher prevalence in developing countries.

Loperamide is effective in the treatment of diarrhoea. Loperamide increases the amount of time substances stay in the intestine, allowing for more water to be absorbed out of the faecal matter. Loperamide also decreases colonic mass movements and suppresses the gastrocolic reflex (physiological reflexes controlling bowel movement).

1

Altosec sold in South Africa during 2009:

17,5* million

Altosec share of IMS category

21,5%

Altosec contains:
Omeprazole

2

Aspen Lansoprazole sold in South Africa during 2009:

1,3* million

Aspen Lansoprazole share of IMS category

1,6%

Aspen Lansoprazole contains:
Lansoprazole

3

Clacee sold in South Africa during 2009:

2* million

Clacee share of IMS category

2%

Clacee contains:
Clarithromycin

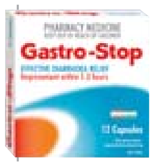
4

Gastro-Stop sold in Australia during 2009:

25* million

Gastro-Stop share of IMS category

29%



Gastro-Stop contains:
Loperamide

Counting units for all dosage forms which are sold in South Africa and Australia as reported by IMS at 30 June 2009.

Statistics indicate that at least 25 million people suffer from acid reflux each day, with 65% being in their 40s or older. Approximately 15% of all infants and young children also suffer from a form of reflux. The IMS value of Aspen's international gastrointestinal pipeline is USD429 million (source: table on page 27).

EMPLOYEES

Aspen has sales and distribution businesses in 13 countries. In addition, Aspen has 14 pharmaceutical manufacturing facilities at 10 sites on three continents. Four of the sites are located in South Africa, two in East Africa, one in India and three in Latin America. The Group engages more than 5 000 employees across its local and international operations.

Aspen's positioning as one of the top 20 generic manufacturers worldwide and the largest pharmaceutical supplier on the African continent, has been achieved through the diligence and competence of its management teams and employees, who have played a pivotal role in developing the Group's international credibility and stature.

The Group's human resources philosophy aims to promote:
> Retention of talent;
> Acquisition of talent;
> Growth of talent;
> A culture of excellence;
> Organisational transformation;
> Positioning Aspen as an "employer of choice";
> A talent pipeline for the future;
> A strong leadership cadre;
> Harmonious labour relations; and
> A culture of accountability.

Employee engagement and retention in the South African business

Managing a robust and efficient talent pipeline remains a strategic imperative for Aspen. Progressive steps have been implemented towards improving Aspen's ability to retain and nurture talent. The adequacy of the existing skills-pool has been assessed resulting in the identification of the human resources interventions required to support the overall business strategy.

In line with the employee engagement and retention strategy, an enhanced performance management system is currently being embedded across the South African business. This will formalise the existing objective setting and performance monitoring process for employees and offer more structured development plans and career paths which are aligned to the broader operational objectives. In addition, an Executive Coaching Programme has been implemented for senior managers and executives.

All engagement and promotion decisions in South Africa are based on the total capability index which considers the following criteria pertaining to the employee:
> Qualifications;
> Extent of related work experience;
> Demonstrated performance;
> Results of relevant psychometric assessments; and
> Value-based behavioural attributes.

Learnerships in South Africa

The number of learnerships increased from 39 to 139 during the year, thereby increasing the availability of scarce, skilled resources. These learnerships included:
> 8 Basic Pharmacist Assistant learnerships;
> 29 Post-basic Pharmacist Assistant learnerships;
> 23 Fitter apprenticeships;
> 12 Electrical apprenticeships;
> 33 Team Leader Development learnerships;
> 24 Productivity Improvement learnerships; and
> 10 Chartered Institute of Management Accounting learnerships (Certificate in business accounting).

More than 90% of the employees who are benefiting from the learnerships are historically disadvantaged candidates.

During the year, 35 unemployed learners from The Uitenhage and Despatch Development Institute acted as substitutes for the 35 Aspen apprentice artisans who attended the learnership programme course. Candidates from this group, who demonstrated potential, have subsequently been appointed to other permanent roles at the Port Elizabeth facilities. Three intern pharmacists were also hosted during the year.

SKILLS DEVELOPMENT

The strength of Aspen's human resources lies in the skills, competence and experience of its employees. To develop and leverage this capability, the Human Resource Department drives the training and development needs in South Africa. Formalised training and development protocols are in the process of being implemented at Aspen's recently acquired international operations.

South African business

Aspen's training programmes ensure continuous development of all employees to enhance the skills base and to support the growing needs of the business. In this regard, priority is assigned to the development of previously disadvantaged employees who demonstrate the aptitude for fulfilling roles in the higher-level occupational categories. A total of 1 180 employees were trained during the year, of which 68% were black. Significant progress was made in the percentage of black females trained which increased from 28% in 2008 to 34% in 2009. A year-on-year comparison of skills development achievements is set out below:

Indices	2009	2008
Number of employees trained	1 180	1 120
Percentage black employees trained	68%	64%
Percentage black females trained as percentage of total employees trained	34%	6%

Leadership development

The Leadership Diamond Programme was initiated with the aim of harnessing and developing existing leadership potential in the organisation through a structured programme. The programme is tailored to match an individual candidate's aptitude and personal development objectives with the Group's leadership strategy. The Programme was attended by 24 senior line managers, representing various functions in the business.

Management development

The ongoing Growing Effective Managers Programme is aimed at identifying and grooming the Group's management talent pipeline. The programme contributes towards a broader understanding of the business and elevates an individual's level of self-awareness before developing the employee's leadership, coaching, general management and interpersonal skills. Programme modules are tailored to address the management needs required at each site. During the year 625 employees completed this programme.

Technical training

In February 2009, 86 employees across all manufacturing facilities attended GMP training conducted by expert trainers in this field. Nine key staff were identified as trainers and empowered with the necessary knowledge and skills to disseminate this learning throughout the South African business. The programme will be conducted annually.

Other technical training courses conducted included apprenticeships and chemical operations learnerships at FCC. In total, almost 260 employees at the South African operations participated in technical learnerships and apprenticeships.

Further education

Study finance packages have been granted to 31 employees, 29 of whom are black. Aspen has also awarded bursaries to five black pharmacy students studying at the Nelson Mandela Metropolitan and Rhodes Universities in the Eastern Cape. These bursary students, who were selected through the Foundation for Pharmaceutical Education, will commence their internship with Aspen in 2010.

In order to develop and retain local pharmaceutical and synthetic chemistry skills, Aspen makes an annual contribution to the Pharmacy Department of the University of KwaZulu-Natal. The number of students supported in 2009 increased to eight from six in 2008. This initiative extended financial assistance to research students at a time when government subsidies were decreased. The first two graduates of the programme have been placed in research positions at an emerging drug discovery company in Johannesburg, which undertakes research and development of new and affordable medicines for infectious diseases.

At the FCC Facility in Cape Town, two courses were conducted for unemployed people, one for workplace skills experience and one for post-graduate experience and development. In total, seven unemployed individuals benefited from these initiatives. FCC continues to provide post-graduate workplace skills development for students from various institutions around Cape Town.

International business

Training and development of staff also took place at Aspen's international operations. As the recently acquired operations are integrated into the Group, formalised training and development plans are being implemented in accordance with Aspen's human resources philosophy.

Ongoing product sales training took place for the sales representatives at Aspen Australia.

During the year, continuous GMP training programmes were conducted at Beta Healthcare in Kenya. In addition, three technical managers attended the annual Pharmaceutical Society of Kenya Conference.

Annual management development training programmes held at Shelys in Tanzania included:

> Effective interpersonal relationships;
> Team building;
> Team fairness;
> Transactional analysis;
> Seven habits of highly effective people; and
> Management development, focusing on strategy formulation and implementation.

Ongoing GMP training courses were also conducted for all levels of employees at Shelys throughout the year.

At Onco Therapies Ltd in Bangalore, India, extensive technical training was undertaken. Furthermore, in order to attract talent, candidates studying towards a Diploma of Pharmacy at the JSS College of Pharmacy in Mysore, were selected as trainees. Part of their three-month induction programme is conducted at the college. During the induction programme they are given an overview of pharmaceutical manufacturing practice, quality assurance systems and related topics of relevance. In addition, the Strides Technical Education Programme initiative gives eligible employees every opportunity to continue with post-graduate studies. This two-year course is co-ordinated with BITS Pilani, a premier science and technology institute in India.

In addition, the following programmes were run in conjunction with the Indian Institute of Management, Bangalore:

> Young Leaders Development Programme.
> Management Development Programme.
> Advanced Management Programme.
> Executive Development Programme.

In Mexico, it is mandatory for pharmaceutical companies to conduct training for employees. Formal development and training programmes are in place at the manufacturing facility in Toluca. Compulsory induction training sessions are held for all new employees at the plant and refresher courses are conducted for existing personnel on a rotational basis every week. These training sessions focus on health and security, GMP, handling of machinery and tools, quality control and quality assurance. Training for sales personnel includes product-specific technical training and general sales skills training. The finance team attended tax update courses.

In Brazil, ongoing GMP training was conducted for employees.

EMPLOYEE HEALTH SERVICES

South African business

All of Aspen's permanent South African employees are members of a compulsory medical-aid scheme. Employees have access to on-site clinics which are managed by full-time nursing staff at the East London and Port Elizabeth sites. The services of a medical doctor are available to staff once a week. A wide range of health monitoring services are offered at the clinics, including vision screening, audiometry and lung function testing, family planning, HIV/AIDS counselling and employee assistance programmes. During the year, the operating hours of the clinic in Port Elizabeth were extended to support the employees during the night shifts. Ongoing awareness programmes are currently being conducted to encourage general wellness. Annual medical examinations are also conducted for employees at the Nutritionals Facility in Johannesburg. A permanent medical and health clinic, operated by a full-time Occupational Health Medical Practitioner operates at FCC where primary health services as well as medical screening, biological health monitoring and counselling for HIV/AIDS and substance abuse is provided.

The East London clinic installed a Computerised Health and Environment Surveillance System which allows for the development of medical surveillance programmes, scheduling of appointments, capturing of medical examination results and the interpretation of medical surveillance and specialised investigations. This system is also currently on trial at the Port Elizabeth clinic.

International business

In Tanzania, annual medical assessments for employees are compulsory in terms of Tanzanian regulations. All employees undergo annual medical assessments for general health checks, penicillin sensitivity tests and X-rays. A first aid representative is on site to assist with the management of workplace injuries.

In accordance with legislation, medical check-ups are carried out for employees twice a year at Beta Healthcare to ensure sustained wellness of employees.

At the Latin American operations, no formal medical check-up programmes are in place at this stage. These will be implemented in accordance with the operational requirements at these facilities.

HIV/AIDS MANAGEMENT

HIV/AIDS is a pandemic in Africa. On the other continents where Aspen is represented the impact of HIV/AIDS is not as catastrophic and hence no formal programmes are in place in these regions.

Aspen acknowledges the impact of the HIV/AIDS pandemic and has a formal policy ensuring the fair, ethical and equitable treatment of employees living with this disease. An employee's status is kept confidential and managers are appropriately coached on how to approach the situation. Employees are encouraged to undergo HIV/AIDS tests and, if tested as positive, seek medical treatment, counselling, ongoing testing and assistance from support groups. Aspen, through QualSA, provides financial support to employees and their immediate family members who are not covered by medical aid. QualSA provides specialist managed healthcare services, such as the provision of ARV therapy and nutritional supplements. Designated service providers extend this support to employees who are members of medical aid schemes. The Port Elizabeth and East London sites offer occupational health services at their onsite clinics and through programmes organised by the Family and Marriage Association of South Africa. HIV testing and peer education was offered at Aspen Nutritionals.

Aspen is committed to raising HIV/AIDS awareness amongst employees and, to this end, aims to communicate HIV/AIDS management policies, practices and procedures in a clear and unambiguous manner. A *"Knowledge, Attitudes, Perceptions and Behaviour"* survey is conducted annually which provides information on employees' perception of HIV/AIDS management practices in the workplace. The results of the confidential survey are used to plan relevant intervention programmes. The Group continued to expand awareness and educational interventions during the year by disseminating information booklets on the prevention, care, support and treatment of HIV/AIDS to all employees. Posters, leaflets, t-shirts and caps from the Khomonani Resources Centre, an NGO, and from QualSA, were also distributed.

The team of 38 peer educators played a valuable role in promoting Aspen's HIV/AIDS management initiatives. During the year, the peer educators received training from external consultants, Redpeg, on conducting HIV/AIDS counselling for employees. The peer educators also assisted with the filling of condom dispensers which are located in discreet areas of all corporate buildings and at the manufacturing facilities. The activities of the peer educators are offered in the workplace and are also extended to the communities in which they live.

Aspen participated in activities to acknowledge World Tuberculosis Day and World AIDS Day on 24 March 2009 and 1 December 2008, respectively. In addition, voluntary testing was offered to all employees and managers during the year in the South African business.

In Tanzania, HIV/AIDS educators from the local department of health provided training to employees. Home-based care for HIV/AIDS affected patients is extended to employees, their families and to members of the community.

HIV/AIDS awareness seminars are conducted by medical service provider, Avenue Healthcare, to employees in Kenya.

HUMAN RIGHTS

Aspen complies with and respects the relevant human rights charters and labour legislation across its worldwide operating territories. Furthermore, Aspen's Code of Ethics espouses principles of high moral integrity and sound corporate governance. Consequently, no incidents of child labour, forced labour or human rights transgressions exist in the Group. In addition, the Group is not aware of such actions committed by any of its local or international business partners.

Aspen provides a corporate culture that empowers all staff to accomplish their functional and personal development objectives, without prejudice or bias. A formal employment equity policy advocates the elimination of discriminatory practices and creates an enabling environment for all employees. The Group's total employee force consists of 48% females and 52% males.

Employees at Aspen's operations are at liberty to belong to employee unions and collective bargaining groups. As a testament to this, the South African Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union ("CEPPWAWU") is one of Aspen's empowerment shareholders. All notices of operational changes are served to the relevant employee unions, representing employees at the Group's local and international operations, within the legislated timeframes.

SAFETY, HEALTH AND ENVIRONMENT ("SHE")

The Group is committed to upholding a safe and healthy working environment. In South Africa, Aspen adheres strictly to the Occupational Health and Safety Act, 1993 and other relevant regulations. Aspen's international facilities comply with the operating legislation in the respective territories. Established and appropriate Group SHE protocols are in the process of being shared and implemented at the recently acquired international manufacturing facilities. This will ensure that appropriate SHE practices are consistently applied throughout the Group.

South African business

Aspen has encapsulated its commitment to SHE in South Africa in a formal policy. In line with this policy, management systems and standard operating procedures at all manufacturing facilities are designed to prevent activities that may pose a potential threat to health and safety. These systems and procedures are reviewed and updated annually.

A formalised SHE systems development project is currently in progress. Hazard Identification & Risk Assessments ("HIRA"), which form the foundation of the system, are currently being conducted. On completion of the HIRA, activities to support the various levels of control will be compiled and monitored. The necessary resources will be appointed and up-to-date SHE legal and other requirements will be identified. A SHE legal register, per facility, will link HIRA profiles to legal references and checklists.

International business

At Beta Healthcare in Kenya, the Health and Safety Committee conducts quarterly SHE audits. The focus on health and safety has been integrated with GMP and the operation has continued to maintain staff awareness on these issues through ongoing internal training programmes.

During the year formal SHE policies were developed and rolled-out to staff at Shelys in Tanzania. SHE policy training is currently in progress.

At Cellofarm Ltda, as per local Brazilian requirements, surveillance work was undertaken throughout the plant to map SHE risks. Internal SHE inspections are conducted to investigate reported incidents. Preventive controls are implemented, where necessary, to minimise the risk of such incidents recurring. A formal SHE policy has not yet been developed.

Enhanced safety measures were implemented at Solara SA. de CV ("Solara") in Mexico to improve equipment handling procedures.

Health and safety practices are also being implemented at Onco Therapies Ltd in Bangalore.

SHE training

South African business

All of Aspen's facilities in South Africa have health and safety officers and/or designated senior employees responsible for implementing and monitoring SHE policy adherence. In addition, new employees and contractors are obliged to attend SHE induction training, which generally informs employees of the correct procedures to be applied to ensure safe work methods and for preventing accidents.

The SHE induction programme provides training on:
> Operational SHE policy;
> SHE management guidelines and responsible staff duties;
> Emergency response and control;
> Hazard mitigation and emergency response to chlorine gas leaks;
> Escape mask use;
> Security guidelines for emergency situations; and
> General SHE rules for contractors.

The SHE induction programme will be revised and aligned to the baseline HIRA for each facility, once these assessments are complete.

During the year, all SHE team members received training in first aid, fire fighting and prevention, safe operating procedures and incident/accident investigation.

SHE practice improvements were implemented in the office areas. Signage was placed at emergency exits, fire equipment was more clearly identified and emergency lighting was installed in the exit passages. Evacuation drills were conducted at the Woodmead offices and continue to take place at the manufacturing facilities.

International business

At Shelys, fire and safety training was conducted by the Ministry of Health for 50 supervisors and machine operators. GMP training was conducted in-house by the Quality Assurance Department for all production staff. This included best practice methods for handling material and production processes.

GMP training sessions were also conducted during the year at Beta Healthcare to maintain ongoing awareness of GMP.

SHE training offered to employees at Onco Therapies Ltd included training on the handling of hazardous chemicals, operation of fire equipment, general health and safety discipline and safety practices in laboratories. GMP training is also conducted for all contractors.

Health and safety training, conducted at the operations in Brazil, included courses on equipment protection, safe handling of hazardous equipment, auditory and respiratory protection and personal protective equipment training.

SHE training forms part of the weekly rotational training and development sessions at the Mexican manufacturing facility, focusing mainly on compliance with GMP.

SHE audits

South African business

During the year, no external SHE audits were conducted at Aspen's South African business. However, the national SHE Management Department implemented a SHE legal compliance internal audit programme for 2009. Accordingly all facilities in South Africa were audited during 2009 on select areas of safety and health legal compliance. Further, an environmental legal gap audit was conducted during July 2009 and corrective action was initiated. Additional health and safety legal audits have been scheduled. The national SHE strategic plan aims to ensure basic legal compliance during 2010, before the development and implementation of an integrated SHE management system in South Africa.

International business

No external SHE audits were conducted during the year at Aspen's international operations.

In Brazil, internal audits are performed by the SHE Department and reported to management and to the internal committee for accident prevention management.

Workplace injuries

South African business

Appropriate procedures have been put in place to prevent physical, psychological, mechanical and/or biological hazards in the workplace. The inherent risks giving rise to workplace injuries can be managed as far as possible but, due to human error, cannot be eliminated completely.

All reportable incidents and those requiring medical attention are investigated and the necessary corrective and preventive measures are actioned. These incidents are discussed in SHE committee meetings and recurring incidents are highlighted at the employee safety talks. First-aid incidents are specifically monitored for trend patterns.

A disabling incident frequency ratio of less than one is used as a health and safety performance indicator. This ratio is monitored at each manufacturing facility on a monthly basis.

International business

Although no major incidents were experienced at Shelys during the year, two minor incidents involving employee carelessness resulted in slight injuries. Accordingly, emphasis was placed on reinforcing adherence to safety standards through promoting health and safety awareness. All production staff also received enhanced safety training.

In Brazil, one minor incident was recorded due to an unforeseen problem with the process flow. Consequently, safe operating practices training has been introduced for all operators.

One case of injury was reported at the Mexico facility during the year due to improper machine handling by an operator. Micro switches have now been installed on machinery to mitigate this risk.

ENVIRONMENT

Aspen is committed to environmental sustainability and has a formal environmental policy in place which is aligned with the Best Practicable Environmental Option.

As one of the Top 100 JSE-listed companies, Aspen participated in the 2009 international Carbon Disclosure Project to benchmark the status of the Company's carbon footprint. The Carbon Disclosure Project required the participants to calculate their greenhouse gas emissions to create awareness and evaluate how they may be contributing to this global challenge. The feedback from this survey will be used to direct internal improvement projects. A noise and ergonomics survey was also carried out at the Woodmead offices in Johannesburg. Levels were found to be within regulated guidelines.

FCC is currently reviewing containment practices for highly active pharmaceutical ingredients and implementing corrective measures for all safety risks which are identified as being unacceptable. This includes investment in the safe containment of equipment and related processes to prevent employee exposure.

Internal environmental compliance audits, conducted by the SHE Department, commenced in July 2009. No external environmental audits were conducted.

International business

Shelys in Tanzania has developed a greenbelt environment by restoring and maintaining the gardens surrounding the factory.

Environmental training

South African business

Aspen offers ongoing environmental training. During the year under review 578 employees completed courses on waste separation and recycling, environmental legal liability, hazard response and spillage control.

International business

In-house training was conducted in Brazil to ensure prevention of residue emissions and pollution risks to the environment, specifically related to antibiotics emission.

Environmental training was implemented at Solara in Mexico to improve awareness of environmental regulations, recommended industry practice and to promote compliance.

Waste management

The Group implements procedures for the safe use and disposal of hazardous chemicals and pharmaceutical substances. No targets for waste reduction are currently in place. Total weight of waste by type and disposal method in the Group was tracked and monitored by each facility. Such waste types included hazardous and non-hazardous waste, mostly from production input materials. A number of progressive waste management initiatives were implemented during the year. These are outlined in the pages that follow. It should be noted that none of Aspen's local or international operations are located in protected areas or areas of biodiversity.

South African business

Hazardous waste at all facilities is currently transported by registered waste operators and disposed of at licensed hazardous landfill sites. The Port Elizabeth and East London facilities employ Enviroserv to co-ordinate on-site waste management, as well as to manage the transportation and disposal of all waste types.

Aspen initiated responsible container management practices during the year. The entire lifecycle of a container or drum is now monitored to minimise contamination of the environment as well as to mitigate health and safety risks. All excess containers are sold to drum recyclers through a waste management service provider.

Thermal desorption was introduced as an alternative method of waste disposal for high schedule, expired and rejected products. This method results in the complete decomposition of organic compounds and is more environmentally friendly as it results in no generation of effluent, excessive air emissions or landfill with an inert residue.

Waste management at the Port Elizabeth waste yard was extended from an 8-hour to a 24-hour service. This ensures immediate separation of waste and improved waste management. An office and canteen recycling programme was also launched at the Port Elizabeth site in October 2008 in terms of which paper, cans and plastic are separated into dedicated bins and sold for recycling.

Measures for accurate recording of waste volumes per waste stream, per facility are being implemented. On completion, targets for future waste reduction will be set.

In Port Elizabeth, effluent samples are collected monthly and results show compliance to municipal standards for acidity levels and the level of chemical oxygen demand, suspended solids, permanganate content and settleable solids.

Stringent processes are in place to manage spillages of both toxic and non-toxic products. Any incident is reported to the SHE Manager on site and authorised procedures are applied. Detailed investigations are conducted to identify the cause of the spillage and preventive measures are implemented as appropriate. Where necessary, the approved, specialist waste disposal companies are called upon to treat the affected area.

FCC's recycling management programme was expanded during the year to increase its recycling of waste solvents and a dedicated team will permanently run the solvent recovery block in future. The low hazard industrial effluent at FCC is discharged to a municipal water treatment centre where the waste water is treated and recycled for non-drinking purposes, such as irrigation, where possible. Liquid waste, derived from sources linked to hazardous chemicals, is designated as high hazard waste and is disposed of at a certified high hazard waste disposal site in accordance with local regulations and controls for such waste.

International business

Shelys has an effluent treatment system in place for liquid waste. It is designed to treat up to 40 000 litres per day over an 8 to 10-hour period. The quality of effluent is monitored regularly to ensure that pollution is minimised. Further, the city council conducts site visits twice a year to ensure the standards are being maintained.

Solid waste disposal at the Beta Healthcare Facility is effected by approved service providers who are registered with both the Nairobi City Council and with the National Environment Management Authority ("NEMA"). Disposal of pharmaceutical substances is undertaken on approval of the Pharmacy and Poisons Board and incineration is completed at NEMA-approved incinerators. An effluent treatment plant has been provided for in the design of the new facility so as to comply with the new water legislation.

A recycling programme was introduced at the Brazilian facilities during the year. Waste from production and quality control is now segregated and destroyed in accordance with local regulations. The relevant contractor is approved by health and environmental regulatory agencies. During 2009 it is intended to introduce a further programme for waste reduction.

At Onco Therapies Ltd, an awareness of environmental responsibility was created amongst the employees on World Environment Day, which is observed on 5 June.

No significant spillages occurred at Aspen's international operations during the year.

Air pollution

South African business

No air pollution data is available at present. Accordingly, air pollution monitoring will commence during the coming year to develop sufficient baseline data to set measurable targets.

Scrubbing systems are in place at FCC to mitigate and prevent air emissions. Each scrubbing system is specifically designed for the processes they support.

International business

In order to protect the surrounding environment from contamination, exhaust air from the Tanzanian production plant is processed through appropriate filters before discharge into the atmosphere.

Continuous monitoring of emissions is in place at the Oncology Facility which complies with the local pollution control board norms.

Owing to the nature of the chemicals used at the Brazilian facilities, there is negligible risk of harmful emissions. Consequently, no formal monitoring practices are in place at this stage.

Dust collectors were installed during the year for the purpose of reducing dust emissions at the plant in Mexico.

Conservation of resources

Aspen has conservation initiatives in place at all sites worldwide to address the shortage of resources such as electricity and water. Indirect energy used by Aspen's operations includes electricity and steam.

South African business

At the Woodmead offices air conditioners are automatically shut down at the end of each day. Also, notices have been posted throughout the office park as a reminder for lights and equipment to be turned off when not in use.

At the Port Elizabeth site, two projects are underway and due for completion by June 2010. A different compressor model has been selected for the bottling line at Unit 1 in Port Elizabeth which will assist towards reducing the use of electricity, water and chemicals. At Unit 2, a two-phase installation is underway. In the initial phase, a new chiller has been installed to improve efficiency and in the following phase, similar chillers were installed to generate hot water to re-heat the air in all air-handling units. During the latter phase, a chiller manager plant was also installed which optimises the run-time and rotates each refrigeration machine to ensure equal run-time throughout the year. This project has realised a reduction of approximately 800kW of electricity-generated heat. Further, all fan motors in air-handling units, as well as chilled and hot water pumps, use a variable speed drive, which reduces start-up current by up to six-times full load current. The change from a full fresh air system to a recirculation system has resulted in a saving of approximately 1 100kW. The ability to switch off air-handling units and isolate production areas in Unit 2 will result in a further reduction of energy consumption.

At the East London site an ongoing energy resource awareness campaign is in place. During the year, the upgraded water plant was validated and calibrated, resulting in a lower rate of permeate rejection and reducing the volume of water wasted. Cooling towers have reduced wastage of cooling water from 1 500 litres per day to 25 litres. One electrically heated high pressure cleaner replaced a steam mixer in the dries washbay which has resulted in a moderate reduction in the demand for steam. The replacement of three fresh air supply systems with a single speed control system reduced the power requirement by 36%.

At the Nutritionals Facility, a new control panel with separate thyristor drives was installed to control the starting current on the element bank. Previously, the heater elements would heat on maximum temperature. The steam control valve now regulates the temperature which is expected to reduce electrical consumption to only 25% of the previous level of usage. Power correction factor boards in the facility were upgraded in June 2009.

At FCC, the boiler heavy furnace oil burner was replaced with a more efficient unit resulting in fuel savings and all power factor correction units were serviced or upgraded to ensure optimal and efficient electricity conservation.

Energy conservation mechanisms are considered for all new facilities and equipment specifications for upgrade projects ensure that procured equipment is conducive to efficient utilisation of energy.

International business

Peak demand management at Shelys is used to ensure energy consumption is kept at efficient and cost-effective levels. Improved design of the air-handling units during the year resulted in a reduction in peak demand.

Three conservation projects, due to be implemented in Brazil during 2009, will result in significant efficiencies for the operation. These include:

> Connection to the emergency generator of three chillers which supply cooled water for the HVAC system. This intervention is expected to save electrical power usage during peak demand;

> Fresh water is set to be sourced from bore-wells;

> Usable water from the reverse osmosis purification system and water purified from production is used for the gardens on site; and

> A nitrogen plant generator was installed during August 2009. Currently, gas is acquired in cylinders at a high cost.

At Solara in Mexico, the plant's air-flow system is switched off at night, which contributes towards achieving a significant reduction in energy consumption.

CODE OF ETHICS

South African business

As part of its zero tolerance approach to unethical behaviour, Aspen is committed to ensuring that the Group and its employees remain beyond reproach. All employees in the South African business are, therefore, required to adhere to the Code of Ethics, which is based on the principles of honesty, integrity and fairness. New employees are introduced to the Code of Ethics at the induction training sessions and it is also posted on the intranet and on public notice boards throughout the Company.

The Code of Ethics prohibits corruption, requires employees to conduct their activities with integrity, to disclose any conflict of interests, to report unethical behaviour and to adhere to operating protocols. It further protects the Group's intellectual and physical property, prohibits insider trading and upholds "Best Corporate Governance Practice" at all times, whilst promoting fair, ethical and statutorily compliant business practices.

International business

The Aspen Code of Ethics is currently under review to accommodate the expansion of the Group. Aspen's international operations currently comply with relevant industry codes of conduct in the various regions. At Aspen Australia, all employees have signed the Aspen Code of Ethics which is currently being rolled out at the recently established international operations.

Whistle-blowing

To enforce the Code of Ethics, Aspen has a whistle-blowing policy that obliges all employees to report any unethical, improper or unlawful conduct. Improper conduct is defined as criminal behaviour, fraud, financial mismanagement, money laundering, unfair discriminatory practices, actions threatening health and safety, harassment and corruption.

The policy provides a framework whereby employees can anonymously report such improper conduct to line managers, the senior executive of the division, the Group Risk Management Department or *"Tip-offs Anonymous"*, an independently operated whistle-blowing hotline. There were six tip-off calls logged during the course of the past year. Each of these were investigated but no material consequences were forthcoming.

STAKEHOLDER ENGAGEMENTS AND COMMUNICATION

Stakeholder engagement in the South African business has been well established over the years. Steps towards identifying and actively engaging Aspen's relevant stakeholders in the international operations will be taken as Aspen embeds its presence in these new regions.

Stakeholder	Means of engagement
PEOPLE	
Employees	> Routine and specifically scheduled functional and cross-functional meetings as required; > Notice boards to display relevant announcements are accessible to staff across the departments; > The Company intranet is available for online access to key notices and pertinent information; > Sales conferences are held and attended by the sales teams, executives and representatives from relevant support functions; > An annual strategic conference is held for executives to discuss Group strategy; > Letters/emails are sent to employees regarding policies, procedures and/or employment related information; > Workshops and training sessions are held to create an awareness of and provide training on new processes, new technology and for continuous learning; > Employment equity committees exist in South Africa to promote the development and advancement of previously disadvantaged individuals; > Annual results presentations and selected strategic announcements are delivered to Group executives and management who then disseminate the information to operational staff; > An open-door policy culture exists for ongoing communication and interaction amongst colleagues; > The *Tip-Offs Anonymous* hotline is managed independently by Deloitte for the reporting of fraud, theft and unethical behaviour in South Africa.
Trades union	> Union representatives are elected to liaise with management on matters affecting union members; > An Industrial Relations Manager is responsible for managing the relationship with the employee unions and relevant industrial labour organisations and to represent the Company at the Commission for Conciliation, Mediation and Arbitration ("CCMA") in South Africa.
Bargaining council	> Meetings are held with the bargaining councils as required; > The Industrial Relations Manager represents the Company at the bargaining council meetings in South Africa.
Academia/institutions	> Interaction is managed with institutions and academia as required by a dedicated executive; > Aspen is represented at seminars, conferences, student days hosted by institutions and Aspen also participates in career development programmes.

Stakeholder	Means of engagement
OPERATIONS	
Pharmaceutical regulatory authorities	> Audits and site inspections are conducted by authorities per notification; > Correspondences, as required, are entered into with regulatory authorities for purposes of managing regulatory matters regarding the regulatory status of facilities and the registration status of intellectual property; > Meetings are held with regulatory authorities when necessary.
Healthcare industry	> Representation on the pharmaceutical industry bodies and relevant commercial and trade associations.
Suppliers	> A centralised Procurement Department exists in South Africa to identify new suppliers and manage supplier relationships; > Meetings are held with vendors as necessary; > Vendor audits are conducted where required; > Relevant vendors are involved in assisting with the supply of materials for new product launch processes where necessary; > Representatives attend international supply symposiums to identify new suppliers and meet with existing suppliers.
Government and local authorities	> Interaction with government departments and officials as required.
Customers including the national and provincial departments of health, healthcare practitioners, provincial healthcare authorities, healthcare providers, healthcare funders and patients	> Direct calling by qualified sales representatives for the various customer groups; > Representatives' participation at relevant conferences to interact with customers; > Corporate and product advertising is undertaken to create brand awareness and market products as permissible by marketing codes; > Implementation of corporate and product awareness campaigns and product awareness sessions as relevant; > Correspondences, as required, sent to customers; > Aspen newsletters are sent to customers containing product information, relevant general information and information about events; > Dedicated sales teams interact with specific customer groups; > Customer call lines are in place; > Site visits to manufacturing facilities as arranged; > Participation in State tenders.
Partners	> Ongoing communication and interaction; > Meetings as required; > Site visits to manufacturing facilities as arranged; > Personal interaction with third parties by relevant senior executives; > Information-sharing projects are undertaken for mutual benefit; > Dedicated technical transfer project teams are formed to manage manufacturing transfer plans and distribution transfer teams to manage supply arrangements.

Stakeholder	Means of engagement
CORPORATE Investors, healthcare analysts and media	> A dedicated Investor Relations Manager is responsible for the information needs of existing and potential investors and healthcare analysts; > Corporate presentations are delivered by the Group Chief Executive and Deputy Group Chief Executive to investors, healthcare analysts and the media for the communication of financial results and for information regarding significant corporate activity; > A conference call follows corporate announcements to accommodate international investors and analysts to provide an opportunity for investor participation; > One-on-one meetings and interviews are held to cater for specific information needs of investors, analysts and media groups; > Continuous interaction takes place with investors and media between closed periods; > Distribution of a comprehensive annual report and the interim results booklet to all investors; > Scheduled site visits conducted for investors and analysts periodically; > SENS announcements are made to communicate information pertaining to corporate activity and Group results; > Investor-relevant information can be accessed on the Aspen Group website.
Shareholders	> Annual general meetings are held as per statutory requirements; > The annual report is distributed to shareholders; > Shareholders are able to access disclosable information through the Company Secretary; > SENS announcements communicate information pertaining to statutory corporate activities which impact shareholders and directors' share dealings; > Selected statutory information is available on the Aspen Group website; > Selected announcements are published in both English and Afrikaans in the printed press after release on SENS; > Statutory correspondences are posted to shareholders as required by the Companies Act; > Institutional shareholders can access information regarding corporate activity through the Investor Relations Manager.
Community	> Aspen supports local community projects through the CSI programme; > A dedicated CSI Manager liaises directly with community project leaders and visits project sites; > Peer educators offer HIV/AIDS training to communities in the Port Elizabeth area.
Consultants and service providers	> Information sharing and interaction when services are procured for expert/specialist services including technical consultants and the media; > A dedicated Communications Consultant is responsible for corporate communication including inter alia media relations and management, corporate identity and branding, internal and external positioning.
Funders and corporate bankers	> Regular communication with funders regarding performance against covenants; > Frequent contact with providers of finance to keep abreast of conditions in the capital markets; > Engagement with bankers in respect of the Group's potential future funding requirements.

AFFILIATIONS TO INDUSTRY BODIES

Aspen's South African business is an active member of the following industrial organisations:

> Pharmaceuticals Made in South Africa ("PHARMISA") – a local pharmaceutical producer trade association. An Aspen representative serves as the chairman of this organisation.
> Pharmaceutical Pricing Task Group ("PTG") – an industry-wide pharmaceutical organisation, focusing on pharmaceutical pricing discussions with government.
> Business Unity South Africa ("BUSA") – an over arching business organisation, representing the various business chambers.
> National Economic Development and Labour Council ("NEDLAC") – an organisation which facilitates dialogue between the Government and organised business, organised labour and organised community groupings on a national level to discuss issues of social and economic policy.
> India, Brazil, South Africa ("IBSA") Business Forum – a forum to promote trade relations between these regions. An Aspen representative serves on the IBSA Steering Committee.
> UNAIDS – a joint venture of the United Nations family, bringing together the efforts and resources of 10 United Nations system organisations in order to help prevent new HIV/AIDS infections, care for people living with HIV/AIDS, and mitigate the impact of the epidemic. An Aspen representative serves as the chairman of UNAIDS Suppliers Regulatory Task Team.
> Global Fund for AIDS, Tuberculosis and Malaria ("GFATM") – an international financing institution investing a pool of globally sourced funds to save lives. The fund supports the prevention, treatment and care programmes of these three diseases.
> The Healthcare Charter negotiation team – an industry representative body which conducts research and makes detailed written submissions to the DoH in the development of the Healthcare Charter.
> The Pharmaceutical Industry Association of South Africa ("PIASA") – an alliance of pharmaceutical companies with the common objectives of developing the local pharmaceutical manufacturing sector into a sustainable industry to secure a supply of safe, affordable, quality pharmaceuticals in South Africa, and of developing skills and capacity in the sector.
> The executive forum of the Private Healthcare Forum ("PHF") – represents key strategic interests in the private healthcare sector in South Africa. It is intended that the PHF be used as a platform to articulate sector views and opinions in the interests of sustainable and quality healthcare in the country.

Aspen's international operations are affiliated to the following industrial bodies:

> The Australian Self Medication Industry ("ASMI") – a body representing companies involved in the manufacture and distribution of consumer healthcare products in Australia. The association focuses its efforts on supporting the progress and development of the self-care products industry, including both OTCs and complementary products.
> The Pharmaceutical Export Promotion Council set up by the Indian Ministry of Commerce ("PHARMEXCIL") – an export promotion council which makes representations to the government of India and other agencies in India and abroad to find amicable solutions to common problems facing the pharmaceutical industry.
> American Management Association ("AMA") – a global non-profit association supported by its base of partners, provides a wide range of management development education services for individuals, companies and government offices around the world.
> Mexican Business Information Systems ("SIEM") – a database of customers, vendors, tools for developing business and information on support programmes offered by the Ministry of Economy.

Transformation report

Aspen recognises the importance of transformation, not only within the Group but also within the broader South African business environment. BBBEE is a framework that contributes towards rectifying the exclusions and imbalances of the past and enables South Africa's sustainable growth into the future.

ASPEN'S BBBEE GOALS

Aspen's objective is to achieve and maintain a "Level 4" contributor status in terms of the Department of Trade & Industry's Codes of Good Practice ("DTI Codes").

In an audit conducted by independent BBBEE accreditor, *Empowerdex*, in September 2009, Aspen attained a Level 4 contributor rating in terms of the DTI Codes with an overall score of 69,2% or an "A" rating. An overview of the Group's progress towards compliance is outlined below:

TRANSFORMATION COMMITTEE

The Transformation Committee was established in 2006 to assist the Board in driving Aspen's transformation, BBBEE statutory compliance and adherence to transformation best practice. It is chaired by Group Chief Executive, Stephen Saad, and further comprises the Deputy Group Chief Executive, Gus Attridge, the Chairman of the Board, Judy Dlamini, and two independent non-executive directors.

In 2009 Aspen was ranked 28th out of 110 companies, in the *Financial Mail/Empowerdex Survey of Top Empowerment Companies*. This recognised the credibility of the Group's BBBEE platform. Of the ranked companies, 63 were verified.

A formal Charter governs the Committee, setting out its responsibility for developing transformation strategy, reviewing the transformation policies, monitoring the BBBEE scorecard and providing guidance on management's approach to pursuing BBBEE initiatives. In fulfilling its responsibilities, the Committee has upheld the principles of good corporate governance, sustainability of the Group and employment equity.

The Committee met four times during the year. Details of attendance are set out in the Corporate Governance Review on page 78.

DTI Code	Progress	Verified Scorecard rating September 2009	Self-assessed score August 2008 (Restated)
Ownership	Full ownership points were achieved due to BBBEE equity holding	**22,0**	23,0
Management control	Score has improved due to both promotion and recruitment of black managers	**5,2**	4,9
Employment equity	Score was improved due to increased employment of black candidates for appropriate positions	**10,5**	8,6
Skills development	R11,4 million spent on skills training and specific projects implemented to upgrade employees' skills levels	**8,6**	3,7
Preferential procurement	Significant progress made in procurement from BBBEE-compliant companies	**15,3**	10,3
Enterprise development	Qualifying contribution terminated prematurely. Specific opportunities are being evaluated within the pharmaceutical industry as well as broader services	**4,2**	6,4
Socio-economic development	Aspen increased spend on CSI projects which focus on upgrading of clinics and improving access to healthcare in rural areas	**3,4**	1,5
Overall score		**69,2**	58,4

OWNERSHIP

At year-end, Aspen's direct BBBEE shareholders owned 22,8 million shares with CEPPWAWU holding 9,2 million shares and Imithi Investments (Pty) Ltd holding 13,6 million shares. Imithi Investments (Pty) Ltd also held 17,6 million preference shares, which carry a right of conversion into Aspen ordinary shares on a one-for-one basis in June 2012. In the interim, the preference shares enjoy full voting rights on a *pari passu* basis with ordinary shares in Aspen.

Imithi Investments (Pty) Ltd exercised a call option it had over a further 6,1 million ordinary shares which were held by the Industrial Development Corporation of South Africa. These shares were then sold and the proceeds reinvested in the Imithi Investments (Pty) Ltd funding structure. CEPPWAWU also disposed of 11,8 million shares. The net proceeds from disposal (after settling all amounts owing in respect of the purchase of these shares) of R456,1 million are held in the CEPPWAWU Development Trust, the benefits of which will accrue to union members, almost all of whom are previously disadvantaged employees. Through this process, the Group's BBBEE initiatives have reached a further stage of maturity as the proceeds realised from the shareholding are used to pursue broad-based upliftment.

Total voting rights held by BBBEE shareholders in Aspen's South African operations at year-end, as measured under the principles of the DTI Codes, amount to 26,4%.

In accordance with the DTI guidelines, the BBBEE ownership points awarded to a company at any point in time continue to accrue to the company even after the disposal of some or all of the qualifying equity holding by BBBEE shareholders. The duration of this entitlement is matched to the period for which the qualifying shares were held by the BBBEE owner.

PREFERENTIAL PROCUREMENT

Aspen's Preferential Procurement Steering Committee has set internal targets to measure BBBEE spend against preferential procurement objectives. The Steering Committee is further committed to driving increased procurement spend with 50% black-owned and/or 50% black female-owned businesses. However, due to the high barriers to entry in the pharmaceutical industry that demand stringent GMP and high regulatory compliance standards to be met, many local suppliers are unable to meet and maintain these prerequisite levels. The Steering Committee evaluated and categorised the Group's suppliers with some success, increasing purchases from qualifying suppliers to 61%. Aspen has made good progress in the procurement of packaging materials and supply chain services from accredited South African suppliers. The Group has also considered relevant BBBEE criteria in the selection of suppliers for the capital expenditure projects undertaken at the South African operations, including the construction of the Sterile's Facility and the facility upgrade projects.

In an attempt to encourage local suppliers to seek independent BBBEE accreditation, workshops were hosted to increase suppliers' awareness of the opportunities and long-term benefits of obtaining BBBEE-compliance. In this way, the potential pool of qualifying suppliers can be increased.

The status of preferential procurement objectives, as audited by *Empowerdex* in September 2009, is tabulated below:

	Verified Scorecard rating 2009	Five-year target per DTI Codes
Spend on all qualifying suppliers	**61%**	50%
Spend on QSEs, EMEs	**12%**	10%
Spend on 50% black-owned/50% black female-owned	**1%**	15%
Total preferential procurement score (points)	**15,3**	20,0

BOARD REPRESENTATION

Aspen's current Board includes three black directors which achieves 30% black representation.

Dr Judy Dlamini was appointed to the Board in 2005 and has been Chairman since November 2007. She serves on Aspen's Remuneration & Nomination and Transformation Committees. Judy played a key role in the formation of Imithi Investments (Pty) Ltd, one of Aspen's BBBEE partners. She is the Managing Director and Executive Chairman of Mbekani Health and Wellbeing (Pty) Ltd, a medical doctor and also holds an MBA. Judy's involvement outside medicine has included corporate finance and business management. Judy is currently also a non-executive director of Northern Platinum Holdings Ltd and GijimaAst.

Sindi Zilwa was appointed to the Board in September 2006 as an independent non-executive director and also serves on Aspen's Audit & Risk and Transformation Committees. Sindi became only the second black, female chartered accountant in South Africa in 1990. Her qualifications include an Advanced Taxation Certificate, an Advanced Diploma in Financial Planning and an Advanced Diploma in Banking. She is currently the Chief Executive of Nkonki Chartered Accountants, and has been a member of the South African Institute of Chartered Accountants' GAAP Monitoring Panel. Sindi holds non-executive directorships with ACSA Ltd, Woolworths Holdings Ltd, Discovery Holdings Ltd, STRATE Ltd and Ethos Private Equity Ltd and is also the former chairperson of the BUSA Standing Committee on Transformation.

Rafique Bagus was appointed to the Aspen Board in 2003. Rafique previously served as Chief Executive Officer of Trade and Investment South Africa, a division of the Department of Trade and Industry. He was tasked with the responsibility of promoting, developing and co-ordinating exports from and direct investment into South Africa.

EMPLOYMENT EQUITY

In South Africa, Aspen places particular emphasis on the advancement of historically disadvantaged groups. Employment equity targets are in place and the Group submits annual status reports to the South African Department of Labour. Recruitment strategies support the identification and selection of adequately qualified employment equity candidates. Promotion and skills development are aligned with the relevant department's employment equity targets.

The number of females represents more than 50% of the employee base in South Africa. As verified by Empowerdex during August 2009, black employees constitute 77,1% of Aspen's workforce in South Africa, with black female representation comprising 43,2%.

Employment equity developments

During the year, Aspen was subject to an employment equity inspection by the Department of Labour. The Group was found to be fully compliant with all material administrative requirements of the Act and also complied with best practice standards. As a suggestion to further improve employment equity in the Group, the Department of Labour recommended holding Employment Equity Committee meetings more frequently. Following this inspection, a workshop was held with general managers and their management teams which resulted in a number of positive outcomes including:

> a common understanding of the employment equity policy and targets 2007 – 2012;
> compilation of departmental equity plans and focused monitoring of appointments and promotions against these targets;
> standardised and mandatory employment equity meeting agenda items;
> the scheduling of bi-monthly meetings, per site, for the year;
> recording and disseminating minutes of meetings;
> evaluation of the content of minutes received against code of good practice requirements;

- a focused effort to recruit disabled staff through specialist recruitment agencies and approaching organisations for the disabled to identify prospective candidates; and
- mandatory diversity management training for all employment equity committee members.

Two new programmes were introduced to improve the implementation of employment equity best practices and these programmes will be rolled out to all staff in the South African business. During 2009, 231 employees participated in the Valuing Diversity Training Programme conducted for staff and in the Management Diversity Training Programme which was attended by managers.

The recruitment and development of previously disadvantaged individuals is prioritised in order to groom a pool of employment equity talent for future advancement opportunities. The low rate of employee turnover in the South African business and the specified capability, skills and experience required to be employed to support business objectives have prevented accelerated achievement of targets in the short term.

SKILLS DEVELOPMENT

Refer to the section on skills development in the Sustainability Report on page 54.

CORPORATE SOCIAL INVESTMENT

Refer to the CSI Report on page 74.

Aspen's CSI philosophy of *Healthcare. We Care* has been the Group's guide for more than a decade. One of the areas in which the Group has contributed to the upliftment of previously disadvantaged communities, has been through the construction and improvement of several primary healthcare facilities. These clinics treat acute conditions and provide HIV/AIDS services such as voluntary counselling and testing, information on prevention of mother-to-child transmission, provision of ARVs and more.

1 **ENGCOBO CLINIC –** Engcobo, Transkei. Patients seen per year: ±21 000
In 2001 Former President Nelson Mandela opened the Engcobo Clinic, which was built by Aspen. This facility provides the community with a comprehensive primary healthcare centre including a counselling service and home-based caregivers. Aspen has supported the clinic since its inception and has recently expanded the facility to provide for a more improved and conducive environment for patients and staff alike.

2 **WELLS ESTATE WELLNESS CENTRE –** Motherwell, Eastern Cape. Patients seen per year: ±60 000
Aspen enhanced this primary healthcare centre in 2007 in partnership with the local municipality. Services provided by the team of healthcare professionals include *inter alia* chronic disease management, HIV and AIDS management, dental treatments and antenatal services. Aspen recently also provided financial assistance to install a hydroponic vegetable farming system to encourage a healthier lifestyle and contribute towards improving the community's immunity levels.

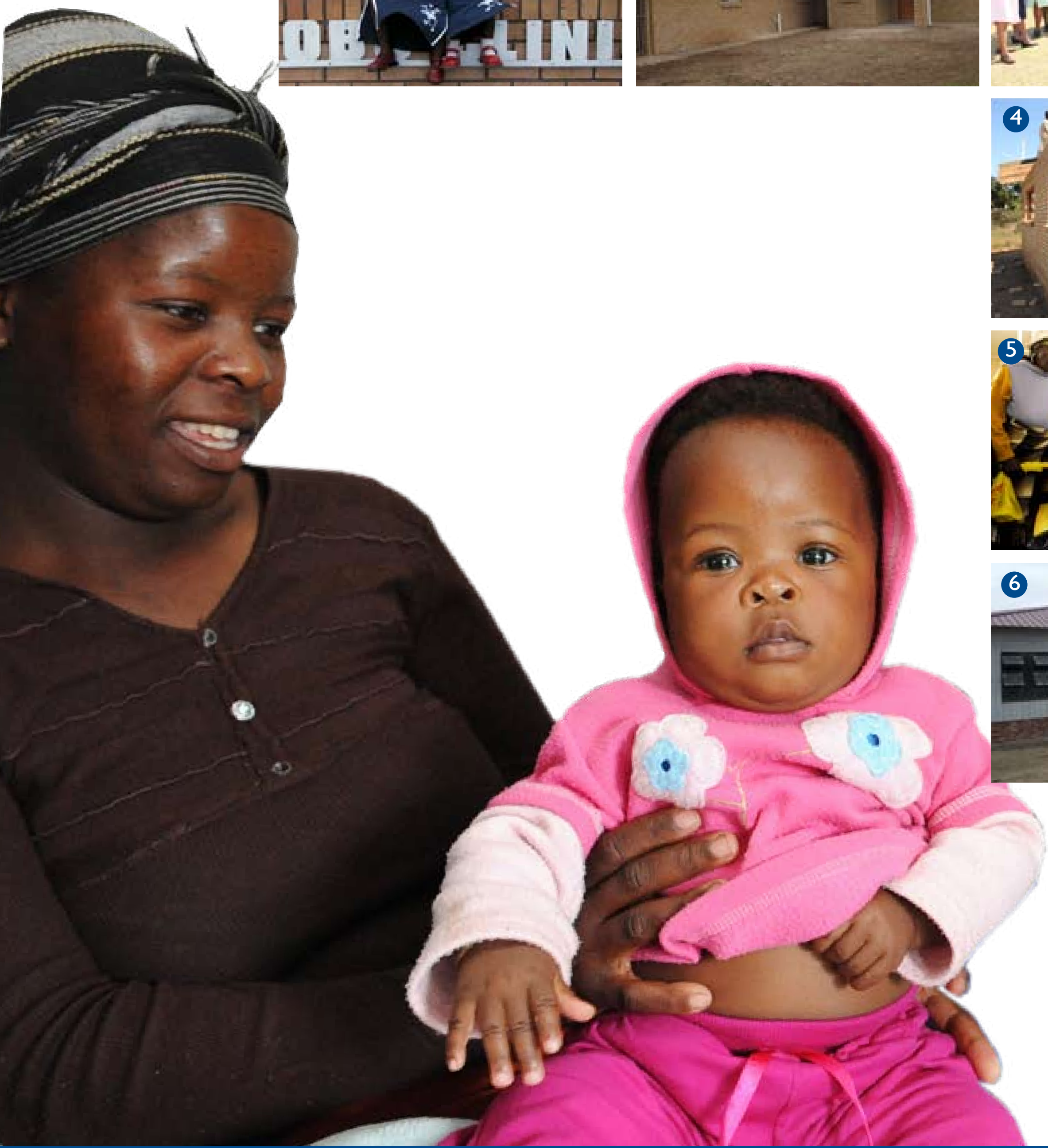
3 **MDUKU CLINIC –** Umkhanyakude District, KwaZulu-Natal. Patients seen per year: ±45 000
Aspen's recent financial support provided for the expansion of facilities at this comprehensive primary healthcare clinic. Serving a community of approximately 13 000, patients receive an extensive range of treatments from the resident and visiting healthcare professionals, including highly active ARV therapy for 850 adults and 64 children.

4 **MNQOBOKAZI CLINIC –** Umkhanyakude District, KwaZulu-Natal. Patients seen per year: ±36 000
Aspen's construction of additional facilities at this clinic is due for completion by the end of 2009. The community of 10 000 depend upon the comprehensive range of primary healthcare services provided by the clinic's team of nurses and visiting doctors. An effective highly active ARV therapy programme presently treats 450 adults and 34 children, while approximately 3 000 consultations take place each month.

5 **NAMAHADI CLINIC –** Thaba Mofutsanyane District, Free State. Patients seen per year: ±82 000
Aspen has provided financial support for the construction of additional facilities at this clinic. The need for infrastructural improvement was driven by the community's high demand for primary healthcare services offered at the clinic. The healthcare professional team treats nearly 24 000 ARV patients annually.

6 **UTAH CLINIC –** Manyeleti Game Reserve, Mpumalanga. Community to treat per year: ±50 000
Aspen commenced construction of this primary healthcare clinic in 2009 in association with the Mpumalanga DoH and other corporate companies. The clinic will provide the services of resident primary healthcare nurses under the supervision of a doctor, and it is expected to be complete during 2010.

Uplifting communities



Aspen remains committed to the upliftment of previously disadvantaged communities through multiple projects including the enhancement to and building of six primary healthcare clinics across South Africa.

Aspen's CSI strategy remains underpinned by the Group's guiding principle '*Healthcare. We care*'. CSI initiatives are aligned to projects which support the enhancement of healthcare, particularly those initiatives aimed at the prevention and management of HIV/AIDS and Tuberculosis. As a South African-based Group, Aspen's primary commitment is towards CSI projects in South Africa.

CSI AT ASPEN'S SOUTH AFRICAN OPERATIONS

New HIV/AIDS projects

Aspen's support of HIV/AIDS projects was extended during the year with the addition of the following initiatives:

Aspen introduced financial support of the Soweto Hospice and the Hope Cape Town Trust.

> The Soweto Hospice is a branch of the Houghton Hospice which provides comprehensive palliative care to the increasing number of terminally ill patients and their families in Johannesburg and Soweto. Primarily focusing on HIV/AIDS and Tuberculosis, the Soweto branch is well established and has recently extended its services to Diepkloof. The Hospice also runs the Mapetla Day Care Creche where regular Tuberculosis testing and vaccinations for polio and measles are offered.

> The Hope Cape Town Trust is situated at the Ithemba Ward at Tygerberg Academic Health Complex. The Trust integrates all services for HIV-positive children in the ward, maximises resources for home-based care visits and ward programmes promote the effective use of ARV treatment.

Continuing HIV/AIDS projects

During the year Aspen continued its support of a number of organisations which are active in the fight against HIV/AIDS. The Group has fostered long-standing relationships with these organisations through financial and other support. Aspen retained its commitment to the following selected HIV/AIDS-related causes:

> The South African Business Coalition on HIV/AIDS ("SABCOHA") is a business representative on the South African National AIDS Council which aims to co-ordinate the private sector response to the HIV/AIDS epidemic. SABCOHA plays a vital role in the implementation, monitoring and evaluation of the National Strategic Plan on HIV/AIDS for 2007-2011. It has further extended its comprehensive programme to selected small, medium and micro enterprises, providing education, testing and ARV treatment. Aspen is an active member of SABCOHA and a Group representative has served as Chairman of the Board of Governors of SABCOHA since his appointment in October 2007.

> The SA HIV/AIDS Clinicians Society provides financial assistance to rural doctors and nurses to attend HIV/AIDS-related conferences. This association is made up of independent medical professionals who are dedicated to HIV/AIDS education and research.

> The Ikhwezi Lokusa Wellness Centre in East London is a non-profit organisation offering medical management, holistic healthcare and ARVs to HIV-positive individuals. Its ARV-outreach programme currently includes a total of 33 general practitioners practising mainly in the rural areas and in areas where there are no ARV therapy-accredited sites. The Centre's reach is also extending further to other regions within the Eastern Cape province.

> The Khanya Family Centre operates primarily in Kathorus, Gauteng, providing psychological counselling, care and support for families experiencing life challenges including HIV/AIDS. In order to build capacity in the community, field instruction and internships are offered to social work and psychology students. Aspen provided financial support to this centre.

> The Missionvale Care Centre in Port Elizabeth serves the local community through providing care and counselling for abandoned, abused, neglected and orphaned children. The Centre has an HIV/AIDS clinic which can be accessed by the Missionvale community. This clinic provides HIV/AIDS support to affected patients and also conducts HIV/AIDS awareness programmes for the surrounding communities. Primary education is provided for Grades 0 – 7. Skills training is offered to unemployed adults and a soup kitchen feeds more than 500 families.

> Aspen contributed to the Ubuntu Education Fund which is dedicated to delivering quality education and promoting healthy communities. The fund is part of the Mpilo-Lwazi Health Initiative – a comprehensive HIV/AIDS programme targeting HIV/AIDS management in Ibhayi, Port Elizabeth. Its goals are to contribute towards preventing proliferation of HIV infection and onward transmission and also to offer treatment and support to families coping with HIV/AIDS. To date the Ubuntu Education Fund has reached 40 000 children, with 24 000 currently enrolled in its health programme.

- A donation was granted to the SA Medical and Education Foundation for HIV/AIDS sufferers. The Foundation is a non-profit organisation whose purpose is to support the operational requirements of those community hospitals, which have been accredited as ARV treatment sites, but which lack the infrastructure and equipment to deliver services effectively. With the high incidence of HIV/AIDS and Tuberculosis in the province, they work in close association with the Provincial Health Department in identifying high priority areas where there is insufficient infrastructure or medical equipment in place to deliver the services. Donations were used for the building of eight dispensing doctors' rooms in the Bonteheuwel and Langa areas specifically for the distribution of ARVs.

Integrated Community Home Care

During the year Aspen further supported a number of palliative care centres, promoting the Government's Integrated Community Home Care model which forms part of the National Strategic Plan on HIV/AIDS (2007-2011). These support projects included:

Location	Project supported
Gauteng:	> Starfish Foundation > Tshepo Hope Care Centre > Khotso Caritas Centre > MaAfrika Tikkun
Free State:	> Naledi Hospice
Eastern Cape:	> St. Bernard's Hospice > The House of Resurrection > St. Francis Hospice > The Haven Wellness Centre > Starfish AIDS Foundation > Port Elizabeth Community Chest 'give as you earn' initiative > Grahamstown Hospice
North West Province:	> Tapologo Hospice

Extending assistance to vulnerable HIV/AIDS children

Aspen acknowledges a growing need to assist orphaned children who are suffering with the consequences of HIV/AIDS. The Group is committed to financially supporting programmes providing early learning opportunities to affected children and increasing access to medical support available to them. To this end, selected non-profit organisations received increased financial support from Aspen during the year.

These organisations include:

Location	Project supported
Gauteng:	> Starfish Foundation > Topsy Foundation > Mapetla Day Care Creche > Tshepo Hope Care Centre
KwaZulu-Natal:	> Ingwavuma Orphan Care > Khotso Caritas
East London:	> The Haven Wellness Centre > Educare

Primary healthcare infrastructure projects

The DoH has set the task of developing and strengthening the primary healthcare system. The majority of rural communities now have primary healthcare nurses delivering comprehensive care and management of HIV/AIDS, including the roll-out of ARVs. This is done under the supervision of medical doctors. Aspen has continued to contribute towards this initiative through the support of a number of projects in the sector, including the following:

- The Wells Estate Wellness Centre in Motherwell, Port Elizabeth has benefited from Aspen's financial contribution to install a vegetable tunnel which uses a hydroponic farming system. The vegetable produce from the tunnel supplements the patients' nutritional needs which, in turn, strengthens a patient's immune system;
- The Transkei-based Engcobo Clinic, established by the Group in 2002, received financial assistance from Aspen for the new extension to its existing clinic which now provides a much improved and more suitable environment for patients and staff; and
- A financial contribution was made to the Somerset Hospital Trauma Unit and the Chaeli Campaign for children with Cerebral Palsy during the year.

During the year Aspen identified the need for, and undertook to financially assist with, selected State clinic projects which aim to provide a homogenous range of primary healthcare services, specifically with the help of qualified nurses. The focus of these clinics is to provide treatment for acute conditions which do not require hospitalisation. These clinics also provide HIV/AIDS services such as voluntary counselling and testing, information on prevention of mother-to-child transmission, provision of ARVs and access to support groups. Projects supported are outlined as follows:

- The Mduku Clinic was built in the Umkhanyakude District, KwaZulu-Natal, and was inaugurated in April 2009;
- The Mnqobokazi Clinic, also located in KwaZulu-Natal, is currently in the final phases of construction and is expected to be completed at the end of 2009;
- Aspen supported building of the Namahadi Clinic in the Thaba Mofutsanyane District in the Free State which was completed in June 2009; and
- The Utah Clinic, situated in the Manyeleti Game Reserve, Mpumalanga, which is anticipated to be completed in 2010.

Education

Aspen remains committed to promoting healthcare education and leadership. The Group therefore continued to support the Foundation for Pharmaceutical Education, which assists disadvantaged students with tertiary level pharmaceutical studies. Four students are currently benefiting from this bursary.

Aspen also continued to support the Friends of Mosvold Trust in the Umkhanyakude District which offers bursaries to students in KwaZulu-Natal who have committed to practice medicine and allied professions in their own communities.[1]

Financial support was granted to the The Wits Initiative for Rural Health Education ("WIRHE"), an initiative launched by the Faculty of Health Sciences at the University of Johannesburg in 2003. An Aspen representative is a member of the WIRHE advisory board. The aim of the initiative is to recruit disadvantaged students from rural areas, specifically from the North West, Limpopo and Mpumalanga provinces to study towards careers in the health sciences and to further support these candidates to qualify as healthcare professionals. The objective is to alleviate shortages of doctors, nurses and pharmacists in targeted areas and to provide a model for this purpose. The students have all signed contracts to work in their respective districts after qualification. Ongoing vacation work assists in developing an experience base and strengthening relationships between candidates, professional staff and management to further promote the commitment to community service after graduating.

For the past 10 years Aspen, the South African Military Medical Health Service and the DoH have worked closely and successfully together to help address the country's needs for more qualified primary healthcare practitioners, including clinical nurses. In light of the drastic shortage of doctors and pharmacists, formalised training programmes provide upskilling courses to enable nurses to conduct health assessments and to deliver a broader level of service to a growing patient-base which requires general medical treatment, as well as specialised treatment for target diseases such as HIV/AIDS, Tuberculosis, and more recently, Swine Flu.

In line with new legislation, all dispensing nurses have to complete the Dispensing Licence for qualified Non-Pharmacist Healthcare Workers course, as accredited by the South African Pharmacy Council. Aspen offered additional financial assistance for the implementation of this course which is to be incorporated into the nurses training curriculum. To meet the Pharmacy Council's stringent training standards, Aspen funded the establishment of a training infrastructure which includes a pharmacy for dispensing training, examination rooms, patient counselling rooms and associated equipment. Through this initiative, more nurses are qualified to provide enhanced levels of healthcare services, whilst enabling these nurses to improve their own skills set at no cost to themselves.

CSI AT ASPEN'S INTERNATIONAL OPERATIONS

Aspen Global donated furniture from its temporary offices to the facilities of the SOS Children's Villages in Mauritius.

Beta Healthcare partnered with the Lions Club of Kenya in donating antibiotics to the national hospital for HIV/AIDS patients. During the year, the company also donated antiseptic soaps to all prisons in the country. This gesture was well received by the government of Kenya. In addition, veterinary products were donated to the Kenyan Ministry of Agriculture to be distributed to rural farmers who had been severely impacted by the ongoing drought in Kenya.

In Tanzania, in order to assist with the healthcare needs in the rural areas, Shelys donated medicines to the Ocean Road Cancer Institute in Dar es Salaam and donated essential medicines to the Tageta Mission Hospital. The Malaria Prevention and Awareness Campaign and various HIV/AIDS awareness programmes were conducted. Shelys also provided sponsorships to medical colleges in Tanzania, Zambia and Congo for the subsidisation of the graduation ceremonies for the pharmaceutical students. Furthermore, financial assistance was provided to the Kinondoni Municipality's school development programme in Dar es Salaam.

[1] *Since inception in 1999, the Friends of Mosvold Trust has produced 56 graduates in a number of critical healthcare disciplines, including 12 medical doctors and four pharmacists.*

Friends of Mosvold Trust produced 56 graduates.

Value added statement for the year ended 30 June 2009

	Growth %	2009 R'million	2009 %	2008 R'million	2008 %
Net revenue	79	8 736		4 881	
South Africa	30	4 219		3 254	
Exports from South Africa	31	592		449	
International	249	3 825		1 096	
Other revenue	22	100		82	
Other operating income		7		90	
Less purchased materials and services	85	(5 224)		(2 822)	
Value added from operations	64	3 519	94,0	2 149	89,1
Investment income		224	6,0	263	10,9
Total wealth created	55	3 743	100,0	2 412	100,0
Value distribution					
Employees	52	1 022	27,3	673	27,9
Providers of capital	33	711	19,0	533	22,1
Finance costs		711	19,0	287	11,9
Capital distribution paid to shareholders		–	–	246	10,2
Governments		353	9,4	365	15,1
Reinvested in the Group	97	1 657	44,3	841	34,9
Depreciation and amortisation		224	6,0	202	8,4
Deferred tax		80	2,1	20	0,8
Income retained in the business		1 353	36,3	619	25,7
Total value distribution	55	3 743	100,0	2 412	100,0
Value added statistics					
Weighted ratios*					
Number of full-time employees		4 020		2 603	
Revenue per employee		2 174		1 876	
Value added per employee		875		827	
Wealth created per employee		931		927	
Monetary exchanges with government					
Current taxes (including secondary tax on companies)		303		321	
Customs and excise duty		45		42	
Rates and similar levies		5		2	
Gross contribution to central and local governments		353		365	
Additional collections on behalf of government					
Employees' taxes		142		125	
Net value added tax paid		493		161	
		635		286	

The value added statement includes discontinued operations.

**The employees of the acquired companies were weighted according to the number of months they were part of the Group in 2008.*

Corporate governance report

In its commitment to principles of sound corporate governance, the Aspen Board endorses the Code of Corporate Practices and Conduct ("the Code") as set out in the King II Report ("King II"). Compliance with the Code is actively monitored to ensure ongoing improvement of operational and corporate practices. This framework of corporate governance is implemented across the Group's South African and international operations. Aspen strives to uphold high standards of business ethics and integrity throughout the Group.

The Group aims to achieve new advancements in corporate governance each year. Key developments during the year under review included:

> Clear definition of the Lead Independent Non-executive director in the Group's Board Charter;
> Extension of legal compliance management processes to include the new subsidiaries;
> Compliance by unlisted entities in the Group with all corporate governance requirements for listed companies; and
> Appointment in Brazil of a dedicated person who is specifically tasked to drive enhancements to the overall internal controls environment.

In anticipation of the introduction of the King III Report ("King III") in 2010, Aspen has analysed key aspects of the draft report and has submitted its response on issues which the Group believes requires further clarity and consideration. Aspen has taken cognisance of King III's reiterated focus on the effectiveness of internal controls and the new initiatives towards sustainability reporting and is committed to compliance with these aspects of the report.

THE BOARD

Structure

The Group's unitary Board of Directors comprises eight non-executive directors, five of whom are independent. Non-executive director, Judy Dlamini chairs the Board. During the year, Roy Andersen was appointed as Lead Independent Director.

In accordance with the amended requirements as proposed in King III, an assessment was made for each independent director to determine whether the existence of any business or other relationships interfered materially with the individual's capacity to act in an independent manner. The Board is satisfied that the classification of the Group's independent non-executive directors is appropriate.

Attendance at Board and sub-committee meetings for the year is set out below:

		Attendance			
Directors	Status	Board meetings	Audit & Risk Committee meetings	Remuneration & Nomination Committee meetings	Trans-formation Committee meetings
Archie Aaron	Independent Non-executive	4	n/a	n/a	n/a
Roy Andersen	Lead Independent Non-executive	6	n/a	4	n/a
Gus Attridge	Deputy Group Chief Executive	5	5*	4*	4
Rafique Bagus	Independent Non-executive	5	n/a	n/a	3
John Buchanan	Independent Non-executive	6	5	4	n/a
Judy Dlamini	Non-executive Chairman	6	n/a	3	4
Chris Mortimer	Non-executive	6	5	n/a	n/a
David Nurek	Non-executive	4	n/a	n/a	n/a
Stephen Saad	Group Chief Executive	6	n/a	3*	4
Sindi Zilwa	Independent Non-executive	5	3	n/a	3
Number of meetings held		6	5	4	4

* *Executive directors attend meetings of the Board sub-committees by invitation.*

In accordance with the series of strategic transactions concluded with GSK in May 2009, GSK will be given the right to nominate a representative to the Aspen Board of Directors as a result of obtaining a shareholding of 16% of the Group on completion of the transactions.

The name of and a brief *curriculum vitae* for each director is set out on page 50 of the annual report.

Six Board meetings were held during the year including one special meeting and one strategic meeting. Directors are comprehensively briefed, well in advance of the scheduled Board meetings, with relevant information to enable them to fulfil their responsibilities effectively.

Pasco Dyani (alternate, Derek Thomas) attended the first Board and Transformation Committee meetings of the financial year, prior to his resignation on 26 February 2009.

During the year under review, John Buchanan served as interim Chairman of the Remuneration & Nomination Committee which will, in future, be chaired by Lead Independent Non-executive Director, Roy Andersen.

In line with Aspen's Articles of Association, Archie Aaron, Chris Mortimer, David Nurek and Sindi Zilwa will retire by rotation at the upcoming annual general meeting and, being eligible, offer themselves for re-election. The Board has evaluated the performance of these directors and has recommended their reappointment. The Board Charter provides for automatic retirement of a director at the age of 70. However, at the Board's discretion, the retiree can be invited to serve as non-executive director on a year-on-year basis. The Board has approved the reappointment of Archie Aaron in terms of this proviso.

The roles of the non-executive Chairman, Group Chief Executive and Lead Independent Non-executive Director are strictly separated. The Chairman provides leadership and guidance to the Board and encourages proper deliberation on all matters requiring the Board's attention with input from other directors. The Group Chief Executive and Deputy Group Chief Executive are responsible for implementing strategy and operational decisions in respect of the day-to-day operations of the Group. The Lead Independent Non-executive Director assumes the responsibilities of the Chairman in circumstances where the Chairman has a conflict of interest, when the Chairman's performance is being appraised or when the Chairman's term of office is being considered.

Non-executive directors contribute their independent and objective knowledge, extensive experience and diverse expertise towards Board deliberations. They have unrestricted access to management at all times. All directors are also entitled to seek independent, professional advice on any matters pertaining to the Group where they deem this to be necessary.

Composition of the Aspen Board of Directors and the sub-Committees are reflected below:

Board of Directors
Judy Dlamini (Chairman), Archie Aaron, Roy Andersen, Gus Attridge, Rafique Bagus, John Buchanan, Chris Mortimer, David Nurek, Stephen Saad, Sindi Zilwa

Audit & Risk Committee	Remuneration & Nomination Committee	Transformation Committee
John Buchanan (Chairman), Roy Andersen, Chris Mortimer, Sindi Zilwa	Roy Andersen (Chairman), John Buchanan, Judy Dlamini	Stephen Saad (Chairman), Gus Attridge, Rafique Bagus, Judy Dlamini, Sindi Zilwa

To assist the Board in discharging its collective responsibilities, certain Board tasks have been delegated to the Audit & Risk, Remuneration & Nomination and Transformation Committees. The Board recognises that it is ultimately accountable and responsible for the performance and affairs of the Company and that of the Group and that the delegation of authority in no way absolves the directors of the obligation to carry out their duties and responsibilities.

The Board Charter

The Board is governed by a Board Charter which details the Board's composition, procedures for the appointment of directors, directors' responsibilities and Board processes. The fiduciary duties and role of each director is also defined. In terms of the Charter, the Board is responsible for monitoring key risk areas, performance indicators and the effectiveness of management. Further responsibilities include:

- Ensuring that the policies and procedures of the Charter are complied with;
- Ensuring the development and maintenance of succession plans;
- Monitoring Board plans in terms of economic, environmental and social issues relating to the Group;
- Assessing and reviewing the strategic direction of the Group;
- Evaluating performance and determining key performance criteria;
- Evaluating the performance of the Chairman on an annual basis before the annual general meeting; and
- Evaluating legal and regulatory compliance.

The Board Charter was updated to define the role of Lead Independent Non-executive Director and this amendment was approved by the Board in June 2009. Going forward the Lead Independent Non-executive Director will be elected annually at the first meeting of the Board following the Company's annual general meeting.

Board processes

New appointments

New Board appointments are proposed by the Remuneration & Nomination Committee, taking into account a balance of skills, experience and diversity required to lead, control and best represent the Group. In this regard, the Committee submits a formal proposal to the Board for its consideration each year.

A formal induction programme is in place for new Board members which sets out directors' responsibilities and fiduciary duties and also includes information pertaining to relevant regulatory and statutory frameworks and to Group protocol. The Chairman and Company Secretary manage the induction of new directors and the orientation includes introductions to key management and site visits to Aspen's local manufacturing facilities. New appointees receive copies of the latest interim announcements and annual financial results and are also provided with details on the current budget, Group structure, current Board and sub-committee composition, a schedule of upcoming Board meetings as well as the agenda and board pack for the next Board meeting.

Succession planning

Aspen continues to promote succession planning for all key positions. Succession plans are integrated into the key performance areas at management and executive levels and have been extended to the Group's offshore operations. Succession plans are reviewed at every Remuneration & Nomination Committee meeting.

Self-evaluation

In accordance with the recommendations of King II, Aspen's Board conducts an annual internal-evaluation process including an evaluation of the Board as a whole and individual evaluations for the various committees.

Assessments for individual directors were conducted by both executive and non-executive directors during the year. Peer reviews of each non-executive director were also undertaken by the Board. The Chairman discussed the results of these assessments with each director.

Evaluations conducted by the Board committees assessed the following factors:

> Understanding of the terms of reference of the respective Charters;
> Distinction between the roles of the committees and that of the Board;
> Maintenance of a proper mix of business talent;
> Orientation into the committees for new Board members;
> The strength of the relationship between the committees and management; and
> The relevance and quality of committee reports presented at Board meetings.

An evaluation of the Chairman was also carried out by each director and the findings were communicated to the Chairman and the Board.

The evaluation questionnaires incorporated matters such as the constitution of the Board, meetings and documentation for meetings, policy setting and monitoring, succession planning, ethics, risk management responsibility and Aspen's status as a "going concern".

Conflicts of interest and share dealings

Directors are required to disclose their shareholdings, additional directorships and any potential conflicts of interest at every meeting of the Board. These details are then recorded in the minutes of the Board meetings.

In accordance with JSE Ltd Listings Requirements, all directors and employees, who are likely to have access to the Company's financial results and other price-sensitive information, are prohibited from dealing in Aspen's shares during "closed periods". Aspen's "closed periods" commence 24 hours prior to the close of the interim and year-end reporting dates and end 24 hours after the announcement of the respective results. The "closed period" further extends to periods during which the Company trades under a cautionary announcement.

Furthermore, directors are obliged to obtain clearance from the Chairman and, in her absence, from the Lead Independent Non-executive Director, prior to dealing in the shares of the Company.

The Company Secretary is notified of all share dealings which are then, in conjunction with the sponsor, published on SENS.

Directors' interests and shareholdings are disclosed on page 97 of this annual report.

The Company Secretary

The Company Secretary acts as a central adviser to the Board, giving guidance to individual directors and committees on matters such as corporate governance, updates on legal and statutory amendments and on effective execution of their responsibilities and fiduciary duties. The Company Secretary attends Board meetings at the invitation of the Board and is responsible for preparing a comprehensive agenda and Board pack in advance of Board and committee meetings, and for accurately recording the minutes of these meetings.

Whenever deemed necessary, the Company Secretary also reviews the rules and procedures applicable to the conduct of the affairs of the Board. Where required, the Company Secretary will involve the Sponsor and other experts to ensure that the directors have adequate information to discharge their responsibilities effectively.

BOARD COMMITTEES

Three established committees assist the Board in discharging its responsibilities, namely the Audit & Risk Committee, the Remuneration & Nomination Committee and the Transformation Committee. These committees enhance governance of specific matters and contribute towards the sustainability of the Group. Each committee is governed by a formal charter which is reviewed and updated annually to reflect ongoing regulatory and corporate governance developments.

The Board is of the opinion that these Board committees have effectively discharged their responsibilities in accordance with the specific committee charters.

In line with King II and as further mandated by the individual committee charters, the chairmen of all Board committees attend each annual general meeting.

Audit & Risk Committee

The information below constitutes the report of the Audit & Risk Committee in respect of the year under review, as required by section 270A of the Corporate Laws Amendment Act.

The Audit & Risk Committee is chaired by independent, non-executive director, John Buchanan, and further comprised two non-executive directors at year-end, one of whom is independent. The Board has given due consideration to the revised membership criteria as proposed by King III. In this regard subsequent to year-end, Roy Andersen, an independent non-executive director, was appointed to the Committee and Chris Mortimer resigned as a member but will attend all meetings by invitation.

In accordance with corporate guidelines, the Committee holds a minimum of four meetings a year. Five meetings were held during the year and attendance at meetings is set out in the table on page 78.

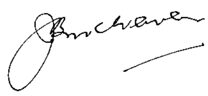
The Audit & Risk Committee Charter tasks the Committee with reviewing the interim and annual results to ensure that the financial results are valid, accurate and fairly present the Group's performance. The internal controls governing accounting, auditing and financial reporting are also assessed. Further responsibilities include:

> Reviewing and monitoring the adequacy of the structure, performance and activities of the internal audit department;
> Reviewing and monitoring the adoption of internal control procedures including accounting policies, legislative compliance, regulatory matters and governance;
> Recommending the appointment of external independent auditors for approval by shareholders and monitoring the extent to which the approved auditors are able to add value to the Group;
> Evaluating the external auditors' proposed audit scope and approach;
> Setting the criteria for recommending the engagement of external auditors for non-audit purposes;
> Fulfilling its fiduciary duties in respect of the Internal Audit Department and the external auditors;
> Assessing the key risk areas facing the Group and recommending risk mitigation measures;
> Advising and updating the Board on issues ranging from accounting standards to published financial information;
> Reviewing the Group's compliance with laws and regulations;
> Reviewing the effectiveness of systems used for monitoring the Group's compliance with laws and regulations; and
> Approving the Group's treasury policy.

Audit findings from the annual statutory audit are reported by the external auditors and presented at the Audit & Risk Committee meeting following completion of the audit. The Committee acknowledges the issues raised by the auditors and assesses the adequacy of management's responses and action plans. In subsequent meetings, management reports on the status of corrective actions implemented until all issues are satisfactorily resolved. This process highlights areas requiring improvement and helps to enhance the Group's overall financial control environment.

The Committee has considered and is satisfied with the expertise and experience of Gus Attridge, Deputy Group Chief Executive. Further, the Committee has considered and is satisfied with the independence of the external auditors and with the effectiveness of the Group's Internal Audit function.

The Audit & Risk Committee has recommended the annual financial statements for approval to the Board. The annual financial statements for all Group subsidiary companies have also been reviewed and recommended for approval by the Committee.



John Buchanan
Audit & Risk Committee Chairman

Remuneration & Nomination Committee

The Remuneration & Nomination Committee is chaired by independent, non-executive director Roy Andersen and further comprises two non-executive directors, one of whom is independent.

During the year the Committee met four times. Attendance at meetings is set out in the table on page 78.

The Committee's formal Charter outlines its composition, objectives, processes, remuneration guidelines and describes its duties and responsibilities. In terms of the Charter, the Remuneration & Nomination Committee is responsible for ensuring that the Company's executive directors and management are rewarded fairly in accordance with the extent to which their individual performance contributes towards the Group's objectives. The Committee is also responsible for making recommendations to the Board on the remuneration of non-executive directors, which is subsequently approved by shareholders at the annual general meeting.

These responsibilities are designed to ensure that the Board is sufficient in number, expertise and diversity to lead and control the Group and to be responsible to stakeholders for strategically setting the direction for the Group. In terms of the Remuneration & Nomination Committee Charter, the Committee is tasked with the following responsibilities:

> Identifying and recommending non-executive candidates for appointment to the Board and/or committees;

> Ensuring succession plans for the Group Chief Executive, Deputy Group Chief Executive and key senior executives;

> Annually reviewing and evaluating the senior employees' remuneration and bonuses;

> Annually approving the average annual increase for employees for each operating division of the Group, with due consideration of management's recommendations; and

> Ensuring the share incentive scheme and management incentive bonus scheme are annually evaluated and recommendations made to the Board in respect of each operating region.

The Committee Charter is updated annually. An amendment was made during the year to increase the scope of the Committee's responsibilities to include the international operations.

Details of the non-executive directors' remuneration for the year under review and as proposed for the 2010 year are set out below. Detailed information in this regard is set out in note 27 of the Group financial statements.

Type of fee	Existing fee June 2009 R	Proposed fee June 2010 R
Board		
Chairman	500 000	540 000
Board member	176 000	190 000
Audit & Risk Committee		
Chairman	176 000	220 000
Member	88 000	100 350
Remuneration & Nomination Committee		
Chairman	60 500	65 350
Member	30 250	32 670
Transformation Committee		
Member	46 750	50 500

Remuneration policy

Aspen intends to attract and retain a high calibre of professionals. To this end, surveys conducted by independent consultants revealed that the basic salaries paid by the Group are market and industry related.

Performance-related remuneration represents a significant portion of executives' salaries. Annual and long-term incentive plans are in place, which progressively reward executives for enhancing shareholder value. The remuneration package for executive directors and senior management therefore includes a basic annual salary, an annual bonus and long-term incentive arrangements. The Committee approves all grants and awards under both the Group's share scheme and management incentive bonus scheme.

Annual increases consider the employee's performance as well as prevailing market conditions, while bonuses are awarded for achieving pre-determined financial and other targets and/or in recognition of exceptional performance.

During the year the ambit of the Group's remuneration philosophy was extended to include the international operations.

Transformation Committee

The Transformation Committee is chaired by Group Chief Executive Stephen Saad and further comprises the Deputy Group Chief Executive, the Chairman and two independent non-executive directors.

The role of the Transformation Committee is to assist the Board in implementing and monitoring its black economic empowerment and employment equity programmes and policies, directing affirmative procurement initiatives, monitoring the skills development policy and developing a social responsibility programme for Aspen. A detailed report on the Group's transformation objectives and activities is set out in the Transformation Report on page 68.

LEGISLATIVE AND REGULATORY COMPLIANCE

The Legal Department managed a formal programme to ensure adequate and consistent compliance with all statutes and legal guidelines relevant to the Group. Management and executives of Aspen's local and international operations undertake to implement necessary controls and policies to adhere to legislative requirements. All areas of non-compliance and/or inadequate compliance, as identified by the Legal Department, are reported to the Audit & Risk Committee. The status and timing of corrective measures are monitored until the Committee is satisfied that compliance is at acceptable levels.

Minor areas of non-compliance were identified during the year. Recommendations of corrective action have been made by the Legal Department and reported to the Board, which has subsequently issued the necessary directives to executives and management. Accordingly, measures are in progress to rectify the areas requiring redress.

No significant fines have been imposed on the Group and its subsidiaries for non-compliance with laws and regulations.

South African compliance

The introduction of new legislation is closely monitored. During the year the Group reviewed proposed new and amended legislation to determine the impact on Aspen. The contents of the Acts and regulations have been forwarded to the relevant managers for implementation, and compliance will be monitored continually by the Legal Department. These Acts and regulations include the following:

Corporate Laws Amendment Act

(See "Audit & Risk Committee" for further details with regard to compliance.)

Areas in the Act which reinforce corporate governance compliance include:

> Introduction of an offence if any person, including advisors, is party to the preparation, approval or publication of financial reports which are false or misleading; and
> The establishment of a Financial Reporting Investigations Panel which will be empowered to investigate any alleged failure by a company to comply with a financial reporting standard.

Regulation of Interception of Communications and Provision of Communication Related Information Act, 2002 ("RICA")

Sections applicable to Aspen include a requirement to record certain information in respect of cellular phones and 3G cards issued to employees. Such information includes the date and period for which a SIM card is provided as well as verification of identity numbers and addresses for all employees using a company sponsored SIM card.

Consumer Protection Act

The Act requires suppliers to conduct their dealings with consumers fairly and reasonably and its primary purpose is to protect consumers from exploitation and unfair practices.

Compensation for Occupational Injuries and Diseases Act, 1993 as amended

This new legislation is expected to impact on the assessment calculations and amounts paid out to beneficiaries.

Competition Amendment Act

In terms of the amendments to the Competition Act, directors or managers who engage in or who knowingly acquiesce in a company's involvement in cartel conduct face criminal liability. Furthermore, the Competition Commission may investigate any conduct within a market in which the Commission has reason to believe that complex monopoly conduct subsists.

Revised Procedure for Updating SEP with the DoH

In terms of the revised procedure it is now mandatory to complete all fields of the DoH's template in respect of price update notifications.

JSE Ltd regulations for listed companies in South Africa

A checklist is compiled each year in respect of compliance with JSE Ltd Listings Requirements and Aspen certifies to JSE Ltd that it has complied in all respects.

International compliance

A legislative and regulatory compliance review was carried out during the year at all of the Group's international operations. The operations in Australia, Brazil, Dubai, India, Kenya, Mauritius, Uganda and Tanzania were found to comply fully with all material aspects of the applicable, local legislation.

The Mexican and Venezuelan operations were found to be materially compliant, except for certain areas requiring redress. In this regard, recommendations as outlined below have been made:

Mexico

Area of non-compliance	Corrective action
Collective labour contract not submitted to the Conciliation and Arbitration Board's federal assembly	The union to submit a collective labour contract to federal assembly
No safety and hygiene commission comprising management and workforce representatives	A health and safety supervisor and personnel to co-ordinate the commission is being appointed
The services of a fire brigade and emergency rescue teams in the event of an earthquake have not been arranged by the Facility	A health and safety supervisor responsible for emergency services is to be appointed to implement the necessary precautionary measures
No bi-annual fire and earthquake drills	Procedures for regular fire and earthquake drills are being implemented

Venezuela

The compliance review for the Venezuelan operations found that the prescribed levels of indemnity cover and daily food coupons provided by the company for employees were not fully compliant with the new "Collective Agreement of Pharmaceutical Industry". The necessary corrective action is currently being assessed.

INSURANCE

Aspen has a comprehensive insurance programme to underwrite the Group against a wide variety of possible risks. The insurance levels are reviewed annually to ensure that adequate levels of cover are in place at competitive rates. Following the annual insurance cover review, product liability cover was significantly increased, as was the insured value for directors and officers.

The Group makes use of specialist insurance brokers and intermediaries to consider all insurable risks and to recommend to the Board any risk mitigation activities considered necessary. Risks are continually assessed to determine whether they are insured or insurable. Concerted efforts are made to mitigate and prevent uninsurable risks.

Specific insurance is taken out in respect of the construction of new manufacturing facilities and remains in place until the construction project is complete.

INTELLECTUAL PROPERTY

Aspen has a forum which manages compliance with legislation for intellectual property. Each manufacturing facility prepares a summary compliance report and completes checklists, which are signed off by the relevant department heads. The forum then compiles a consolidated report on risks and strategic issues which are to be reviewed. These reports are tabled at the appropriate management meetings for resolution. Areas of non-compliance are required to be communicated to the Audit & Risk Committee which, in turn, has a responsibility to report these to the Board.

Although medicines in Venezuela are not subject to patent legislation, Sumifarma has already registered a number of formulae and brands and is in the process of registering the remaining intellectual property. This has been done in accordance with the Group's intellectual property management protocol which is being applied consistently across the Group.

REPUTATION MANAGEMENT

Both internal and external matters that could impact the Group's reputation are regularly monitored and, where necessary, SENS announcements and when appropriate, press releases are published to inform shareholders of the Group's position. The Group conducts its activities on principles of good corporate governance which are incorporated in the Aspen Code of Ethics. Identified reputational risks are reported, through the Audit & Risk Committee, to the Board by the Group Chief Risk Officer. Corporate communication is managed in a structured manner to ensure that accurate and valid information is disseminated consistently to all stakeholders. Moreover, the Group prides itself on supplying high-quality products and customer service to the market through the application of GMP, strong business relationships, competent staff and strict adherence to regulations. The staff recruitment process includes stringent evaluation and reference checks of candidates of good moral standing are employed.

All product-related complaints and recalls are tracked and appropriate corrective action is implemented timeously.

Wherever relevant the Group adheres to industry-regulated codes of conduct in the countries within which it is represented.

CORPORATE CITIZENSHIP AND CORRUPTION MANAGEMENT

Aspen's Board of Directors advocates high levels of business ethics and strict adherence to the principles of good corporate citizenship. The Audit & Risk Committee monitors corporate integrity on behalf of the Board. Committed focus is given to the implementation and monitoring of effective internal controls in the Group. Approvals frameworks are in place to restrict responsibility for authentication of transactions to mandated personnel and the importance of segregation of duties is recognised.

The risk of corruption is assessed through the internal control environment assessments which are conducted by the Internal Audit Department. An evaluation of management integrity, thoroughness of recruitment practices and the quality, effectiveness and consistency of implemented internal controls have been reviewed for the Group's established local and international operations.

An independently operated fraud reporting hotline, *Tip-Offs Anonymous*, is accessible to all staff who are, in terms of the Code of Ethics, obliged to report any suspected incidents of fraud, unethical behaviour and/or theft. Reported incidents of corruption are elevated to the level of management directly above that at which the alleged incident occurred and to the relevant Human Resources Department. Depending on the nature of the allegation, the Human Resources Department could refer the incident to the Industrial Relations Manager and consultants, independent legal representatives, forensic investigators and/or the police where the matter requires further investigation, disciplinary action, conviction and/or dismissal. All employees at the South African operations have attended *Tip-Offs Anonymous* awareness sessions to promote an understanding of the employees' responsibility for corruption management and the reporting protocols to be followed.

Aspen has established a credible and transparent rapport with State departments and relevant Government bodies. This relationship is managed by the Strategic Trade and Development Senior Executive who reports to the Group Chief Executive. Aspen's Code of Ethics prohibits contributions to political parties, organisations and political representatives, thereby conserving the Group's apolitical position. An employee's right to participate in political activities, in his/her personal capacity, is acknowledged provided that it does not compromise productivity and that it does not, in any way, link the employee's political actions to Aspen.

ACCOUNTING AND AUDITING

External audit

The external auditors are responsible for reporting on whether the financial statements are fairly presented and that they are prepared in compliance with International Financial and Reporting Standards ("IFRS"). Their audit also includes an assessment of select internal controls. The preparation of the annual financial statements and the adequacy of the system of internal controls remains the responsibility of the directors.

Where permissible, independent external auditors are appointed to provide non-audit services. Non-audit services are disclosed in note 25 of the Group financial statements. The Group's policy is to use its external auditors for non-audit services such as tax and accounting where the use of other consultants would not make sound commercial sense and where good corporate governance is not compromised by the engagement. The terms of engagement for such services require the prior written consent of the Chairman of the Audit & Risk Committee.

Internal audit and internal controls

The internal audit function assists the Board in assessing the Group's risk management and governance processes which is governed by an Internal Audit Charter. The Charter is updated and approved by the Audit & Risk Committee annually.

The Group Chief Risk Officer is responsible for implementing the internal audit strategy and reports directly to the Audit & Risk Committee which, in turn, reports on internal audit matters to the Board. The Board is ultimately responsible for the Group's system of internal controls as set out in the approval of the annual financial statements on page 94.

With the assistance of the Audit & Risk Committee, the directors have satisfied themselves that an adequate system of internal controls is in place to mitigate significant risks identified to an acceptable level, and the directors are satisfied that nothing has come to their attention during the year to indicate that a material breakdown in the effective functioning of this system within the Group has occurred.

RISK MANAGEMENT

Risk management is central to the Group's operational strategy. It is co-ordinated across the Group by the Group Chief Risk Officer who identifies, evaluates and reports on key risk areas of the Group. He reports to the Audit & Risk Committee and ensures that the recommendations are conveyed to management, monitors risk mitigation activities and continually promotes a culture of risk awareness throughout the Group.

Aspen considers its people to be key contributors to risk mitigation and ensures that competent and adequate resources are employed as part of the Group's strategy to mitigate risk exposure. Key senior executives attend Board meetings by invitation and present on significant issues and risks that are being addressed within their respective areas of responsibility. New employees are sufficiently advised, on induction, of their ongoing responsibility towards risk mitigation.

The significant risks facing the Group fall into three main categories, namely business, operational and financial risks. The financial risks are detailed in the financial risk management section on page 168. Set out on the following pages are the key business and operational risks facing the Group, with the inclusion of current risk factors identified during the year:

Business and operational risks	Risk mitigation activities and initiatives
Global financial crisis	> Strict fiscal focus with a dedicated Treasury Management Department > Working capital management > Regulation and monitoring of debt levels > Focused monitoring of liquidity indicators and adherence to debt obligations > Securing of credit facilities with due consideration of interest rate and currency risk > Review of customer credit limits > Credit Guarantee Insurance cover > Review of and discussion with suppliers regarding fees and terms of credit > Securing of adequate borrowing facilities
Sustaining growth	> Increasing investment in new product development > Differentiating Aspen from competitors through niche products and markets > Expanding into new markets, with a particular emphasis on emerging markets > Sourcing and launching the new product pipeline > "First to market" in new product launches > Assessing acquisitive opportunities > Supplying cost-effective, high quality products. > Increasing awareness of Aspen's brands in all markets > Identifying, fostering and leveraging business relationships with credible, established partners > Optimising strategic relationships with multinational pharmaceutical companies > Upgrading and improving manufacturing facilities to uphold product quality and enhance regulatory compliance > Diversifying and increasing manufacturing capabilities > Attracting and retaining appropriately experienced and skilled employees > Optimising the experience, competence and expertise of capable people > Upskilling employees to work with new technology, new markets and new products > Consistent application of best practice throughout the Group > Growing leaders

Business and operational risks	Risk mitigation activities and initiatives
Compliance with laws and regulations	> The Legal Department is responsible for assessment of compliance in the Group > Raising awareness of changes in applicable legislation > Management undertaking to ensure compliance with relevant statutes and matters raised by the Legal Department > Reporting of non-compliance to the Audit & Risk Committee by the Group Chief Risk Officer > Compulsory corporate governance and ethics awareness sessions for all employees conducted by the Company Secretary > Implementation of a formal compliance programme throughout the Group
Expanding trade in international markets	> Increasing registration of products with international regulatory authorities to facilitate access to these markets > Establishing effective distribution channels > Establishing IT systems, logistics and planning systems for efficient supply > Identifying and partnering with established distributors in specific territories > Liaising with international funding providers > Applying innovative commercial strategies to deliver high quality and affordable healthcare into new markets > Skills and technology transfer in business alliances to secure access to manufacturing capabilities > Leveraging Aspen's strong manufacturing and commercial capability to explore opportunities with leading multinational and regional pharmaceutical companies

Business and operational risks	Risk mitigation activities and initiatives
Diversification into new areas of manufacturing	> Building manufacturing capability to enter niche markets e.g. steriles and oncology manufacturing > Extensive research into improved technology and formulations > Agreement concluded with Prestige Brands Inc. for the exclusive manufacture of leading eye drop brands for the United States and Canada > Agreement concluded with GSK for the licensing and supply of specialist generic products > Investing in advanced technology to increase capacity > Building on existing capacity to alleviate bottlenecks > Optimising manufacturing capability through multi-site registration of products > Adapting resource base and support functions to respond to demand > Continually pursuing initiatives for optimising efficiencies and throughput > Enhanced planning and forecasting systems and processes to meet local and international demand > Expanding of existing warehousing capacity for anticipated growth in volumes > Utilising of third-party manufacturers where appropriate > Recruitment and development of competent staff
Reliance on third party suppliers	> Vertical integration through raw material supply > Identifying alternative sources of supply where possible > Strategic alliances to strengthen the continuity of supply > Service level agreements with third parties
Complex regulatory compliance	> Various efficiency improvement and cost reduction projects to offset the impact of regulated pricing in South Africa > Ongoing review of legislation and regulations > Interactive engagement with regulators where appropriate > Dedicated Regulatory Department to ensure compliance in all territories > Training of personnel to develop a sustainable regulatory knowledge base for existing and new markets

Business and operational risks	Risk mitigation activities and initiatives
High degree of regulation and product liability risk	> Strict quality control at Group manufacturing levels > Enhancement of facilities by capital investment when necessary > Ongoing review of regulatory requirements > Monitoring of developments and engaging with regulators regarding developments in healthcare and pharmaceutical pricing regulations > Appropriate product liability cover > Compliance with relevant manufacturing standards > Ongoing quality control and product training for staff > Monitoring quality of procured products and services from approved suppliers
Physical protection of assets	> Annual insurance assessments > Independent insurance assessor and advisor > Assets insured at current replacement cost and operational risks covered > Appropriate controls > Planned maintenance
Information technology	> Ongoing assessments and upgrades > Increasing IT capabilities to keep pace with growth in the business > Integration of operational and business systems for maximum efficiency and control > Disaster recovery programmes > Strong IT security controls > Implementation of world-class IT systems to support internationalisation of the business
Exposure to foreign exchange fluctuations and global interest rate movements	> Treasury policy reviewed and revised > Increased natural hedging of imports and exports > Increased diversification in trading currencies > Hedging of risks actively pursued > No speculative positions taken

Business and operational risks	Risk mitigation activities and initiatives
Growth in offshore operations	> Appointment of key senior personnel > Shift of business weighting from the public sector to the private sector > New product introductions via licence agreements and acquisitions > Awareness of and compliance with legislative changes > Compliance with regulatory standards > Targeting of differentiated products for developing world markets > Leveraging off multinational relationships > Implementing of effective global distribution system > SHE (See detailed risks in the Sustainability Report on page 54.)
Reputation risk	> Strict confidentiality clause in all company agreements that contractually limits the parties from divulging sensitive information > Referral to the respective manager or executive of matters that could be a potential legal or reputational risk > Formal process for referral of enquiries from the media and investors to respective managers > SENS announcements and press releases where appropriate > Dedicated customer service and healthcare practitioner help lines to monitor and manage product complaints > Executive commitment to good corporate governance and effective internal controls > See "Reputation Management" on page *86* for further details.

CONTENTS

Healthcare for Life

Statement of responsibility by the Board of Directors

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Aspen Pharmacare Holdings Ltd and its subsidiaries.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all International Financial Reporting Standards that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the consolidated and separate financial position of Aspen Pharmacare Holdings Ltd at 30 June 2009, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the 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 financial statements comply with the relevant legislation.

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

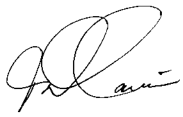
Aspen Pharmacare Holdings Ltd and its subsidiaries operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets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

The going-concern basis has been adopted in preparing the 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, available cash resources and available banking facilities. These financial statements support the viability of the Company and the Group.

The Code of Corporate Practices and Conduct has been adhered to.

The Group's external auditors, PricewaterhouseCoopers Inc., audited the financial statements, and their report is presented on page 95.

The financial statements were approved by the Board of Directors on 22 October 2009 and are signed on its behalf:



Dr Judy Dlamini
Chairman

Gus Attridge
Deputy Group Chief Executive

Johannesburg
22 October 2009

Independent auditors' report

TO THE MEMBERS OF ASPEN PHARMACARE HOLDINGS LTD

We have audited the Group annual financial statements and Company annual financial statements of Aspen Pharmacare Holdings Ltd, which comprise the consolidated and separate statements of financial position at 30 June 2009, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 96 to 99.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Aspen Pharmacare Holdings Ltd at 30 June 2009, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Eric MacKeown
Registered Auditor
Johannesburg

22 October 2009

Certificate of the Company Secretary

In my capacity as the Company Secretary, I hereby confirm, in terms of the Companies Act, 1973, that for the year ended 30 June 2009, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

H Shapiro

Hymie Shapiro
Company Secretary

Johannesburg
22 October 2009

Directors' report

The directors have pleasure in presenting their report, which forms part of the audited financial statements of the Company and the Group for the year ended 30 June 2009.

Nature of business

The Company, through its subsidiaries, is engaged in the manufacture, marketing and distribution of pharmaceutical, branded consumer, personal care and infant milk formulation products, operating primarily in the healthcare industry, both locally and internationally to approximately 100 territories. It is the leading producer of generic medicines in South Africa and a leading manufacturer and supplier of generic ARVs to a developing world. Aspen's operations also include the manufacture and supply of off-patent APIs.

Financial results and review of operations

The financial results of the Group are set out on pages 100 to 183 and of the Company on pages 184 to 199 of this report. The segmental analysis is included in note 40.

The consolidated earnings attributable to equity holders of the parent amounted to R1 340,4 million for the year, compared with R862,9 million for the previous year, an increase of 55%. Headline earnings per share from continuing operations increased by 68% from 225,7 cents to 379,5 cents.

The financial results are more fully described in the financial statements.

Share capital

There were no changes to the authorised share capital of Aspen during the year under review.

The authorised ordinary and preference share capital of Aspen is as follows:

Authorised ordinary share capital

700 000 000 ordinary shares with a par value of 13,90607 cents each

Authorised preference share capital

17 600 000 cumulative, variable rate A preference shares with a par value of 13,90607 cents each

20 000 000 non-redeemable, non-participating variable rate B preference shares with a par value of 13,90607 cents each

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

Ordinary shares	Number of shares (million)	Share capital (R'million)	Share premium (R'million)
Opening balance	391,3	54,4	439,4
Capitalisation issue	6,9	1,0	(1,0)
Share options and appreciation rights exercised	2,0	0,2	21,2
Treasury shares cancelled	(38,9)	(5,4)	—
	361,3	50,2	459,6

Further details of the authorised and issued share capital of the Group and the Company are given in note 12 and note 15 of the Group financial statements and note 9 and 10 of the Company financial statements.

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

Directorate and secretary

The following changes in the directorate occurred during the year under review and to the date of this report:

Resignation: Pasco Dyani on 26 February 2009

The names of the directors in office at the date of this report are set out on page 50. The name and address of the Company Secretary is set out on page 210.

In terms of the Company's Articles of Association, Archie Aaron, Chris Mortimer, David Nurek and Sindi Zilwa retire at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

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

Directors' interests in Aspen shares

Shares under option offered to and accepted by executive directors in terms of the Aspen Share Incentive Scheme totalled 1 200 000 (2008: 1 200 000) as follows:

	Grant price (R)	Expiry date	Options outstanding on 30 June 2008 ('000)	**Options outstanding on 30 June 2009 ('000)**	**Vested ('000)**	**Non-vested ('000)**
Gus Attridge	9,20	Aug 2011	400	**400**	**200**	**200**
Stephen Saad	9,20	Aug 2011	800	**800**	**600**	**200**
			1 200	**1 200**	**800**	**400**

No share options were exercised, lapsed or cancelled during the year.

Share appreciation rights offered to and accepted by executive directors in terms of the Aspen Share Appreciation Plan totalled 1 029 593 (2008: 699 030) as follows:

	Grant price (R)	Expiry date	Rights outstanding on 30 June 2008 ('000)	Rights granted during the year ('000)	**Rights outstanding on 30 June 2009 ('000)**
Gus Attridge	32,82	Sept 2011	159	—	**159**
Stephen Saad	32,82	Sept 2011	193	—	**193**
Gus Attridge	35,53	Sept 2012	157	—	**157**
Stephen Saad	35,53	Sept 2012	190	—	**190**
Gus Attridge	41,03	Sept 2013	—	150	**150**
Stephen Saad	41,03	Sept 2013	—	181	**181**
			699	331	**1 030**

No share appreciation rights had vested at year-end.

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

At 30 June 2009, the direct and indirect interests of the directors in the shares of the Company were:

	Beneficial number of shares ('000)				Non-beneficial number of shares ('000)	
	Direct		Indirect		Indirect	
Director	**2009**	2008	**2009**	2008	**2009**	2008
Archie Aaron	**47**	46	**—**	—	**439**	8 447
Roy Andersen	**40**	—	**—**	—	**—**	—
Gus Attridge	**3 154**	3 100	**15 169**	14 908	**—**	—
Rafique Bagus	**—**	—	**—**	—	**—**	—
John Buchanan	**—**	—	**30**	20	**—**	—
Judy Dlamini	**—**	—	**1 339**	1 316	**—**	—
Chris Mortimer	**58**	47	**—**	—	**—**	—
David Nurek	**—**	—	**19**	19	**—**	—
Stephen Saad	**2 747**	2 700	**51 303**	50 420	**—**	—
Sindi Zilwa	**—**	—	**—**	—	**—**	—
	6 046	5 893	**67 860**	66 683	**439**	8 447

The register of interests of directors and others in the shares of the Company is available to members on request.

The following changes have taken place in interests of directors in the shares of the Company since 30 June 2009 up to the date of this report:
Judy Dlamini: 236 218 shares transferred from estate late N Dlamini and 27 098 shares sold.

It is Group policy that employees who have access to price sensitive information should not deal in shares or exercise share options and/or share appreciation rights of the Company for the periods from half year-end and year-end to 24 hours after publication of the half year and year-end results. During periods that the Group trades under cautionary, restrictions are also placed on directors and senior employees, due to the price sensitive information they may obtain by virtue of their positions.

Proposed transaction with GSK

In May 2009, Aspen announced that it had concluded an agreement between a number of companies forming part of the Aspen Group and companies forming part of GSK.

The agreement comprises the following inter-dependent transactions:

(a) The acquisition of GSK's prescription pharmaceutical sales, marketing and distribution operations in South Africa and the rights to promote, market, distribute and/or sell GSK pharmaceutical products in South Africa by Aspen's wholly owned subsidiary, Pharmacare Ltd ("the South African transaction") (it is noted that GSK's consumer healthcare business in South Africa and its manufacturing activities in Cape Town shall be unaffected by the South African transaction);

(b) The formation of a collaboration arrangement in relation to the promotion, marketing, distribution and selling of prescription pharmaceutical products in certain countries in sub-Saharan Africa ("SSA") detailed in the Framework Agreement (excluding South Africa, Lesotho and Swaziland) between Aspen's wholly owned subsidiary, Pharmacare Ltd, and a GSK Group company ("the SSA transaction");

(c) The acquisition by a newly formed wholly owned subsidiary of Aspen of GSK's manufacturing business in Bad Oldesloe, Germany, as a going concern ("the Bad Oldesloe transaction");

(d) The acquisition by Aspen's wholly owned subsidiary, Aspen Global a company in and incorporated under the laws of Mauritius, of GSK's worldwide business of registering, formulating, packaging and commercialising eight specialist pharmaceutical products ("the divested products") detailed in the Framework Agreement (including the transfer and assignment by GSK to Aspen Global of the intellectual property relating to the divested products) ("the divested products transaction").

Aspen will subscribe for shares in each of its subsidiaries which are parties to the Framework Agreement and as consideration for such subscription will assume the obligations of those subsidiary companies to pay GSK the consideration for the transactions. Aspen will issue 68,5 million ordinary shares to GSK in settlement of the obligations to pay the consideration assumed.

The consideration payable by the relevant wholly owned subsidiaries of Aspen to GSK, as specified in the Framework Agreement in relation to the transactions described in (a) to (d) above, is set out below.

> Payable by Pharmacare Ltd:
  - R870 million in respect of the South African transaction; and
  - GBP43 million in respect of the SSA transaction.

> EUR37,1 million payable by Aspen Newco in respect of the Bad Oldesloe transaction.

> Payable by Aspen Global in respect of the divested products transaction:
  - The market value of the balance of the shares in Aspen to be issued to GSK on the completion date remaining after the settlement of the consideration for the other three transactions (which equates to the market value of the 68,5 million Aspen shares less the value of the Aspen shares allocated to the other transactions on the completion date).

The transactions are subject to the fulfilment or waiver (where relevant) of the following conditions precedent by no later than 20 November 2009 (or such other date as may be agreed by the parties in writing):

> Approval of the transactions and the issue of the consideration shares to GSK by the Exchange Control Department of the South African Reserve Bank upon terms and conditions (if any) reasonably acceptable to the parties.*

> The approval by the lenders (as defined in the term loan facility agreement between *inter alia* Aspen Global, Aspen, The Standard Bank of South Africa Ltd, Absa Bank Ltd and Nedbank Ltd, dated 26 September 2008) to the transactions and the issue of the consideration shares to GSK in accordance with the provisions of the term loan facility agreement, upon terms and conditions (if any) reasonably acceptable to the parties.*

> The JSE Ltd agreeing to list the consideration shares with effect from the completion date, conditional only upon the fulfilment or waiver (where relevant) of the other conditions precedent and other usual and customary conditions required by the JSE Ltd.*

> The approval of the competition authorities in Kenya, Namibia, Tanzania, Zambia and Zimbabwe in relation to the SSA transaction upon terms and conditions (if any) reasonably acceptable to the parties or, if relevant, expiry of the relevant waiting period(s).

> The approval of the South African competition authorities in relation to the South African transaction and, to the extent required, the divested products transaction, upon terms and conditions (if any) reasonably acceptable to the parties.*

> The approval of the competition authorities in Kenya, Namibia, Pakistan, Tanzania, Zambia and Zimbabwe in relation to the divested products transaction upon terms and conditions (if any) reasonably acceptable to the parties or, if relevant, expiry of the relevant waiting period(s).

> In relation to the Bad Oldesloe transaction, the confirmation from the relevant authority in a form reasonably satisfactory to the parties that the *Herstellungserlaubnis* under section 12 of the German Pharmaceutical Act required to operate the Bad Oldesloe Facility will be granted to Aspen Newco*.

> The approval of the German competition authorities in relation to the Bad Oldesloe transaction upon terms and conditions (if any) reasonably acceptable to the parties or, if relevant, expiry of the relevant waiting period.*

The effective date for the transaction is expected to be 30 November 2009.

* *The conditions indicated have been fulfilled and it is expected that all remaining conditions will be met prior to the final date agreed to between the parties.*

Post-year-end event

No event which is material to the understanding of this report has occurred between the year-end and the date of this report, other than:

An explosion, induced by the combustion of dust particles, occurred in the drying tower of the Nutritionals Facility on 18 August 2009. The explosion and resultant fire caused extensive damage to this part of the production site. However, production in the blending and packing areas remains uninterrupted. It is expected that the drying tower will recommence production before the end of the 2010 financial year. A contingency plan utilising outsourced production has been implemented which is designed to ensure continued supply of IMFs to the market. Aspen is fully insured against damage and loss of profits arising out of this incident.

Special resolutions

At the annual general meeting of Aspen shareholders convened on 28 November 2008, the following special resolutions were passed by the Company:

> A general authority was granted to Aspen and its subsidiaries to acquire up to 20% of the Company's issued share capital from time-to-time (subject to the proviso that a subsidiary may not hold more than 10% of the Company's issued share capital) in terms of section 85 (2) and 85 (3) of the Companies Act 1973, as amended, and JSE Ltd Listings Requirements. This general authority is valid until Aspen's next annual general meeting, provided that it shall not extend beyond 15 months from the date of approval.

> The Board of Directors of the Company authorised, by way of a specific authority, to approve the purchase in terms of section 85 of the Companies Act of 1973, as amended, by Aspen of 38 931 499 treasury shares from Pharmacare Ltd, a wholly owned subsidiary of Aspen, at a price of R30,81 per share, being the closing share price for Aspen on JSE Ltd on 27 October 2008.

These special resolutions have been registered with the Registrar of Companies.

No subsidiary companies passed any special resolutions during the year under review.

Auditors

The Board of Directors recommend that PricewaterhouseCoopers Inc., are re-appointed as auditors of the Company and the Group in terms of the resolution to be proposed at the annual general meeting in accordance with section 270 (2) of the Companies Act, 1973.

Investments in subsidiaries, joint ventures and associates

The financial information in respect of the Group's and the Company's interest in its subsidiaries, joint ventures and associates are set out in note 4 to the Group financial statements, and in note 3 of the Company financial statements.

Contracts

None of the directors and officers of the Company had an interest in any contract of significance during the financial year, save as disclosed in note 38 of the Group financial statements.

Borrowings

Borrowings at year-end (net of cash and cash equivalents) amounted to R4 038,8 million (2008: R4 310,2 million including the financial liability at amortised cost of R2 653,0 million).

The level of borrowings is authorised in terms of the Company's and its subsidiaries Articles of Association.

A detailed list of borrowings is set out in note 17 to the Group financial statements.

Group statement of financial position at 30 June 2009

	Notes	2009 R'million	Restated 2008 R'million
ASSETS			
Non-current assets			
Property, plant and equipment	1	**2 373,5**	1 685,7
Goodwill	2	**398,4**	603,0
Intangible assets	3	**4 103,6**	3 705,7
Investments in associates	4	**22,5**	25,8
Other non-current financial receivables	6	**5,2**	4,7
Deferred tax assets	7	**17,8**	1,0
Total non-current assets		**6 921,0**	6 025,9
Current assets			
Inventories	8	**1 434,6**	1 447,0
Trade and other receivables	9	**2 091,5**	1 875,8
Current tax assets		**9,4**	0,2
Derivative financial instruments	10	**–**	0,7
Cash and cash equivalents	11	**2 065,3**	1 522,2
Total current assets		**5 600,8**	4 845,9
Total assets		**12 521,8**	10 871,8
SHAREHOLDERS' EQUITY			
Share capital and share premium	12	**509,8**	493,8
Treasury shares	13	**—**	(571,6)
Non-distributable reserves		**(170,3)**	462,0
Share-based compensation reserve	14	**53,3**	62,5
Retained income		**3 627,9**	2 649,0
Ordinary shareholders' equity		**4 020,7**	3 095,7
Preference shares – equity component	15	**162,0**	162,0
		4 182,7	3 257,7
Minority interests	16	**80,3**	61,1
Total shareholders' equity		**4 263,0**	3 318,8
LIABILITIES			
Non-current liabilities			
Preference shares – liability component	15	**392,2**	402,1
Borrowings	17	**3 433,8**	75,9
Deferred-payables	18	**–**	0,8
Deferred revenue	19	**–**	1,7
Deferred tax liabilities	7	**203,0**	148,5
Retirement benefit obligations	20	**9,4**	9,4
Total non-current liabilities		**4 038,4**	638,4
Current liabilities			
Trade and other payables	21	**1 300,2**	1 033,8
Financial liability at amortised cost	22	**–**	2 653,0
Borrowings	17	**2 670,3**	3 103,5
Deferred-payables	18	**0,7**	11,0
Deferred revenue	19	**–**	0,8
Current tax liabilities		**70,8**	111,3
Derivative financial instruments	23	**178,4**	1,2
Total current liabilities		**4 220,4**	6 914,6
Total liabilities		**8 258,8**	7 553,0
Total equity and liabilities		**12 521,8**	10 871,8

Group statement of comprehensive income for the year ended 30 June 2009

	Notes	2009 R'million	Restated 2008 R'million
CONTINUING OPERATIONS			
Revenue	24	8 450,3	4 682,5
Cost of sales		(4 564,1)	(2 511,2)
Gross profit		3 886,2	2171,3
Other operating income		4,1	89,1
Selling and distribution expenses		(997,7)	(665,3)
Administrative expenses		(588,6)	(272,3)
Other operating expenses		(121,0)	(126,5)
Operating profit	25	2 183,0	1 196,3
Investment income	28	224,2	263,4
Financing costs	29	(699,2)	(280,7)
		1 708,0	1 179,0
Share of after-tax net losses of associates		(3,3)	(1,1)
Profit before tax		1 704,7	1 177,9
Tax	30	(362,0)	(333,1)
Profit after tax from continuing operations		1 342,7	844,8
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	33	10,9	19,7
Profit for the year		1 353,6	864,5
OTHER COMPREHENSIVE INCOME			
Amounts recognised in equity due to hedge accounting of acquisitions		—	87,6
Amounts recognised in equity due to hedge accounting of interest rate swaps		(126,5)	—
Cash flow hedges realised		6,5	0,1
Currency translation differences		(399,9)	117,3
Acquisition of subsidiary		4,8	52,5
Disposal of 51% of Co-pharma Ltd		—	10,9
Total comprehensive income		838,5	1 132,9
Profit for the year attributable to			
Equity holders of the parent		1 340,4	862,9
Minority interests		13,2	1,6
		1 353,6	864,5
Total comprehensive income attributable to			
Equity holders of the parent		824,1	1 077,2
Minority interests		14,4	55,7
		838,5	1 132,9
Earnings per share	31		
Basic earnings per share (cents)			
From continuing operations		371,5	239,7
From discontinued operations		3,1	5,6
		374,6	245,3
Diluted earnings per share (cents)			
From continuing operations		360,0	234,8
From discontinued operations		2,9	5,3
		362,9	240,1

	Notes	2009 R'million	Restated 2008 R'million
Headline earnings per share	31		
Headline earnings per share (cents)			
From continuing operations		379,5	225,7
From discontinued operations		9,9	5,6
		389,4	231,3
Headline earnings per share – diluted (cents)			
From continuing operations		367,5	221,7
From discontinued operations		9,2	5,3
		376,7	227,0

Group statement of changes in equity for the year ended 30 June 2009

	Share capital R'million	Share premium R'million	Treasury shares R'million	Non-distributable reserves Hedging reserve R'million	Non-distributable reserves Foreign currency translation reserve R'million	Non-distributable reserves Other non-distributable reserve# R'million	Share-based compensation reserve R'million	Retained income R'million	Preference shares – equity component R'million	Total attributable to equity holders of the parent R'million	Minority interests R'million	Total R'million
Balance at 1 July 2007	54,2	692,1	(598,9)	(0,1)	155,5	112,4	47,6	1 757,6	162,0	2 382,4	7,0	2 389,4
Total comprehensive income	—	—	—	87,7	106,5	—	—	884,6	—	1 078,8	54,1	1 132,9
Profit for the year	—	—	—	—	—	—	—	862,9	—	862,9	1,6	864,5
Other comprehensive income	—	—	—	87,7	106,5	—	—	21,7	—	215,9	52,5	268,4
Dividends paid	—	—	—	—	—	—	—	(1,5)	—	(1,5)	—	(1,5)
Capital distribution	—	(273,2)	27,3	—	—	—	—	—	—	(245,9)	—	(245,9)
Issue of ordinary share capital	0,2	20,5	—	—	—	—	—	—	—	20,7	—	20,7
Share options and appreciation rights awarded	—	—	—	—	—	—	27,6	—	—	27,6	—	27,6
Transfer from share-based compensation reserve	—	—	—	—	—	—	(12,7)	12,7	—	—	—	—
Equity portion of tax claims in respect of share schemes	—	—	—	—	—	—	—	(4,4)	—	(4,4)	—	(4,4)
Balance at 30 June 2008	54,4	439,4	(571,6)	87,6	262,0	112,4	62,5	2 649,0	162,0	3 257,7	61,1	3 318,8
Total comprehensive income	—	—	—	(120,0)	(399,9)	—	—	1 340,4	—	820,5	18,0	838,5
Profit for the year	—	—	—	—	—	—	—	1 340,4	—	1 340,4	13,2	1 353,6
Other comprehensive income	—	—	—	(120,0)	(399,9)	—	—	—	—	(519,9)	4,8	(515,1)
Dividends paid	—	—	—	—	—	—	—	(0,8)	—	(0,8)	—	(0,8)
Issue of ordinary share capital	1,2	20,2	—	—	—	—	—	—	—	21,4	—	21,4
Shares issued – share schemes	0,2	21,2	—	—	—	—	—	—	—	21,4	—	21,4
Capitalisation issue	1,0	(1,0)	—	—	—	—	—	—	—	—	—	—
Treasury shares cancelled	(5,4)	—	571,6	—	—	—	—	(566,2)	—	—	—	—
Share options and appreciation rights awarded	—	—	—	—	—	—	28,5	—	—	28,5	—	28,5
Transfer from share-based compensation reserve	—	—	—	—	—	—	(37,7)	37,7	—	—	—	—
Transfer of accumulated losses in subsidiary	—	—	—	—	—	(112,4)	—	112,4	—	—	—	—
Contribution by minority	—	—	—	—	—	—	—	—	—	—	1,2	1,2
Equity portion of tax claims in respect of share schemes	—	—	—	—	—	—	—	55,4	—	55,4	—	55,4
Balance at 30 June 2009	50,2	459,6	—	(32,4)	(137,9)	—	53,3	3 627,9	162,0	4 182,7	80,3	4 263,0

 # The other non-distributable reserve represents accumulated losses of Aspen Nutritionals (Pty) Ltd that arose on the acquistion of this company. The total amount was transferred to retained earnings as a result of a satisfactory solvency ratio in the 2009 financial year.

Group statement of cash flows for the year ended 30 June 2009

	Notes	2009 R'million	Restated 2008 R'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	A	**2 160,6**	1 058,1
Financing costs paid	B	**(759,3)**	(347,5)
Investment income received	C	**224,2**	263,4
Tax paid	D	**(333,4)**	(321,6)
Net cash generated from operating activities		**1 292,1**	652,4
CASH FLOWS FROM INVESTING ACTIVITIES			
Replacement capital expenditure – property, plant and equipment		**(97,0)**	(79,3)
Expansion capital expenditure – property, plant and equipment		**(529,7)**	(300,0)
Proceeds on disposal of property, plant and equipment		**9,1**	3,2
Expansion capital expenditure – intangible assets		**(626,8)**	(162,3)
Expansion capital expenditure – GSK brands		**(2 653,0)**	–
Replacement capital expenditure – intangible assets		**(0,1)**	(3,7)
Proceeds on disposal of intangible assets		**15,5**	55,2
Acquisition of subsidiaries and joint ventures	E	**102,9**	(1 357,5)
Disposal of joint venture and subsidiary	F	**326,3**	10,1
(Increase)/decrease in other non-current financial receivables		**(0,4)**	1,2
Redemption of investment in preference shares		**—**	376,8
Payment of outstanding Oncology business purchase consideration	G	**(103,5)**	—
Net cash used in investing activities		**(3 556,7)**	(1 456,3)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**6 256,2**	5 004,3
Repayment of borrowings		**(3 134,6)**	(3 506,5)
Proceeds from deferred-payables		**—**	9,5
Repayment of deferred-payables		**(12,2)**	(64,5)
Dividends paid		**(0,8)**	(1,5)
Proceeds from issue of ordinary shares		**20,4**	15,3
Capital distribution paid		**—**	(245,9)
Net cash generated from financing activities		**3 129,0**	1 210,7
Movement in cash and cash equivalents before exchange rate changes		**864,4**	406,8
Effects of exchange rate changes		**(486,4)**	40,6
CASH AND CASH EQUIVALENTS			
Movement in cash and cash equivalents		**378,0**	447,4
Cash and cash equivalents at the beginning of the year		**944,9**	497,5
Cash and cash equivalents at the end of the year	H	**1 322,9**	944,9

Discontinued operations are included in both the 2009 and 2008 statement of cash flows.

Group notes to the statement of cash flows for the year ended 30 June 2009

		2009 R'million	Restated 2008 R'million
A.	CASH GENERATED FROM OPERATIONS		
	Operating profit	2 226,8	1 232,5
	Amortisation of intangible assets	104,4	127,7
	Depreciation	119,2	74,6
	Impairment charges	167,9	87,3
	Reversal of impairment losses on intangible assets	(0,1)	—
	Loss on disposal of property, plant and equipment	4,4	0,7
	Loss/(profit) on disposal of intangible assets	0,9	(41,0)
	Share-based payment expense – employees	29,5	33,0
	Deferred revenue – recognised in the income statement	(2,8)	(5,3)
	Profit on sale of 51% of Co-pharma Ltd	—	(16,6)
	Loss on sale of Astrix Laboratories Ltd	19,9	—
	Other non-cash items	(1,8)	1,1
	Cash operating profit	2 668,3	1 494,0
	Changes in working capital	(507,7)	(435,9)
	Increase in inventories	(152,5)	(376,8)
	Increase in trade and other receivables	(714,5)	(104,4)
	Increase in trade and other payables	359,3	45,3
		2 160,6	1 058,1
B.	FINANCING COSTS PAID		
	Interest paid	(619,0)	(322,8)
	Preference share dividends paid	(38,3)	(38,1)
	Net foreign exchange (losses)/gains	(8,4)	60,4
	Borrowing costs capitalised to property, plant and equipment	(93,6)	(47,0)
		(759,3)	(347,5)
C.	INVESTMENT INCOME RECEIVED		
	Preference share dividends received	—	33,3
	Interest received	224,2	230,1
		224,2	263,4
D.	TAX PAID		
	Amounts unpaid at the beginning of the year	(111,1)	(114,5)
	Charge per the income statement (excluding deferred tax)	(303,2)	(322,7)
	Acquisition of subsidiaries	(3,0)	(0,3)
	Acquisition of joint venture	—	(0,8)
	Disposal of 51% of Co-pharma Ltd	—	(0,4)
	Disposal of joint venture	3,2	—
	Tax claims credited to equity in respect of share schemes	12,9	9,8
	Effects of exchange rate changes	6,4	(3,8)
	Amounts unpaid at the end of the year	70,8	111,3
	Amounts overpaid at the end of the year	(9,4)	(0,2)
		(333,4)	(321,6)

E. ACQUISITION OF SUBSIDIARIES AND JOINT VENTURES

2009	PharmaLatina R'million	FCC R'million	Total R'million
Property, plant and equipment	248,4	43,5	**291,9**
Intangible assets	66,5	14,1	**80,6**
Inventories	111,1	34,5	**145,6**
Trade and other receivables	236,8	14,4	**251,2**
Cash and cash equivalents	286,9	27,3	**314,2**
Borrowings	(188,2)	—	**(188,2)**
Deferred tax liabilities	(20,9)	(4,8)	**(25,7)**
Trade and other payables	(147,0)	(24,5)	**(171,5)**
Derivative financial instruments	—	(4,5)	**(4,5)**
Current tax liabilities	(2,0)	(1,0)	**(3,0)**
Fair value of assets acquired	591,6	99,0	**690,6**
Minority interest	(4,8)	—	**(4,8)**
Fair value of assets acquired – Aspen's share	586,8	99,0	**685,8**
Deferred receivable converted to consideration	(440,1)	—	**(440,1)**
Goodwill acquired	(124,8)	90,4	**(34,4)**
Purchase consideration	21,9	189,4	**211,3**
Cash and cash equivalents in acquired companies	(286,9)	(27,3)	**(314,2)**
Cash (inflow)/outflow on acquisition	(265,0)	162,1	**(102,9)**

Restated 2008	PharmaLatina R'million	Onco Therapies Ltd R'million	Onco Laboratories Ltd R'million	Shelys R'million	Total R'million
Property, plant and equipment	217,6	114,2	—	142,6	474,4
Intangible assets	58,2	—	—	82,5	140,7
Inventories	89,3	—	—	75,9	165,2
Trade and other receivables	211,1	2,4	176,4	81,5	471,4
Cash and cash equivalents	166,1	0,2	—	(33,4)	132,9
Borrowings	(1,1)	—	—	(90,1)	(91,2)
Deferred tax liabilities	(17,8)	—	—	(42,7)	(60,5)
Trade and other payables	(144,3)	(5,6)	(0,1)	(84,6)	(234,6)
Current tax liabilities	(0,8)	—	—	(0,3)	(1,1)
Fair value of assets acquired	578,3	111,2	176,3	131,4	997,2
Minority interest	—	—	—	(52,5)	(52,5)
Goodwill acquired	146,0	4,5	—	152,6	303,1
Purchase consideration (adjusted for cash flow hedging – basis adjustment)	724,3	115,7	176,3	231,5	1 247,8
Less:					
Amounts unpaid at the end of the year	—	(47,9)	(53,5)	—	(101,4)
Cash flow hedging – deferral in equity	(87,6)	—	—	—	(87,6)
Deferred receivable	431,6	—	—	—	431,6
Cash and cash equivalents in acquired companies	(166,1)	(0,2)	—	33,4	(132,9)
Cash outflow on acquisition	902,2	67,6	122,8	264,9	1 357,5

Group notes to the cash flow statements for the year ended 30 June 2009 (continued)

		2009 R'million
F.	**DISPOSAL OF 50% OF ASTRIX LABORATORIES LTD**	
	Property, plant and equipment	**62,5**
	Intangible assets	**61,1**
	Inventories	**84,4**
	Trade and other receivables	**155,8**
	Cash and cash equivalents at disposal	**(1,9)**
	Deferred tax assets	**(19,4)**
	Trade and other payables	**(65,1)**
	Borrowings	**(69,1)**
	Derivative financial instruments	**(0,3)**
	Current tax liabilities	**(3,2)**
	Net carrying value of total assets on date of disposal	**204,8**
	Goodwill disposed	**139,5**
	Loss on sale	**(19,9)**
	Total consideration received	**324,4**
	Less:	
	Cash and cash equivalents in company	**1,9**
	Cash inflow on disposal	**326,3**

		2008 R'million
	DISPOSAL OF 51% OF CO-PHARMA LTD	
	Property, plant and equipment	4,9
	Intangible assets	4,9
	Inventories	7,4
	Trade and other receivables	32,4
	Cash and cash equivalents at disposal	20,5
	Deferred tax assets	0,4
	Trade and other payables	(42,5)
	Current tax liabilities	(0,4)
	Net carrying value of total assets on date of disposal	27,6
	Percentage sold	51%
	Net carrying value of assets disposed	14,0
	Profit on sale	16,6
	Total consideration received	30,6
	Less:	
	Cash and cash equivalents in company	(20,5)
	Cash inflow on disposal	10,1

		2009 R'million	2008 R'million
G.	**PAYMENT OF OUTSTANDING ONCOLOGY BUSINESS PURCHASE CONSIDERATION**		
	Onco Laboratories Ltd	**44,3**	—
	Onco Therapies Ltd	**59,2**	—
		103,5	—
	These amounts relate to the payment of a portion of the outstanding purchase price in respect of the investments made in Onco Laboratories Ltd and Onco Therapies Ltd in the prior year.		
H.	**CASH AND CASH EQUIVALENTS**		
	Bank balances	**1 447,2**	852,4
	Short-term bank deposits	**603,4**	592,2
	Cash-in-transit	**13,1**	76,3
	Cash-on-hand	**1,6**	1,3
	Cash and cash equivalents per the statement of financial position	**2 065,3**	1 522,2
	Less: Bank overdrafts	**(742,4)**	(577,3)
	Cash and cash equivalents per the statement of cash flows	**1 322,9**	944,9

GENERAL INFORMATION

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

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

Financial reporting terms

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

Group structures

Associate: An entity in which the Group has significant influence, but not control or joint control, over financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

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

Entity: Aspen Pharmacare Holdings Ltd or a subsidiary, joint venture, associate or special purpose entity within the Group.

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

Group: The Group comprises Aspen Pharmacare Holdings Ltd, its subsidiaries and its interest in joint ventures, associates and special purpose entities.

Joint venture: An economic activity over which the Group exercises joint control established under a contractual arrangement.

Operation: A component of a Group

> that represents a separate major line of business or geographical area of operation; and

> is distinguished separately for financial and operating purposes.

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

Special purpose entity ("SPE"): An entity established to accomplish a narrow and well defined objective. At this stage limited to the share trusts. An SPE is consolidated when the substance of the relationship between the entity and the SPE indicates that the SPE is controlled by that entity.

General accounting terms

Acquisition date: The date on which control in subsidiaries, special purpose entities, joint ventures and significant influence in associates commences.

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

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

Control: The ability, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. When assessing the ability to control an entity, the existence and effect of potential voting rights that are presently exercisable or convertible are taken into account.

Discontinued operation: An operation that, pursuant to a single plan, has been disposed of or abandoned or is classified as an operation held-for-sale.

Disposal date: The date on which control of subsidiaries and special purpose entities, joint control in joint ventures and significant influence in associates ceases.

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

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

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

Other comprehensive income: Comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement and includes the effect of translation of foreign operations, cash flow hedges and changes in revaluation reserves.

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

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

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

Revenue: Comprises turnover with dividends received and interest received included in investment income.

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

Significant influence: The ability, directly or indirectly, to participate in, but not exercise control over, the financial and operating policy decisions of an entity so as to obtain economic benefit from its activities.

Turnover: Comprises revenue generated by operating activities and includes sales of products, services rendered, licence fees and royalties net of indirect taxes, rebates and trade discounts.

Financial instrument terms

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

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

Derivative instrument: A financial instrument

> whose value changes in response to changes in a specified interest rate, commodity price, foreign exchange rate or similar variable (the 'underlying') provided that in the case of a non-financial variable that variable is not specific to a party to the contract;
> that requires minimal initial net investment; and
> whose terms require or permit settlement at a future date.

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

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principal accounting policies

Basis of preparation of financial results

The consolidated financial statements have been prepared in accordance with those International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparation, and applicable legislation. The financial statements have been prepared under the historical cost convention, except for specific financial instruments as set out in the notes to the financial statements, which are stated at fair value.

The consolidated financial statements are prepared on the going concern basis.

Except as otherwise disclosed, these accounting policies are consistent with those applied in previous years.

These accounting policies are applied throughout the Group.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The preparation of financial statements in conformity with IFRS also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed on page 122.

Group accounting

The consolidated financial statements reflect the financial results of the Group. All financial results are consolidated with similar items on a line-by-line basis except for investments in associates, which are included in the Group's results. A listing of the Group's principal subsidiaries and joint ventures are set out in note 20 of the separate financial statements of Aspen Pharmacare Holdings Ltd.

Subsidiaries

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Investments in subsidiaries are accounted for at cost less any accumulated impairment losses in the separate financial statements of Aspen Pharmacare Holdings Ltd. None of the investments in subsidiaries are listed.

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

Joint ventures

The proportionate share of the financial results of joint ventures is consolidated into the Group's results from acquisition date until disposal date.

The Group combines its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains and losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party, except where unrealised losses provide evidence of an impairment of the asset transferred. When the end date of the reporting period of the parent is different to that of the joint venture, the joint venture prepares, for consolidation purposes, additional financial statements as of the same date as the financial statements of the parent.

Investments in joint ventures are accounted for at cost less any accumulated impairment losses in the separate financial statements of Aspen Pharmacare Holdings Ltd. None of the investments in joint ventures are listed.

Associates

The financial results of associates are included in the Group's results according to the equity method from acquisition date until disposal date. The Group's investment in associates includes goodwill identified at acquisition, net of any accumulated impairment losses.

Under this method, subsequent to the acquisition date, the Group's share of post-acquisition profits or losses of associates is recognised in the income statement as equity accounted earnings and its share of movements in post-acquisition equity reserves are recognised in the statement of changes in equity. Investments in associates are initially recognised at cost, and all cumulative post-acquisition movements in the equity of associates are adjusted against the cost of the investment. When the Group's share of losses in associates equals or exceeds its interest in those associates the Group does not recognise further losses, unless the Group has incurred a legal or constructive obligation or made payments on behalf of those associates. Dilution gains and losses arising in investments in associates are recognised in the income statement.

The total carrying value of associates is evaluated annually for impairment or when conditions indicate that a decline in fair value below the carrying amount is other than temporary. If impaired, the carrying value of the Group's share of the underlying assets of associates is written down to its estimated recoverable amount in accordance with the accounting policy on impairment and charged to the income statement as part of equity accounted earnings of those associates.

Investments in associates are accounted for at cost less accumulated impairment losses in the separate financial statements of Aspen Pharmacare Holdings Ltd. None of the investments in associates are listed.

When the end date of the reporting period of the parent is different to that of the associate, the associate prepares, for consolidation purposes, additional financial statements as of the same date as the financial statements of the parent.

Inter-company transactions and balances

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

In respect of joint ventures and associates, unrealised gains and losses are eliminated to the extent of the Group's interest in these entities.

Unrealised gains and losses arising from transactions with associates are eliminated against the investment in associates.

Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains or losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Business combinations and goodwill

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

The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued, or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Minority interest at acquisition date is determined as the minority shareholders' proportionate share of the fair value of the net assets of the subsidiary acquired.

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

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

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

When a deferred tax asset is raised after the initial accounting for a business combination is complete, in respect of deferred tax assets that did not satisfy the criteria for separate recognition when the business combination was initially accounted for, an adjustment is made to the amount of goodwill recognised in respect of the acquisition. The goodwill amount is reduced to the amount of goodwill that would have been recognised if the deferred tax asset had been recognised as an identifiable asset from the acquisition date. This reduction is recognised as an expense.

Contingent consideration in a business combination is included in the cost of a business combination if the payment is probable and reliably measurable. Subsequent adjustments to the estimated amount of the contingent consideration are adjusted against goodwill in proportion to the Group's interest in that company.

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

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the functional currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in South African Rand, which is the functional and presentation currency of Aspen Pharmacare Holdings Ltd.

Foreign currency transactions

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

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

Translation differences on non-monetary financial assets and liabilities such as derivative financial instruments are recognised in profit or loss as part of the fair value gain or loss.

Foreign operations

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

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

On disposal of part or all of the operation, the proportionate share of the related cumulative gains and losses previously recognised in the foreign currency translation reserve through the statement of changes in equity are included in determining the profit or loss on disposal of that operation in the income statement.

Property, plant and equipment

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

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

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

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

Property, plant and equipment is depreciated to its estimated residual value on a straight-line basis over its expected useful life. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each year-end. The assumptions regarding estimated remaining useful lives for the 2009 financial year were as follows:

Buildings	20 – 60 years
Plant, equipment and major spare parts	3 – 30 years
Computer equipment	1 – 11 years
Office equipment and furniture	1 – 15 years

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

Property, plant and equipment is tested for impairment whenever there is an indication that the asset may be impaired, in accordance with the requirements of IAS 36, *Impairment of*

Assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

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

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

Interest costs on borrowings to finance the construction of qualifying assets is capitalised during the period of time that is required to complete and prepare the asset for its intended use. When the construction is completed in parts and each part is capable of being used while construction continues on other parts, capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare that part for its intended use are completed. Other borrowing costs are expensed.

Intangible assets

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

Intellectual property

Expenditure on acquired patents, trademarks, dossiers, licences and know-how is capitalised. Expenditure incurred to extend the term of the patents or trademarks is capitalised. All other expenditure is charged to the income statement when incurred. Intellectual property is recognised at cost and amortised on a straight-line basis over their estimated remaining useful lives, which ranged from one to 45 years during the financial year. Estimated useful lives are reviewed annually. In addition, some intangible assets included in this category are classified as indefinite life intangible assets. Indefinite life intangible assets are not amortised, but are tested annually for impairment.

Research and development

Research expenditure is charged to the income statement when incurred.

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

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

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

Product participation and other contractual rights

Rights acquired to co-market or manufacture certain third party products are capitalised to intangible assets and the corresponding liabilities are recognised as deferred-payables where applicable. The cost of the product participation rights is determined as equating to the gross values of the corresponding liabilities, discounted to their present values using an appropriate discount rate on initial measurement. These rights are subsequently carried at amortised cost and are amortised as appropriate on either the reverse sum of digits or straight-line basis over the periods of the agreements. The amortisation method is chosen to reflect the pattern in which the benefits relating to the rights are expected to flow to the Group.

Drug master files

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

Computer software

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

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

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

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

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

Financial instruments

Financial assets

The Group classifies its financial assets into the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables; or
- derivative instruments designated as hedges.

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

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

Financial assets, or a portion of a financial asset, are derecognised when, and only when, the entity loses control of the contractual rights that comprise the financial asset (or a portion of the financial asset). Such control is lost if the entity realises the right to benefits specified in the contract, the rights expire, or the entity surrenders those rights.

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Financial liabilities

Financial liabilities are classified into the following categories:

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

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

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

Financial liabilities at amortised cost

This category of financial liabilities comprises preference shares (liability component), borrowings, deferred earn-out consideration, trade and other financial payables, loans due to Group companies and the financial liability at amortised cost. These financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Accounting for derivative financial instruments and hedging activities

The Group's criteria for a derivative instrument to be designated as a hedging instrument require that:

- the hedge transaction is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured throughout the duration of the hedge;
- there is adequate documentation of the hedging relationship at the inception of the hedge; and
- for cash flow hedges, the forecast that is the subject of the hedge must be highly probable.

The Group designates certain derivatives as one of the following on the date the derivative contract is entered into:

- a hedge of the exposure to changes in fair value of a recognised asset or liability or a firm commitment (fair value hedge); or
- a hedge of the exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement as finance costs/income, along with any changes in fair value of the hedged asset or liability that is attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised in the income statement over the period to maturity. The Group did not designate any derivative instruments as fair value hedges during the year.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The ineffective portion is recognised immediately in the income statement within financing costs. Where the forecast transaction or firm commitment results in the recognition of a non-financial asset or a non-financial liability, the gains or losses previously deferred in equity are transferred from equity into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. Otherwise, amounts deferred in equity are transferred to the income statement and classified as gains or losses in the same periods during which the hedged firm commitment or forecast transaction affects the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is recognised in the income statement. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

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

Movements on the hedging reserves in shareholders' equity are shown under non-distributable reserves in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

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

Fair value estimation

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

Financial instruments that are measured in the statement of financial position at fair value, are classified into the following levels of the fair value measurement hierarchy:

> quoted prices (unadjusted) in active markets for indential assets or liabilities (level 1);
> inputs other than quoted prices included within level 1 that are observerable for the assets or liabilities, either directly (ie as prices) or indirectly (ie derived from prices) (level 2); and
> inputs for the assets or liabilities that are not based on observerable market data (ie unobserverable inputs) (level 3).

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

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

The carrying amounts of the following financial assets and financial liabilities approximate their fair values:

> trade and other financial receivables;
> cash and cash equivalents;
> other non-current financial receivables;
> loans due to Group companies;
> loans due by Group companies, trade and other financial payables;
> financial liability at amortised cost;
> deferred earn-out liabilities;
> current borrowings; and
> non-current borrowings.

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

Leased assets

Finance leases

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

Operating leases

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

Inventories

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

Trade receivables

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

Cash and cash equivalents

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

Tax

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

Current tax

The current tax charge is the expected tax payable on taxable income for the year, and any adjustments to tax payable in respect of prior years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

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

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

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

Current tax and deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

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

Dividend taxes, including secondary tax on companies

Dividend taxes are recognised as a part of the income tax charge in the income statement in the same period as the related dividend.

The dividend tax effect of dividends paid on equity instruments is recognised in the period in which the Group declares the dividend. For financial instruments that are classified as liabilities, the dividend tax relating to any contractual payments is accrued in the same period as the interest accrual.

Share capital and share premium

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

Treasury shares

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

Convertible cumulative variable rate preference shares

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

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

> a financial liability (a contractual arrangement to deliver cash or other financial assets); and

> an equity instrument (a call option granting the holder the right, for a specified period of time, to convert into Aspen ordinary shares). Accordingly, such liability and equity elements are presented separately on the statement of financial position.

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

Borrowings and borrowing costs

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

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

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

All other borrowing costs are dealt with in the income statement in the period in which they are incurred.

Employee benefits

Provident fund obligations

It is the Group's policy to provide retirement benefits for its employees. Contributions to retirement benefit plans are charged against income in the year they become payable.

A defined contribution plan is a provident fund under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees relating to employee service in the current and prior periods. For defined contribution plans, the Group pays contributions to publicly or privately held pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations. The payments made to provident funds are expensed as incurred and are included in staff costs. Refer to notes 20 and 27 of the Group financial statements.

Post-retirement medical aid obligations

In terms of Group policy post-retirement medical aid benefits are not provided for employees who joined after 28 February 2000. However, due to previous employment benefits offered, the Group has honoured its contractual commitment in respect of post-retirement medical aid obligations to certain employees and pensioners employed before the change in policy.

The present value of the expected future defined benefit obligation is quantified to the extent that service has been rendered, and is reflected on the statement of financial position as a liability. Valuations of these obligations are carried out by independent actuaries on an annual basis using the projected unit credit method.

Annual charges incurred to reflect additional service rendered by employees as well as any variation resulting from changes in the employee composition, and all actuarial gains and losses from experience adjustments and changes in actuarial assumptions are charged/credited to the income statement in the year of incurral.

The Group has insured the pensioner contributions into the future through an approved pre-funding insurance policy. Contributions made to the policy together with investment returns thereon are disclosed as a "plan asset" in terms of IAS 19, *Employee Benefits* and reduce the post-retirement medical aid obligation.

Termination benefits

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

Bonus plans

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

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

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

Equity compensation plans

Share options and share appreciation rights are granted to management and key employees. The schemes in operation are classified as equity-settled share-based compensation plans under which the entity receives services from the employees as consideration for equity instruments (eg options) of the Group. The fair value of the employee services received in exchange for the instruments is expensed over the vesting period. The fair value of the services received is determined with reference to the fair value of the instruments granted. These plans have no market vesting conditions. The fair value of the instruments granted is determined at grant date. At each year-end, the entity revises its estimates of the number of instruments expected to vest, based on the service and performance conditions. The effect of any changes in this assumption is recognised in the income statement, with a corresponding adjustment to equity.

When instruments are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The share trusts regulate the operation of the share schemes, and are consolidated into the Group financial statements. Refer to note 14 of the Group financial statements for more details on the schemes.

Directors' emoluments

The directors' emoluments disclosed in note 27 of the Group financial statements represent the emoluments paid to, or receivable by, directors in their capacity as director or any other capacity. All amounts in respect of the financial year reported on are presented, including bonuses accrued for in the annual financial statements. The gain on share options represents the actual gain realised in the year, and represents the difference between grant price and exercise price. This disclosure is provided in terms of JSE Ltd Listings Requirements.

Impairment

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

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

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

Impairment losses recognised for goodwill are not reversed in subsequent periods. Non-financial assets other than goodwill that have been impaired in past periods are reviewed for possible reversal of impairment at each reporting date. The Group assesses at each year-end whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment testing of trade receivables is described in note 36 of the Group financial statements.

Revenue recognition

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

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

Other income and investment income

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

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

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

Headline earnings per share

The calculation of headline earnings per share is based on the net profit attributable to equity holders of the parent, after excluding all items of a non-trading nature, divided by the weighted average number of ordinary shares in issue during the year. The presentation of headline earnings is not an IFRS requirement, but is required by JSE Ltd and Circular 8 of 2007.

An itemised reconciliation of the adjustments to net profit attributable to equity holders of the parent is provided in note 31 of the Group financial statements.

Discontinued operations

The profit or loss on the disposal or abandonment of a discontinued operation is determined from the date when the entity enters into a binding sale agreement or when there is a formal plan and it is announced. The profit or loss includes operating results from this date as well as all costs and expenses directly associated with the disposal.

If a loss is expected, full provision is made from the discontinuance date. If a profit is expected, it is recognised only when realised. Profits or losses in respect of the discontinued operations are included in attributable profits of the Group until date of discontinuance.

The results of discontinued operations are presented separately in the income statement. Refer to note 33 of the Group financial statements.

Segmental reporting

Reporting segments

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

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

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

In addition to the main reportable segments, the Group also includes a geographical analysis of revenue. The following segments have been identified:

- South Africa – pharmaceutical
- South Africa – consumer
- East Africa
- Latin America
- Global brands
- Rest of the world

The South African pharmaceutical division comprises prescription generic and ethical pharmaceutical products, OTC products and APIs. All products of Schedule 2 and above are included in the pharmaceutical division.

The South African consumer division comprises IMFs, self-medication and personal care products. Schedule 0 and 1 medicines are included in the consumer division.

Rest of the world consists of all operations in geographical areas that do not have a specific segment allocated to it.

Global brands consist of all revenue related to the following brands:

- Eltroxin;
- Lanoxin;
- Imuran;
- Zyloric;
- Indocid;
- Aldomet; and
- Aggrastat.

Distributions to shareholders

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

Preference share dividends payable are recognised as the dividends accrue to preference shareholders and are included in financing costs.

Comparative figures

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

In the current year the accounting for the PharmaLatina business combination has been finalised. The comparative figures have been restated to present the prior year as if the acquisition accounting was finalised in the prior year.

IAS 1 revised requires the Group to prepare three statements of financial position when a retrospective restatement is made. The following statement of financial position should be presented:

- the end of the current period;
- the end of the previous period; and
- the beginning of the earliest comparative period.

No statement of financial position for the year ended 30 June 2007 has been presented as the effect of the PharmaLatina business combination affected only the year ended 30 June 2008.

Translation from South African Rand to US Dollar

The presentation currency of the Group is South African Rand. Supplementary unaudited US Dollar information is provided for convenience only. Refer to page 200.

The conversion to US Dollar is performed as follows:

- Assets and liabilities are translated at the closing rate of exchange at year-end;
- Income and expenses are translated at average rates of exchange for the years presented except for significant transactions which are translated at rates of exchange ruling on the transaction dates; and
- The resulting translation differences are included in shareholders' equity.

New standards, amendments and interpretations

The following amendment and interpretations are effective for the first time for the year ended June 2009:

- *Amendments to IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets*

  The amendments introduces the possibility of reclassifications for certain financial assets previously classified as 'held for trading' or 'available for sale' to another category under limited circumstances. Various disclosures are required where a reclassification has been made. Derivatives and assets designated as 'at fair value through profit or loss' under the fair value option are not eligible for this reclassification. This interpretation is effective for periods beginning on or after 1 July 2008. This amendment will not affect the Group.

- *IFRIC 12, Service Concession Arrangements*

  IFRIC 12 addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements. This interpretation is effective for periods beginning on or after 1 January 2008. This amendment will not affect the Group.

- *IFRIC 13, Customer Loyalty Programmes*

  IFRIC 13 addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits. This interpretation is effective for periods beginning on or after 1 July 2008. This amendment will not affect the Group.

- *IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

  IFRIC 14 provides general guidance on how to assess the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. This interpretation is effective for periods beginning on or after 1 January 2008. This amendment will not affect the Group.

  The Group has early adopted the following standards and amendments to existing standards which have been published but are not mandatory for the Group's accounting periods beginning on or after 1 January 2009. The Group does not intend early-adopting any of the other standards and interpretations as stated above.

- *IAS 23, Borrowing Costs (Revised)*

  The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. The Group is currently capitalising borrowing costs on all qualifying assets.

> *IFRS 8, Operating Segments and the amendment to IFRS 8 included in improvements to IFRSs (April 2009)*
IFRS 8 replaces IAS 14, Segment reporting, and aligns segment reporting with the requirements of the United States standard SFAS 131, Disclosures about segments of an enterprise and related information. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The impact of this statement on the segmental analysis is minor and limited to changes to reported segments to be consistent with the internal reporting provided to the chief operating decision maker. Comparative figures for 2008 have been restated. The adoption of IFRS 8 has had no impact on goodwill allocation or impairment testing.

> *IAS 1, Presentation of Financial Statements (Revised)*
The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity.

The effective date of this revised standard is on periods commencing on or after 1 January 2009. Comparative figures for 2008 have been restated.

The following accounting standards, amendments and interpretations, that are not mandatory for the year ended June 2009 and have been published prior to the date of signature of this report:

> *IFRS 1 (Amendment), First-time Adoption of IFRS and IAS 27, Consolidated and Separate Financial Statements*
The amendment allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, joint ventures and associates in the separate financial statements. The amendment also removed the definition of the cost method from IAS 27 and replaced it with a requirement to present dividends as income in the separate financial statements of the investor.

This amendment will not have any impact on the Group's financial statements

The amendment is effective for financial years beginning on or after 1 January 2009.

> *IFRS 2, Share-based Payment: Vesting Conditions and Cancellations (Amendment)*
This amended standard deals with vesting conditions and cancellations. The Group will apply this standard for annual periods beginning on or after 1 January 2009, which is the standards effective date. It is not expected to have an impact on the Group's financial statements.

> *IFRS 3, Business Combinations (Revised)*
The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition related costs should be expensed.

The Group will apply this revised standard prospectively to all business combinations beginning on or after 1 July 2009.

> *IAS 27, Consolidated and Separate Financial Statements (Revised)*
The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

The Group will apply this revised standard prospectively to transactions with non-controlling interests from periods beginning on or after 1 January 2010.

> *IAS 32, Financial Instruments: Presentation and IAS 1, Presentation of Financial Statements, Puttable Financial Instruments and Obligations Arising on Liquidation (Amendment)*
The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions:
> puttable financial instruments; and
> instruments, or components of instruments, that impose on the entity an obligation to deliver to either party a pro rata share of the net assets of the entity only on liquidation.

Additional disclosures are required about the instruments affected by the amendments.

This amendment will have no impact on the Group's financial statements.

The amendment is effective for all periods beginning on or after 1 January 2009.

> *IFRIC 15, Agreements for the Construction of Real Estate*
IFRIC 15 addresses diversity in accounting for real estate sales. IFRIC 15 clarifies how to determine whether an agreement is within the scope of *IAS 11 – Construction Contracts* or *IAS 18 – Revenue* and when revenue from construction should be recognised. The guidance replaces example 9 in the appendix to IAS 18.

This interpretation is not relevant to the Group's operations. The effective date of this interpretation is from periods beginning on or after 1 January 2009.

> *IFRIC 16, Hedges of a Net Investment in a Foreign Operation*
IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk (in the hedge of a net investment in a foreign operation). It secondly provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. Thirdly, it provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. This interpretation is effective for periods beginning on or after 1 October 2008. This amendment will not affect the Group.

> *IFRIC 17, Distributions of Non-cash Assets to Owners*
IFRIC 17 applies to the accounting for distributions of non-cash assets (commonly referred to as dividends in specie) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. This interpretation is effective for periods beginning on or after 1 July 2009. This amendment will not affect the Group.

> *IFRIC 18, Transfers of assets from customers*
IFRIC 18 clarifies the accounting treatment for transfers of property, plant and equipment received from customers. This interpretation applies to agreements with customers in which the entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both. This interpretation is effective for periods beginning on or after 1 July 2009. This amendment will not affect the Group.

Improvements to IFRS

These amendments are part of the IASB's annual improvement project published in May 2008. These amendments are applicable for periods starting on or after 1 January 2009. These amendments would have no material effect on the financial statements of the Group. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. Some amendments involve consequential amendments to other IFRSs. The following standards were amended:

> *IFRS 5, Non-current assets held for sale and discontinued operations (amendment);*
> *IAS 1, Presentation of financial statements (amendment);*
> *IAS 16, Property, plant and equipment (amendment);*
> *IAS 19, Employee benefits (amendment);*
> *IAS 23, Borrowings costs (amendment);*
> *IAS 28, Investment in associates (amendment), and consequential amendments to IAS 32, Financial instruments: Presentation and IFRS 7, Financial instruments: Disclosures;*
> *IAS 29, Financial reporting in hyperinflationary economies (amendment);*
> *IAS 31, Interest in joint ventures, and consequential amendments to IAS 32, Financial instruments: Presentation and IFRS 7, Financial instruments: Disclosures;*
> *IAS 36, Impairment of assets (amendment);*
> *IAS 38, Intangible assets (amendment);*
> *IAS 39, Financial instruments: Recognition and measurement (amendment);*
> *IAS 40, Investment property (amendment); and*
> *IAS 41, Agriculture (amendment).*

Significant judgements and estimates

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

Depreciation, amortisation rates and residual values

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

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

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

Refer to notes 1 and 3 of the Group financial statements, and notes 1 and 2 of the Company financial statements.

Indefinite useful life intangible assets

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

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

> the ability to use the asset efficiently. Historical product sales, volume and profitability trends as well as the expected uses for the asset, further evident from budgets, future growth and plans to invest in each of the assets over the long term are taken into account when this is being assessed;
> estimates of useful lives of similar assets – historical trends, market sentiment and/or the impact of any competitive activity will be taken into account;
> the strategy (2010 budget, specific marketing plans, specific enhancement plans and the identification of new markets) for obtaining maximum economic benefit from the asset;
> the stability of the industry and economy in which the asset will be deployed;
> expected actions by competitors and potential competitors;
> the willingness and ability of the entity to commit resources to maintain the performance of the asset;
> the period of the entity's control over the asset and any legal or other restriction on its ability to use the asset;
> redundancy of a similar medication/device due to changes in market preferences; and
> development of new drugs treating the same disease.

Refer to notes 3 of the Group financial statements and note 2 of the Company financial statements.

Impairment of assets

Property, plant and equipment, goodwill and intangible assets are assessed for impairment at least on an annual basis, as more fully described in the accounting policy in respect of impairment and note 39 of the Group financial statements. The future cash flows are assessed, taking into account forecast market conditions and the expected lives of these assets. The present value of these cash flows is compared to the current net asset value.

Refer to notes 1, 2 and 3 of the Group financial statements and notes 1 and 2 of the Company financial statements.

Valuation of derivative financial instruments

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

Refer to notes 10 and 23 of the Group financial statements.

Allowance account for losses

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

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

The following factors are taken into account when considering whether a trade receivable is impaired:

> default of payments;
> history of the specific customer with the Group;
> indications of financial difficulties of the specific customer;
> credit terms specific to the customer; and
> general economic conditions.

Refer to note 9 of the Group financial statements.

Calculation of IFRS 2 charge

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

Refer to note 14 of the Group financial statements.

Recognition of deferred tax assets in respect of assessed losses

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

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

Refer to note 7 of the Group financial statements and note 6 of the Company financial statements.

Determination of net realisable value of inventories

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

Management is also required to exercise significant judgement in estimating the provision for obsolete stock. Such judgement would take into account the following:

> change in technology;
> regulatory requirements; and
> stock nearing expiry dates.

Refer to note 8 of the Group financial statements.

Fair value determination in business combinations

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

Initial accounting for business combination determined provisionally

The initial accounting for the acquisitions in the current year were only determined provisionally by the time of the publication of the Group results for 2009.

Refer to note 37 of the Group financial statements.

Determination of contingent consideration in respect of deferred-payables and deferred-receivables

This relates to amounts that are only to be settled in the future based on the underlying contractual obligations. Management is required to exercise considerable judgement in determining the estimate of the amount payable or receivable, specifically relating to the forecasting of future financial information as well as determining an appropriate discount rate.

Refer to notes 9 and 18 of the Group financial statements.

Determination of average translation rates

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

Fair value determination

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

Finalisation of PharmaLatina acquisition accounting

The accounting for the acquisition of PharmaLatina Holdings Ltd ("PharmaLatina") was made on a provisional basis in terms of IFRS 3 for the year ended 30 June 2008.

In terms of IAS 8, *Accounting policies, Changes in Accounting Estimates and Errors*, the adjustments to finalise the PharmaLatina acquisition have been corrected retrospectively.

The comparative figures have been restated to present the prior year figures as if the acquisition accounting was finalised in the prior year. No statement of financial position for the year ended 30 June 2007 has been presented as required by IAS 1 revised for any restatements of prior period amounts, as the effect of the PharmaLatina business combination affected only the year ended 30 June 2008.

STATEMENT OF FINANCIAL POSITION

	2008 R'million	Adjust-ments R'million	Restated June 2008 R'million
ASSETS			
Non-current assets			
Property, plant and equipment	1 744,6	(58,9)	1 685,7
Goodwill	589,9	13,1	603,0
Intangible assets	3 723,1	(17,4)	3 705,7
Current assets			
Trade and other receivables	1 789,4	86,4	1 875,8
Total assets	10 848,6	23,2	10 871,8
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	155,1	(6,6)	148,5
Current liabilities			
Trade and other payables	1 004,0	29,8	1 033,8
Total liabilities	7 529,8	23,2	7 553,0
Total equity and liabilities	10 848,6	23,2	10 871,8

On 1 March 2008, the Group acquired 50% of the shares of PharmaLatina, a Cypriot holding company with subsidiaries in Brazil, Mexico and Venezuela. The initial accounting for the acquisition had not been finalised and therefore the acquisition calculations were based on the best estimates available to the Group at the time. The amounts below reflect the changes to the fair values and carrying values of the PharmaLatina assets and liabilities at the acquisition date:

COST OF THE ACQUISITION	2008 R'million	Restated 2008 R'million
Cash paid	1 068,3	1 068,3
Fair value of assets acquired	(591,4)	(578,3)
Deferred receivable recognised on acquisition	(431,6)	(431,6)
Cash flow hedging – deferral in equity	87,6	87,6
Goodwill	132,9	146,0

	Fair value recognised			
	2008 R'million	Adjustments 2008 R'million	Restated 2008 R'million	Carrying amounts before acquisition 2008* R'million
Property, plant and equipment	276,5	(58,9)	217,6	274,2
Intangible assets	75,6	(17,4)	58,2	24,0
Inventories	89,3	—	89,3	88,9
Trade and other receivables	124,7	86,4	211,1	124,7
Cash and cash equivalents	166,1	—	166,1	166,1
Borrowings	(1,1)	—	(1,1)	(1,1)
Deferred tax liabilities	(24,4)	6,6	(17,8)	(6,4)
Trade and other payables	(114,5)	(29,8)	(144,3)	(114,5)
Current tax liabilities	(0,8)	—	(0,8)	(0,8)
Fair value of assets acquired	591,4	(13,1)	578,3	555,1
Cash flow hedging – deferral in equity	(87,6)	—	(87,6)	
Deferred receivable recognised on acquisition	431,6	—	431,6	
Goodwill acquired	132,9	13,1	146,0	
Purchase consideration	1 068,3	—	1 068,3	

**None of the carrying amounts before acquisition were restated in the current year.*

Non-current assets

	Notes	2009 R'million	Restated 2008 R'million
Property, plant and equipment	1	**2 373,5**	1 685,7
Goodwill	2	**398,4**	603,0
Intangible assets	3	**4 103,6**	3 705,7
Investments in associates	4	**22,5**	25,8
Other non-current financial receivables	6	**5,2**	4,7
Deferred tax assets	7	**17,8**	1,0
		6 921,0	6 025,9

1. PROPERTY, PLANT AND EQUIPMENT

2009	Land and buildings R'million	Plant and equipment R'million	Computer equipment R'million	Office equipment and furniture R'million	Capital work-in-progress R'million	Total R'million
OWNED						
Net carrying value						
Cost	630,6	1 033,6	52,4	73,1	991,6	**2 781,3**
Accumulated depreciation	(59,7)	(329,6)	(38,0)	(36,5)	—	**(463,8)**
Net book value at the end of the year	570,9	704,0	14,4	36,6	991,6	**2 317,5**
Movement in property, plant and equipment						
Net book value at the beginning of the year	313,0	458,2	12,2	28,0	862,3	**1 673,7**
Acquisition of subsidiaries	34,1	61,8	0,6	3,8	188,9	**289,2**
Disposal of joint venture	(21,2)	(38,2)	(0,4)	(1,6)	(1,1)	**(62,5)**
Reclassification between categories	257,9	288,4	2,0	9,2	(597,5)	**(40,0)**
Reclassification to intangible assets	—	—	—	—	(3,2)	**(3,2)**
Additions – expansion	26,2	29,7	6,8	8,3	452,8	**523,8**
Additions – replacement	0,8	17,9	2,3	1,1	74,9	**97,0**
Additions – borrowing costs capitalised	—	—	—	—	93,6	**93,6***
Disposals	(2,5)	(10,6)	(0,1)	(0,2)	—	**(13,4)**
Depreciation	(16,2)	(81,4)	(8,3)	(8,9)	—	**(114,8)**
Effects of exchange rate changes	(21,2)	(21,8)	(0,7)	(3,1)	(79,1)	**(125,9)**
Net book value at the end of the year	570,9	704,0	14,4	36,6	991,6	**2 317,5**
LEASED						
Net carrying value						
Cost	16,5	54,2	7,9	—	—	**78,6**
Accumulated depreciation	(3,2)	(15,5)	(3,9)	—	—	**(22,6)**
Net book value at the end of the year	13,3	38,7	4,0	—	—	**56,0**
Movement in property, plant and equipment						
Net book value at the beginning of the year	8,2	—	3,8	—	—	**12,0**
Acquisition of subsidiary	2,7	—	—	—	—	**2,7**
Reclassification between categories	—	40,0	—	—	—	**40,0**
Additions – expansion	5,9	1,8	1,1	—	—	**8,8**
Additions – replacement	—	—	2,0	—	—	**2,0**
Depreciation	(1,5)	—	(2,9)	—	—	**(4,4)**
Effects of exchange rate changes	(2,0)	(3,1)	—	—	—	**(5,1)**
Net book value at the end of the year	13,3	38,7	4,0	—	—	**56,0**
TOTAL OWNED AND LEASED	584,2	742,7	18,4	36,6	991,6	**2 373,5**

**Borrowing costs capitalised represent financing costs arising on the construction of qualifying assets. The average effective interest rate for the year was 10,1% (2008: 12,0%).*

Non-current assets continued

1. PROPERTY, PLANT AND EQUIPMENT continued

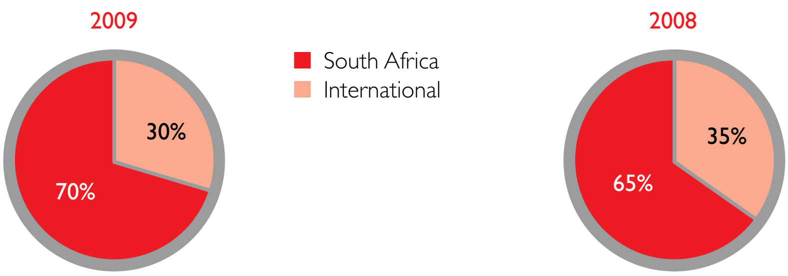
2008	Land and buildings R'million	Plant and equipment R'million	Computer equipment R'million	Office equipment and furniture R'million	Capital work-in-progress R'million	Total R'million
OWNED						
Net carrying value						
Cost	356,3	726,9	42,7	56,4	862,3	2 044,6
Accumulated depreciation	(43,3)	(268,7)	(30,5)	(28,4)	—	(370,9)
Net book value at the end of the year	313,0	458,2	12,2	28,0	862,3	1 673,7
Movement in property, plant and equipment						
Net book value at the beginning of the year	195,3	352,1	12,8	13,4	277,3	850,9
Acquisition of subsidiary	82,4	42,3	0,1	11,0	3,3	139,1
Disposal of 51% of Co-pharma Ltd	(4,6)	—	—	(0,3)	—	(4,9)
Acquisition of joint ventures	24,4	24,5	0,5	3,4	276,4	329,2
Reclassification between categories	15,0	68,4	2,3	1,8	(89,0)	(1,5)
Reclassification to intangible assets	—	—	—	—	(13,1)	(13,1)
Additions – expansion	2,3	4,6	0,7	0,7	288,9	297,2
Additions – replacement	0,1	15,9	5,4	1,5	59,0	81,9
Additions – borrowing costs capitalised	—	—	—	—	47,0	47,0*
Disposals	—	(1,6)	(1,3)	—	(1,0)	(3,9)
Depreciation	(5,7)	(53,0)	(8,4)	(4,5)	—	(71,6)
Effects of exchange rate changes	3,8	5,0	0,1	1,0	13,5	23,4
Net book value at the end of the year	313,0	458,2	12,2	28,0	862,3	1 673,7
LEASED						
Net carrying value						
Cost	9,9	—	9,5	—	—	19,4
Accumulated depreciation	(1,7)	—	(5,7)	—	—	(7,4)
Net book value at the end of the year	8,2	—	3,8	—	—	12,0
Movement in property, plant and equipment						
Net book value at the beginning of the year	0,4	—	3,7	—	—	4,1
Acquisition of subsidiary	3,5	—	—	—	—	3,5
Acquisition of joint ventures	2,6	—	—	—	—	2,6
Reclassification between categories	1,5	—	—	—	—	1,5
Additions – expansion	0,1	—	2,7	—	—	2,8
Additions – replacement	0,1	—	—	—	—	0,1
Depreciation	(0,4)	—	(2,6)	—	—	(3,0)
Effects of exchange rate changes	0,4	—	—	—	—	0,4
Net book value at the end of the year	8,2	—	3,8	—	—	12,0
TOTAL OWNED AND LEASED	321,2	458,2	16,0	28,0	862,3	1 685,7

**Borrowing costs capitalised represent financing costs arising on the construction of qualifying assets. The average effective interest rate for the year was 12,5% (2008: 11,3%).*

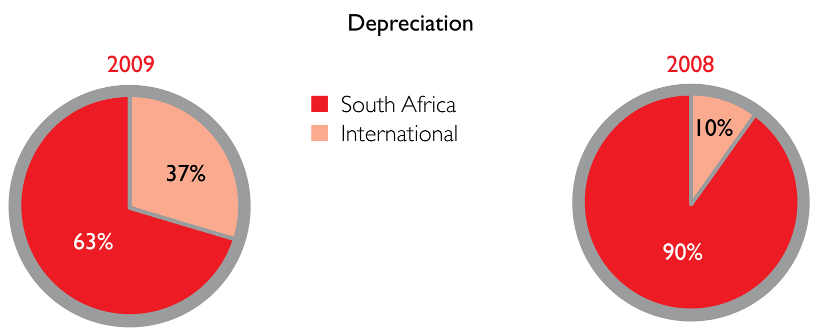
A register of land and buildings is maintained as per paragraph 22(3) of Schedule 4 of the Companies Act. This register is available for inspection by members at the Company's registered office.

The directors are of the opinion that the open market valuation of land and buildings is at least equal to the net book value thereof.

Property, plant and equipment



	2009 R'million	Restated 2008 R'million
1. PROPERTY, PLANT AND EQUIPMENT continued		
Carrying amount of assets committed as security for debt (refer to note 17)	**87,5**	104,7
Expenses capitalised to capital work-in-progress (including capitalised borrowing costs)	**97,6**	53,2
Depreciation as a percentage of revenue	**1,4%**	1,5%
The breakdown of the land and buildings amounts shown above is as follows		
Land	**28,9**	27,6
Buildings	**555,3**	293,6
	584,2	321,2
Capital commitments		
Capital commitments, excluding potential capitalised borrowing costs, include all projects for which specific Board approval has been obtained up to the reporting date. Projects still under investigation for which specific Board approval have not yet been obtained are excluded from the following		
Authorised and contracted for	**87,3**	62,6
Authorised but not yet contracted for	**226,9**	457,5
Funding		
Capital expenditure will be financed from funds generated out of normal business operations, existing borrowing facilities and specific project finance facilities.		



	2009 R'million	Restated 2008 R'million
2. GOODWILL		
Net carrying value		
Cost	**398,4**	603,0
Net carrying value at the end of the year	**398,4**	603,0
Movement in goodwill		
Net carrying value at the beginning of the year	**603,0**	295,0
Acquisition of subsidiaries	**(34,4)**	152,6
Acquisition of joint ventures	**—**	150,5
Effects of exchange rate changes	**(30,7)**	7,7
Disposal of joint venture	**(139,5)**	–
Adjustment to estimate of Brimchem SA (Pty) Ltd contingent consideration	**—**	(2,8)
Net carrying value at the end of the year	**398,4**	603,0
The recoverable amount of goodwill is determined annually based on value-in-use calculations as described in note 39.		

Non-current assets continued

3. INTANGIBLE ASSETS

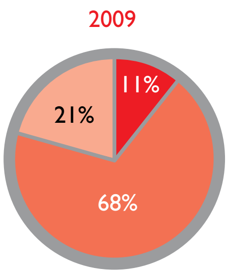
2009	Intellectual property R'million	Development costs R'million	Product participation and other contractual rights R'million	Drug master files R'million	Computer software R'million	**Total R'million**
Net carrying value						
Cost	4 670,1	160,0	542,6	67,0	67,7	**5 507,4**
Accumulated amortisation	(940,9)	(20,3)	(189,3)	(38,9)	(46,8)	**(1 236,2)**
Accumulated impairment losses	(165,8)	—	—	(1,8)	—	**(167,6)**
Balance at the end of the year	3 563,4	139,7	353,3	26,3	20,9	**4 103,6**
Movement in intangible assets						
Balance at the beginning of the year	3 330,8	94,9	170,7	89,4	19,9	**3 705,7**
Acquisition of subsidiary	56,4	10,1	—	13,4	0,7	**80,6**
Disposal of joint venture	—	—	—	(60,9)	(0,2)	**(61,1)**
Reclassification between categories	2,2	(2,2)	—	—	—	**—**
Reclassification from property, plant and equipment	—	—	—	—	3,2	**3,2**
Additions – expansion	329,6	3,6	238,7	—	7,0	**578,9**
Additions – replacement	—	—	—	—	0,1	**0,1**
Development costs capitalised	—	47,9	—	—	—	**47,9**
Disposals	(15,6)	(0,7)	—	—	(0,1)	**(16,4)**
Amortisation	(54,5)	(8,4)	(23,5)	(12,1)	(5,9)	**(104,4)**
Impairment	(19,4)	(2,1)	—	—	(3,3)	**(24,8)**
Reversal of impairment	0,1	—	—	—	—	**0,1**
Effects of exchange rate changes	(66,2)	(3,4)	(32,6)	(3,5)	(0,5)	**(106,2)**
Balance at the end of the year	3 563,4	139,7	353,3	26,3	20,9	**4 103,6**

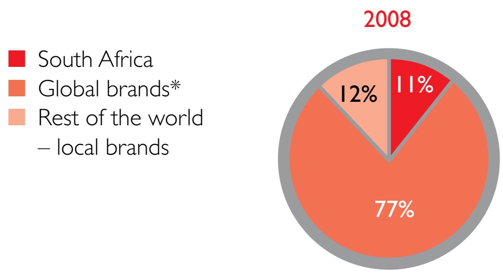
3. INTANGIBLE ASSETS continued

Restated 2008	Intellectual property R'million	Development costs R'million	Product participation and other contractual rights R'million	Drug master files R'million	Computer software R'million	**Total R'million**
Net carrying value						
Cost	4 386,6	110,7	341,2	131,2	60,7	**5 030,4**
Accumulated amortisation	(908,5)	(12,3)	(170,5)	(40,9)	(40,8)	**(1 173,0)**
Accumulated impairment losses	(147,3)	(3,5)	—	(0,9)	—	**(151,7)**
Balance at the end of the year	3 330,8	94,9	170,7	89,4	19,9	**3 705,7**
Movement in intangible assets						
Balance at the beginning of the year	576,6	70,5	87,8	97,2	12,5	**844,6**
Acquisition of subsidiary	82,5	—	—	—	—	**82,5**
Acquisition of joint ventures	51,8	6,4	—	—	—	**58,2**
Disposal of 51% of Co-pharma Ltd	(4,9)	—	—	—	—	**(4,9)**
Reclassification between categories	0,2	(1,0)	—	0,8	—	**—**
Reclassification to property, plant and equipment	—	—	—	—	13,1	**13,1**
Additions – expansion	33,9	—	104,5	—	0,3	**138,7**
Additions – replacement	—	—	—	—	3,7	**3,7**
Additions – GSK brands	2 653,0	—	—	—	—	**2 653,0**
Development costs capitalised	—	23,6	—	—	—	**23,6**
Disposals	(13,3)	—	—	—	(0,9)	**(14,2)**
Amortisation	(80,0)	(5,1)	(21,5)	(12,3)	(8,8)	**(127,7)**
Impairment	(8,2)	—	—	—	—	**(8,2)**
Effects of exchange rate changes	39,2	0,5	(0,1)	3,7	—	**43,3**
Balance at the end of the year	3 330,8	94,9	170,7	89,4	19,9	**3 705,7**

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

Intangible assets





The global brands consist of Eltroxin, Lanoxin, Imuran, Zyloric, Aggrastat, Indocid and Aldomet. Aspen has global distribution rights for these products, subject to specific contractual territory restrictions.

Non-current assets continued

	2009 R'million	Restated 2008 R'million
3. INTANGIBLE ASSETS continued		
Indefinite useful life intangible assets		
An indefinite useful life intangible asset, is an intangible asset where there is no foreseeable limit to the period over which the asset is expected to generate inflows for the Group.		
Carrying amount of indefinite useful life intangible assets (included in intellectual property)	**2 825,1**	—

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

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

A number of brands have been classified as indefinite useful life intangible assets, with the major brands being Eltroxin, Lanoxin, Imuran and Zyloric. These four global GSK brands had a carrying value of R2 635,6 million at the end of June 2009.

Impairment of intangible assets

	2009 R'million	Restated 2008 R'million
The impairments can be split as follows		
South Africa	**19,1**	8,2
International	**5,7**	—
	24,8	8,2

The carrying amount of intangible assets has been determined based on value-in-use calculations. South African and International consumer brands were the main contributors driven primarily by depressed retail markets. Discount rates used for the determination of the value-in-use were in the range of 11,1% to 24,2%.

Product participation and other contractual rights

	2009 R'million	Restated 2008 R'million
Product participation and other contractual rights can be split into the following categories for the purposes of amortisation		
– Amortised on a straight-line basis		
Net carrying value	**330,6**	136,6
Amortisation	**13,9**	10,1
– Amortised using the reverse sum of the digits method		
Net carrying value	**22,7**	34,1
Amortisation	**9,6**	11,4

Capital commitments

	2009 R'million	Restated 2008 R'million
Capital commitments include all projects for which specific Board approval has been obtained up to the reporting date. Projects still under investigation for which specific Board approval have not yet been obtained are excluded from the following		
Authorised and contracted for	**5,8**	—
Authorised but not yet contracted for	**12,1**	0,8

Funding

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

	2009 R'million	Restated 2008 R'million
4. INVESTMENTS IN ASSOCIATES		
Balance at the beginning of the year	**25,8**	26,9
Share of after-tax net losses of associates	**(3,3)**	(1,1)
Total investments in associates	**22,5**	25,8
Key financial information of associates*		
Assets	**24,1**	37,0
Liabilities	**7,4**	13,1
Revenues	**32,1**	23,0
Net after-tax losses	**(3,3)**	(1,1)

**The financial information provided represents the Group's share of results of the associates.*

At 30 June 2009, details of the Group's associates were as follows

Name	Country of incorporation	Nature of business	Percentage interest	Carrying value 2009 R'million	Carrying value 2008 R'million
Co-pharma Ltd	United Kingdom	Distributes commodity generics into the United Kingdom pharmaceutical market	49	**21,1**	25,4
Formule Naturelle (Pty) Ltd	South Africa	Procures and supplies complementary medicines, as well as traditional African medicines and oils to the South African market	20	**1,4**	0,4

The associate companies had no significant contingencies or commitments at year-end.

None of the Group's investments in associates are publicly traded.

There are no significant restrictions on the ability of the associates to transfer funds to Aspen in the form of cash dividends.

Put and call options exist for both Co-pharma Ltd and Formule Naturelle (Pty) Ltd, refer to page 168 for more details.

Non-current assets continued

	2009 R'million	Restated 2008 R'million
5. PREFERENCE SHARE INVESTMENT		
At the beginning of the year	—	376,8
Redemption of preference share investment	—	(376,8)
At the end of the year	—	—

The proceeds received from the issue of preference shares as part of the BBBEE transaction concluded during 2005 were invested in premium-rated preference shares.

Preference share dividends were receivable semi-annually on 30 November and 31 May and were determined on the basis of 64% of the prime overdraft rate. The preference shares were redeemable after 3 years and 1 day. All preference shares were redeemed on 1 June 2008 for total proceeds of R376,8 million. At 30 June 2008, none of the preference share dividends were outstanding.

	2009 R'million	Restated 2008 R'million
6. OTHER NON-CURRENT FINANCIAL RECEIVABLES		
Avid Brands SA (Pty) Ltd	6,6	5,9
Current portion included in trade and other receivables	(1,4)	(1,2)
	5,2	4,7

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

	2009 R'million	Restated 2008 R'million
Year ended 30 June 2009	—	1,2
Year ending 30 June 2010	1,4	1,4
Year ending 30 June 2011	2,9	1,6
Year ending 30 June 2012	2,3	1,7
	6,6	5,9

The outstanding loan on the disposal of the intellectual property bears interest at prime minus 1%. No interest is charged on the outstanding balance in respect of inventories.

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

The Group holds no collateral over the non-current financial receivables.

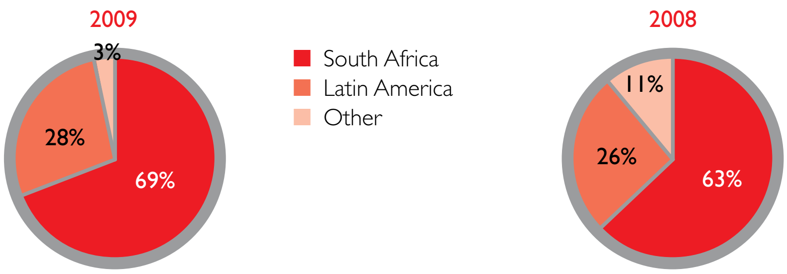
	2009 R'million	Restated 2008 R'million
7. DEFERRED TAX		
Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 28%.		
Deferred tax balance		
Deferred tax liabilities – opening balance	148,5	63,0
Deferred tax assets – opening balance	(1,0)	(12,8)
Net deferred tax liabilities – opening balance	147,5	50,2
Adjustment for change in tax rate	—	(1,4)
Restated opening balance	147,5	48,8
Income statement charge – prior year adjustment	4,7	—
Income statement charge	75,1	22,8
Charged to equity	(42,4)	13,1
Effects of exchange rate changes	(6,0)	1,9
Acquisition of subsidiaries	25,7	42,7
Disposal of 51% of Co-pharma Ltd	—	0,4
Acquisition of joint ventures	—	17,8
Disposal of joint venture	(19,4)	—
Balance at the end of the year	185,2	147,5
Balance split as follows		
Deferred tax liabilities	203,0	148,5
Deferred tax assets	(17,8)	(1,0)
Balance at the end of the year	185,2	147,5
The income statement charge comprises		
Property, plant and equipment	59,5	8,7
Intangible assets	1,0	20,6
Inventories	18,3	(10,3)
Trade and other receivables	(2,6)	(1,2)
Cross-currency swap	—	0,6
Deferred-payables	—	(0,5)
Retirement benefit obligations	(0,1)	(0,3)
Leave pay	(3,5)	(0,8)
Preference shares	2,8	0,4
Tax claims in respect of share schemes	(6,5)	2,2
Unused tax losses	(4,8)	2,1
Other payables	17,7	—
Other	(2,0)	1,3
Income statement charge	79,8	22,8

Non-current assets continued

	2009 R'million	Restated 2008 R'million
7. DEFERRED TAX continued		
Deferred tax balance comprises		
Property, plant and equipment	**148,4**	95,0
Intangible assets	**113,7**	113,2
Inventories	**5,1**	(13,4)
Trade and other receivables	**75,3**	46,7
Retirement benefit obligations	**(2,6)**	(2,3)
Leave pay	**(10,1)**	(6,7)
Royalties received in advance	**(21,7)**	(21,4)
Preference shares issued	**(4,3)**	(7,1)
Tax claims in respect of share schemes	**(73,2)**	(24,4)
Unused tax losses	**(39,8)**	(23,2)
Other payables	**(4,7)**	(9,8)
Other	**(0,9)**	0,9
Balance at the end of the year	**185,2**	147,5

No significant unrecognised tax losses or secondary tax on companies credits existed at year-end.

Tax jurisdiction – deferred tax



Current assets

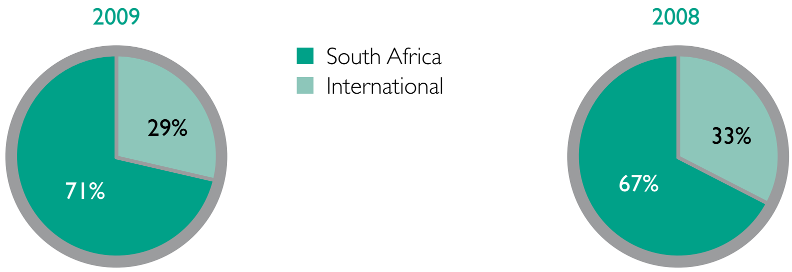
	Notes	2009 R'million	Restated 2008 R'million
Inventories	8	**1 434,6**	1 447,0
Trade and other receivables	9	**2 091,5**	1 875,8
Current tax assets		**9,4**	0,2
Derivative financial instruments	10	**—**	0,7
Cash and cash equivalents	11	**2 065,3**	1 522,2
		5 600,8	4 845,9

8. INVENTORIES

Carrying values	2009 R'million	Restated 2008 R'million
Raw materials	**450,0**	505,6
Work-in-progress	**180,9**	244,8
Finished goods	**785,1**	681,6
Consumables	**18,6**	15,0
	1 434,6	1 447,0
Inventories as a percentage of revenue	**17%**	31%
Inventories as a percentage of cost of sales	**31%**	58%
Write-off of inventories recognised as an expense	**94,7**	49,2

No inventories were carried at net realisable value at year-end (2008: R3,3 million).
No inventories were encumbered during the year.

Carrying values – inventories



	2009 R'million	Restated 2008 R'million
Impairment of inventories		
The write-down can be split as follows		
South Africa	**74,3**	49,1
International	**20,4**	0,1
	94,7	49,2

The impairment relates mainly to expired inventories in the pharmaceutical segment. Due to the finite shelf life of pharmaceutical products, they are more susceptible to impairment.

Reconciliation of provision for impairment		
Balance at beginning of the year	**93,0**	62,7
Raised during the year	**167,7**	61,1
Utilised during the year	**(129,8)**	(31,1)
Acquisition of subsidiary	**5,5**	—
Disposal of joint venture	**(0,1)**	—
Effects of exchange rate changes	**(1,9)**	0,3
Balance at the end of the year	**134,4**	93,0

	2009 R'million	Restated 2008 R'million
9. TRADE AND OTHER RECEIVABLES		
Financial instruments		
Trade receivables	**1 511,2**	996,6
Allowance account for losses	**(34,3)**	(25,7)
Net trade receivables	**1 476,9**	970,9
Current portion of other non-current financial receivables	**1,4**	1,2
Interest accrued	**13,3**	15,3
Formula Naturelle (Pty) Ltd receivable	**11,5**	10,5
Other	**273,1**	154,5
Total financial instruments	**1 776,2**	1 152,4
Non-financial instruments		
Indirect taxes	**37,7**	44,6
Prepayments	**235,4**	214,0
Formula Naturelle (Pty) Ltd deferred receivable (contingent consideration)	**17,1**	19,1
PharmaLatina deferred receivable (contingent consideration)	**—**	440,1
Other	**25,1**	5,6
Total non-financial instruments	**315,3**	723,4
Total trade and other receivables	**2 091,5**	1 875,8
Net trade receivables as a percentage of revenue	**17%**	21%

The only significant concentration of credit risk relates to an amount of R200,3 million (2008: R92,7 million) owing by the South African Government.

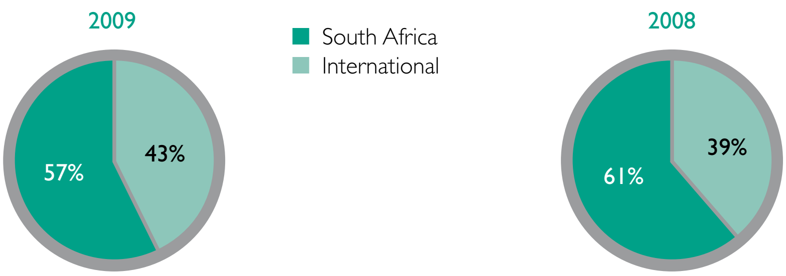
Age analysis of trade and other receivables (financial instruments only)

	2009		2008	
	Gross R'million	Allowance accounts for losses R'million	Gross R'million	Allowance accounts for losses R'million
Fully performing	**1 607,2**	**—**	963,9	(0,6)
Past due by 1 to 60 days	**105,4**	**—**	86,6	(0,2)
Past due by 61 to 90 days	**27,7**	**(1,3)**	37,9	(1,5)
Past due by 91 to 120 days	**20,2**	**(6,3)**	21,9	(0,1)
Past due by more than 120 days	**50,0**	**(26,7)**	67,8	(23,3)
	1 810,5	**(34,3)**	1 178,1	(25,7)

Certain fully performing and past due balances were covered by credit guarantee insurance to an amount of R446,2 million (2008: R321,5 million).

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

Net trade receivables



	2009 R'million	Restated 2008 R'million
9. TRADE AND OTHER RECEIVABLES continued		
Reconciliation of allowance account for losses		
Balance at the beginning of the year	(25,7)	(8,8)
Raised during the year	(17,7)	(5,8)
Utilised during the year	11,1	0,9
Acquisition of subsidiary	(7,1)	(4,7)
Acquisition of joint ventures	—	(7,4)
Disposal of 51% of Co-pharma Ltd	—	1,0
Effects of exchange rate changes	5,1	(0,9)
Balance at the end of the year	(34,3)	(25,7)

Collateral and security

The Group holds no collateral over any trade and other receivables.

Trade receivables given as security for liabilities

Trade receivables in Cellofarm Ltda were pledged as security to the extent of the liability for a working capital facility with various banks in Brazil to the value of R86,2 million. Refer to note 17 for more detail.

Trade receivables in Aspen Global, to the extent of the total value of receivables which amounted to R170,4 million, were pledged as security for a US Dollar term loan. Refer to note 17 for more detail.

In the prior year, trade and other receivables of the Astrix Laboratories Ltd joint venture to the value of R87,0 million were pledged as security for a working capital facility with various banks in India.

Securities were given under normal commercial terms and conditions.

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

	2009 R'million	Restated 2008 R'million
Australian Dollar	158,5	174,5
Pound Sterling	138,7	—
US Dollar	141,6	121,9
Brazilian Real	377,5	174,4
Venezuelan Bolivares Fuertes	25,4	7,5
South African Rand	846,5	563,5
Other currencies	88,0	110,6
	1 776,2	1 152,4

Current assets continued

	2009 R'million	Restated 2008 R'million
10. DERIVATIVE FINANCIAL INSTRUMENTS		
Assets		
Balance at the beginning of the year	0,7	—
Fair value (losses)/gains recognised in the income statement	(0,7)	0,7
Balance at the end of the year	—	0,7
This balance consists of derivatives where hedge accounting is not applied. The entire balance was attributable to forward exchange contracts in the prior year.		
11. CASH AND CASH EQUIVALENTS		
Bank balances	1 447,2	852,4
Short-term bank deposits	603,4	592,2
Cash-in-transit*	13,1	76,3
Cash-on-hand	1,6	1,3
	2 065,3	1 522,2

Comprises receipts from customers only banked after year-end.

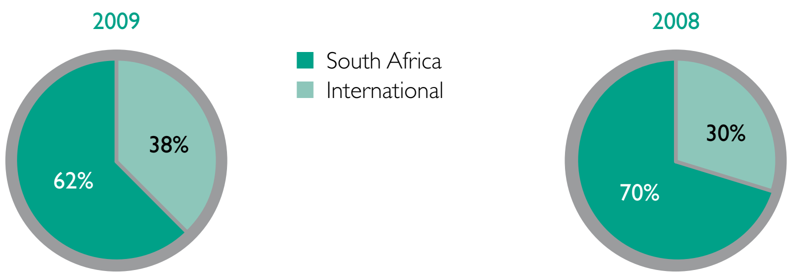
The maturity profile of all cash and cash equivalent balances is less than three months.

The average effective interest rate on short-term bank deposits was 7,7% (2008: 9,0%).

Cash and cash equivalents are placed with high quality financial institutions.

Currency analysis of cash and cash equivalents		
Australian Dollar	73,1	85,8
US Dollar	649,7	318,6
Brazilian Real	24,4	3,6
South African Rand	1 285,7	1 071,8
Other currencies	32,4	42,4
	2 065,3	1 522,2

Cash and cash equivalents



Shareholders' equity

	Notes	2009 R'million	Restated 2008 R'million
Share capital and share premium	12	**509,8**	493,8
Treasury shares	13	**—**	(571,6)
Non-distributable reserves		**(170,3)**	462,0
Share-based compensation reserve	14	**53,3**	62,5
Retained income		**3 627,9**	2 649,0
Preference shares – equity component	15	**162,0**	162,0
Minority interests	16	**80,3**	61,1
		4 263,0	3 318,8

12. SHARE CAPITAL AND SHARE PREMIUM

	2009 R'million	Restated 2008 R'million
Authorised		
700 000 000 (2008: 700 000 000) ordinary shares of 13,90607 cents each	**97,3**	97,3
Issued		
361 346 918 (2008: 391 342 799) ordinary shares of 13,90607 cents each	**50,2**	54,4
Share premium	**459,6**	439,4
	509,8	493,8

	Million	Million
Number of shares in issue at the beginning of the year	**391,3**	389,6
Shares issued – Share schemes	**2,0**	1,6
Shares issued – Workers' Share Plan*	**—**	0,1
Capitalisation issue	**6,9**	—
Treasury shares cancelled	**(38,9)**	—
Number of shares in issue at the end of the year	**361,3**	391,3

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

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

**In the current year 27 260 shares were issued (2008: 141 345 shares).*

	2009 R'million	Restated 2008 R'million
13. TREASURY SHARES		
At the beginning of the year	**(571,6)**	(598,9)
Treasury shares cancelled	**571,6**	—
Capital distribution	**—**	27,3
At the end of the year	**—**	(571,6)
	Million	Million
Number of treasury shares at the beginning of the year	**38,9**	38,9
Treasury shares cancelled	**(38,9)**	—
Capitalisation issue	**0,7**	—
Number of treasury shares at the end of the year*	**0,7**	38,9

**The treasury shares held by the Group at 30 June 2009 consist of shares acquired for no consideration in a capitalisation issue.*

14. SHARE-BASED COMPENSATION RESERVE

The movements in the share-based compensation reserve are presented in the statement of changes in equity on page 102.

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

Aspen Share Incentive Scheme

Share options are granted to management and key employees in terms of this scheme. The scheme was adopted by shareholders in January 1999. An amendment to the trust deed was approved by shareholders on 18 January 2000, in terms of which share options offered and taken up are released in five equal annual tranches, commencing on the second anniversary of an offer date and expire after eight years. In terms of the Aspen Share Incentive Scheme, the aggregate number of shares awarded in terms of this scheme and the Medhold Share Incentive Scheme (which has now ceased operations) is limited to 15% of the Company's issued share capital. Cumulative shares awarded at year-end represent 7% of the Company's issued share capital. The scheme is equity settled. Refer to note 14.1 for detail of shares issued in terms of this Scheme.

Aspen Share Appreciation Plan

Share appreciation rights are granted to management and key employees in terms of this scheme. The Aspen Share Appreciation Plan was adopted in October 2005. The maximum period of rights awarded in terms of this plan is five years and vesting takes place three years from the allocation date. For employees who have finalised their first cycle of awards in terms of the Aspen Share Incentive Scheme, vesting of the first award made in terms of this scheme will take place as follows: 20% after two years and the remainder after three years. In terms of the Aspen Share Appreciation Plan, shares acquired by all participants in terms of this plan and the Aspen Share Incentive Scheme may not exceed 56,8 million shares. To date 25,3 million shares have been awarded in terms of these schemes. The scheme is equity settled. Refer to note 14.2 for detail of shares issued in terms of this Plan.

Should the holder of rights or options resign from the Group prior to the vesting date as indicated above, the shares for options/rights will not be issued and the options/rights will be forfeited.

Should the holder of rights and/or options be retrenched or retire, all shares for options/rights vest in the name of the holder.

Should the holder of rights and/or options become deceased, all the shares for options/rights vest in the estate of the deceased.

Aspen South African Workers' Share Plan

The Aspen South African Workers' Share Plan was adopted in October 2005. In terms of the plan all permanent employees not covered by one of the other share schemes, who had a minimum of one year's continuous service with the Company, qualify for Aspen shares to a value of R9 000, awarded over a three-year period. The last tranche in terms of this plan was issued in July 2009. This scheme is equity settled. Refer to note 12 for details of shares issued in terms of this Plan.

14.1 Aspen Share Incentive Scheme

Grant price (R)	Expiry date	Options out-standing on 30 June 2008 '000	Vested '000	Non-vested '000	Exercised during the year '000	Lapsed/ cancelled during the year '000	**Options out-standing on 30 June 2009 '000**	Vested '000	Non-vested '000
R4,47	Apr 2009	40	40	—	40	—	**—**	—	—
*R5,00	Apr 2009	100	100	—	—	—	**100**	100	—
R5,05	Jan 2009	40	40	—	40	—	**—**	—	—
R6,50	Jan 2011	372	218	154	164	9	**199**	199	—
R6,59	Mar 2011	5	—	5	5	—	**—**	—	—
R7,57	Feb 2011	3	—	3	3	—	**—**	—	—
R7,77	Jul 2011	155	20	135	78	—	**77**	10	67
R8,28	Aug 2011	6	—	6	3	—	**3**	—	3
R9,01	Oct 2011	8	—	8	4	—	**4**	—	4
R9,20	Aug 2011	1 200	400	800	—	—	**1 200**	800	400
R9,46	Sep 2011	11	4	7	6	—	**5**	2	3
R9,85	Nov 2011	66	30	36	8	—	**58**	41	17
R11,11	Feb 2012	15	6	9	9	3	**3**	—	3
R11,20	Jan 2012	435	181	254	146	15	**274**	158	116
R11,42	Feb 2012	8	2	6	5	—	**3**	—	3
R11,46	Feb 2012	8	4	4	—	—	**8**	6	2
R12,00	Dec 2012	5	1	4	2	—	**3**	2	1
R12,07	Mar 2012	26	7	19	11	12	**3**	—	3
R12,23	May 2012	12	—	12	6	—	**6**	—	6
R12,30	Jun 2012	200	80	120	—	—	**200**	120	80
R12,40	Mar 2012	12	—	12	6	—	**6**	—	6
R12,46	Apr 2012	43	16	27	40	—	**3**	1	2
R12,67	Jul 2012	1 554	408	1 146	496	28	**1 030**	297	733
R14,86	Sep 2012	26	3	23	3	5	**18**	6	12
R14,96	Oct 2012	18	—	18	5	—	**13**	2	11
R15,75	Nov 2012	6	2	4	3	—	**3**	—	3
R16,93	Sep 2012	5	—	5	2	—	**3**	—	3
R18,23	Oct 2012	105	40	65	2	—	**103**	60	43
R20,73	Sep 2012	6	1	5	—	—	**6**	3	3
R21,49	Mar 2012	30	12	18	6	5	**19**	5	14
R22,13	May 2012	30	12	18	—	—	**30**	18	12
R23,92	Jul 2013	568	70	498	151	36	**381**	76	305
R23,93	Jun 2013	6	1	5	—	—	**6**	3	3
R24,57	Jun 2013	96	12	84	12	36	**48**	24	24
R32,89	Sep 2014	643	—	643	138	111	**394**	61	333
R35,09	Sep 2015	275	—	275	—	66	**209**	—	209
		6 138	1 710	4 428	1 394**	326	**4 418**	1 994	2 424

**At the time of expiry, Aspen was under cautionary announcement and these share options could not be exercised. The exercise of these share options took place subsequent to year-end during the open period, as provided for in the Aspen Share Incentive Scheme Trust Deed.*

***Options exercised during the year resulted in 1,4 million shares (2008: 1,6 million shares) being issued, yielding proceeds of R20,4 million (2008: R15,3 million). The weighted average share price at which shares were exercised during the year was R43,31 (2008: R34,40).*

The following reflects the number of shares that will be issued on the assumption that all share options are exercised on the earliest possible date

	Number of shares '000	Consideration R'million
2010	3 728	50,6
2011	466	9,3
2012	91	3,1
2013	91	3,1
2014	42	1,5
	4 418	67,5

Shareholders' equity continued

14.2 Aspen Share Appreciation Plan

Grant price (R)	Expiry date	Rights outstanding on 30 June 2008 '000	Vested '000	Non-vested '000	Granted during the year '000	Exercised during the year '000	Lapsed/cancelled during the year '000	**Rights outstanding on 30 June 2009 '000**
R23,92	Jul 2010	2 633	334	2 299	—	1 328	19	**1 286**
R28,54	Aug 2010	13	—	13	—	13	—	—
R30,04	Sep 2010	39	—	39	—	35	—	**4**
R30,53	Oct 2010	26	—	26	—	—	—	**26**
R31,12	Sep 2010	20	—	20	—	—	20	—
R31,52	Oct 2012	8	—	8	—	—	—	**8**
R31,83	Dec 2010	33	—	33	—	33	—	—
R31,89	Jan 2012	12	—	12	—	—	12	—
R31,94	Nov 2012	42	—	42	—	—	—	**42**
R31,96	Nov 2010	45	—	45	—	37	—	**8**
R32,16	Jan 2012	16	—	16	—	—	—	**16**
R32,39	Jan 2012	13	—	13	—	5	—	**8**
R32,59	Dec 2010	8	—	8	—	—	—	**8**
R32,82	Sep 2011	2 595	—	2 595	—	42	122	**2 431**
R33,24	Dec 2010	4	—	4	—	—	—	**4**
R33,41	Jan 2011	26	—	26	—	10	—	**16**
R33,60	Feb 2012	58	—	58	—	—	—	**58**
R33,64	Sep 2011	8	—	8	—	—	—	**8**
R34,55	Oct 2012	32	—	32	—	—	4	**28**
R34,75	Feb 2012	11	—	11	—	—	—	**11**
R35,53	Sep 2011	2 863	—	2 863	—	55	118	**2 690**
R35,61	Mar 2012	11	—	11	—	—	3	**8**
R36,03	Jan 2014	—	—	—	69	—	—	**69**
R36,67	Jun 2011	7	—	7	—	—	—	**7**
R37,16	Jun 2012	7	—	7	—	—	—	**7**
R37,47	Jul 2012	105	—	105	—	—	—	**105**
R37,97	Apr 2012	11	—	11	—	—	4	**7**
R38,15	May 2012	14	—	14	—	—	—	**14**
R38,60	Apr 2012	4	—	4	—	—	—	**4**
R41,03	Oct 2013	—	—	—	1 660	—	—	**1 660**
R42,63	Mar 2011	6	—	6	—	—	3	**3**
R43,37	Apr 2011	6	—	6	—	3	—	**3**
R43,41	May 2011	3	—	3	—	—	—	**3**
		8 679	334	8 345	1 729	1 561*	305	**8 542**

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

**During the year 1 560 564 rights were exercised which resulted in 600 000 shares (2008: 29 821 shares) being issued.*

The weighted average share price at which rights were exercised during the year was R44,36 (2008: R34,37).

The vesting profile of the share appreciation rights is as follows

	Number of rights '000
2010	4 010
2011	2 802
2012	1 730
	8 542

In terms of the Aspen Share Appreciation Plan, participants are settled the growth on appreciation rights in Aspen shares at date of exercise. The number of shares required to be issued can thus only be determined at date of exercise.

Vested '000	Non-vested '000	Fair value at measurement date (R)	Share price at measurement date (R)	Volatility (%)	Dividend yield (%)	Risk-free rate (%)
1 286	—	10,96	30,54	25,43	2,54	7,55
—	—	9,38	31,00	24,91	2,54	7,55
4	—	8,36	30,54	24,87	2,54	7,55
26	—	8,86	31,70	24,62	2,54	7,55
—	—	7,85	30,54	24,72	2,54	7,55
—	8	9,38	31,80	27,54	2,30	8,46
—	—	8,24	31,70	24,62	2,54	7,55
—	—	12,14	34,02	28,02	1,95	8,94
—	42	9,82	33,00	27,45	2,30	8,09
8	—	8,43	32,08	24,66	2,54	7,55
—	16	10,42	31,75	28,01	1,95	8,94
—	8	10,58	32,10	28,00	1,95	8,94
8	—	12,46	37,99	24,70	2,34	7,30
—	2 431	9,64	33,19	27,44	2,30	8,72
4	—	12,11	37,99	24,70	2,34	7,30
16	—	12,88	39,17	24,79	2,34	7,30
—	58	12,73	35,90	28,09	1,95	8,94
—	8	11,36	34,60	27,43	2,39	9,42
—	28	10,05	34,94	27,43	2,30	8,63
—	11	10,59	33,57	28,06	1,95	8,94
—	2 690	11,46	35,99	27,44	2,39	9,42
—	8	11,40	35,25	28,23	1,95	8,94
—	69	14,55	39,02	33,84	2,30	7,37
7	—	8,58	34,28	26,53	2,34	7,30
—	7	12,48	37,76	27,46	1,95	8,94
—	105	11,31	37,00	27,64	2,39	9,42
—	7	12,71	38,45	27,84	1,95	8,94
—	14	13,39	39,61	27,73	1,95	8,94
—	4	12,14	38,06	27,85	1,95	8,94
—	1 660	13,78	41,40	31,69	2,32	7,32
3	—	10,24	42,19	25,88	2,34	7,30
3	—	8,58	43,72	25,27	2,34	7,30
3	—	11,43	38,10	25,50	2.34	7,30
1 368	7 174					

	2009 R'million	Restated 2008 R'million
15. PREFERENCE SHARE CAPITAL		
Authorised		
17 600 000 (2008: 17 600 000) cumulative, variable rate A preference shares of 13,90607 cents each	**2,4**	2,4
20 000 000 (2008: 20 000 000) non-redeemable, non-participating variable rate B preference shares of 13,90607 cents each	**2,8**	2,8
Issued		
17 600 000 (2008: 17 600 000) cumulative, variable rate A preference shares of 13,90607 cents each, issued at R21,41 during June 2005	**2,4**	2,4
Share premium	**374,4**	374,4
	376,8	376,8

Rights attached to the A preference shares

Dividend rights
Preference share dividends are calculated at prime overdraft rate of interest as charged by First National Bank, a division of FirstRand Bank Ltd from time-to-time multiplied by one minus the corporate tax rate for the relevant dividend period. Dividends are payable on 10 June of each year.

The preference share dividend rate was 7,9% at year-end (2008: 10,8%).

Voting rights
Each Aspen preference share has one vote and accordingly ranks pari passu in regard to votes with the issued Aspen ordinary shares.

Redemption/conversion rights
Preference shareholders have the right to require the redemption or conversion of the Aspen preference shares into Aspen ordinary shares on a one-for-one basis on the seventh anniversary after the issue of the Aspen preference shares, being June 2012. Redemption will take place at R21,41.

The conditions or rights of the preference shares are available for inspection at the Company's registered office.

Accounting
Refer to the accounting policy on page 116. For accounting purposes the preference shares have been split into an equity and a liability component:

	2009 R'million	Restated 2008 R'million
Preference shares – equity component	**162,0**	162,0
Deferred tax effect	**(8,7)**	(8,7)
Net equity component	**153,3**	153,3
Preference shares – liability component	**392,2**	402,1
Amount expensed in 2005	**(183,2)**	(183,2)
Cumulative notional interest on liability component	**14,5**	4,6
Opening balance	**4,6**	3,2
For the year	**9,9**	1,4
	376,8	376,8

The fair value of the liability component of the preference shares is R392,5 million (2008: R402,8 million). The liability component is exposed to fair value interest rate risk.

The effective interest rate of the liability component was 11,0% (2008: 15,5%).

	2009 R'million	Restated 2008 R'million
16. MINORITY INTERESTS		
At the beginning of the year	**61,1**	7,0
Acquisition of subsidiary	**4,8**	52,5
Profit for the year	**13,2**	1,6
Contribution by minority	**1,2**	—
	80,3	61,1

Non-current liabilities

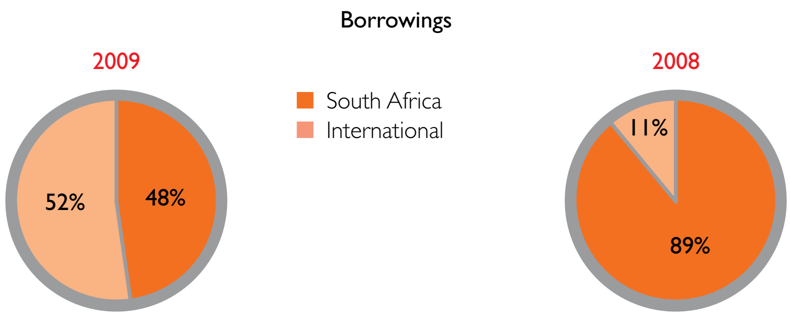
	Notes	2009 R'million	Restated 2008 R'million
Preference shares – liability component	15	**392,2**	402,1
Borrowings	17	**3 433,8**	75,9
Deferred-payables	18	**—**	0,8
Deferred revenue	19	**—**	1,7
Deferred tax liabilities	7	**203,0**	148,5
Retirement benefit obligations	20	**9,4**	9,4
		4 038,4	638,4

17. BORROWINGS

	2009 R'million	Restated 2008 R'million
Non-current borrowings		
Secured loans	**2 800,6**	61,7
Finance lease and instalment credit liabilities	**8,2**	14,2
Unsecured loans	**625,0**	—
	3 433,8	75,9
Current borrowings		
Secured loan	**303,3**	112,3
Finance lease and instalment credit liabilities	**18,5**	13,7
Bank overdrafts	**742,4**	577,3
Unsecured loans	**1 606,1**	2 400,2
	2 670,3	3 103,5
Total borrowings	**6 104,1**	3 179,4

Definitions

JIBAR – Johannesburg Inter-bank Acceptance Rate
LIBOR – London Inter-bank Offer Rate
T-Bill – Treasury Bill Rate



Non-current liabilities continued

17. BORROWINGS continued

	June 2009	Total R'million	Maturity profile Within 1 year R'million	1 – 5 years R'million	Floating/ fixed rate	Interest rate %	Average effective interest rate %	
	Secured loans	3 103,9	303,3	2 800,6				
	Gross US Dollar term loan	2 996,7	218,2	2 778,5	Floating	Linked to 3-month LIBOR + margins ranging between 2,7% and 2,8%	3,8	#
	Capital raising fee	(39,8)	(9,3)	(30,5)	—	—	—	
(a)	Net US Dollar term loan	2 956,9	208,9	2 748,0				
(b)	US Dollar	86,2	86,2	—	Floating	Linked to 6-month LIBOR + margins ranging between 1,3% and 6,0%	4,8	
(c)	Brazilian Real	60,8	8,2	52,6	Fixed	6,0	6,0	
	Finance lease and instalment credit liabilities	26,7	18,5	8,2				
(d)	US Dollar	3,8	2,4	1,4	Fixed	12,0	12,0	
(d)	Brazilian Real	18,5	13,9	4,6	Fixed	16,5	16,5	
(e)	South African Rand	4,4	2,2	2,2	Floating	Linked to prime overdraft rate	6,0	
	Bank overdrafts	742,4	742,4	—				
	US Dollar	10,4	10,4	—	Floating	Linked to 3-month LIBOR +3,0%	5,5	
	Kenyan Shilling	2,8	2,8	—	Fixed	12,0	12,0	
	Tanzanian Shilling	10,5	10,5	—	Floating	Linked to 3-month T-Bill +2,25%	13,0	
(f)	South African Rand	718,7	718,7	—	Floating	Prime overdraft rate less 1,0%	14,2	
	Unsecured loans	2 231,1	1 606,1	625,0				
	US Dollar	42,7	42,7	—	Floating	Linked to 3-month LIBOR +3,0%	4,1	
	Kenyan Shilling	8,1	8,1	—	Floating	Linked to 3-month LIBOR +3,0%	4,0	
(f)	South African Rand	1 305,3	1 205,3	100,0	Floating	Overnight call	12,5	
(f)	South African Rand	250,0	250,0	—	Fixed	11,4	11,4	
(f)	South African Rand	525,0	—	525,0	Floating	Linked to 3-month JIBAR + margins ranging between 2,4% and 3,0%	13,0	#
(f)	South African Rand	100,0	100,0	—	Fixed	10,5	10,5	

#*The loans were hedged by using interest rate swap arrangements. Refer to page 173 for more detail on these swaps.*

17. BORROWINGS continued

June 2008	Total R'million	Within 1 year R'million	1 – 5 years R'million	Floating/ fixed rate	Interest rate %	Average effective interest rate %	
		Maturity profile					
Secured loans	174,0	112,3	61,7				
Pound Sterling	27,1	27,1	—	Floating	Linked to 6-month LIBOR +2,75%	8,6	#
Brazilian Real	76,8	15,1	61,7	Fixed	6,0	6,0	
Tanzanian Shilling	12,8	12,8	—	Fixed	16,0	16,0	
Tanzanian Shilling	7,5	7,5	—	Floating	Linked to 3-month T-Bill +2,5%	7,8	
Indian Rupee	49,8	49,8	—	Fixed	6,0	6,0	
Finance lease and instalment credit liabilities	27,9	13,7	14,2				
Brazilian Real	24,0	11,5	12,5	Fixed	16,0	16,0	
South African Rand	3,9	2,2	1,7	Floating	Linked to prime overdraft rate	5,4	
Bank overdrafts	577,3	577,3	—				
Tanzanian Shilling	3,8	3,8	—	Fixed	16,0	16,0	
Tanzanian Shilling	3,9	3,9	—	Floating	Linked to 3-month LIBOR +2,0%	7,8	
Tanzanian Shilling	8,4	8,4	—	Floating	Linked to 3-month T-Bill +2,0%	7,0	
Indian Rupee	11,4	11,4	—	Fixed	4,0	4,0	
South African Rand	549,8	549,8	—	Floating	Prime overdraft rate less 1,0%	14,5	
Unsecured loans	2 400,2	2 400,2	—				
Brazilian Real	83,5	83,5	—	Fixed	12,0	12,0	
Mexican Peso	3,9	3,9	—	Floating	Linked to 3-month LIBOR +1,65%	7,4	
Kenyan Shilling	47,2	47,2	—	Floating	Linked to 3-month LIBOR +3,0%	8,8	
South African Rand	2 265,6	2 265,6	—	Floating	Overnight call	11,6	

#*The loans were hedged by using interest rate swap arrangements. Refer to page 173 for more detail on these swaps.*

Profile and repayment term of US Dollar term loan

(a) The loan comprises:

1) An A loan which is a five-year amortising loan of USD255,0 million in respect of which quarterly equal repayments of capital and interest are to be made, with the first payment being on 10 January 2010.

Quarterly interest payments on the outstanding balance have been made from 10 January 2009. The loan bears interest at a rate of 3-month LIBOR +2,7%.

A swap agreement was entered into on 6 October 2008, in terms of which all future payments of interest have been fixed at an interest rate of 6,1% per annum.

Capital repayments to be made as follows:

	USD'million
Year ending 30 June 2010	28,6
Year ending 30 June 2011	59,8
Year ending 30 June 2012	63,6
Year ending 30 June 2013	67,6
Year ending 30 June 2014	35,4
	255,0

17. BORROWINGS continued

2) A B loan of USD130,0 million which is repayable at the end of the five-year period, however cash sweeps of excess cash flows from October 2010 may be called for at the election of the consortium of banks.

Quarterly interest payments on the outstanding balance have been made from 10 January 2009. The loan bears interest at a rate of 3-month LIBOR + 2,8%.

Quarterly interest payments in respect of this loan have been hedged to 10 April 2012 by means of entering into a swap agreement on 6 October 2008, at a fixed rate of 6,1% per annum.

The hedge entered into is based on the expectation that the consortium will exercise their right to sweep excess cash based on cash flows generated to this date by Aspen Global.

The quarterly interest payments subsequent to 10 April 2012 have not been hedged and will bear interest at a rate of 3-month LIBOR plus a margin of 2,8%.

Refer to page 173 for more detail on interest rate swaps.

Security given

The following security has been given to the security trustee on behalf of a consortium of banks, comprising The Standard Bank of South Africa Ltd, Absa Bank Ltd and Nedbank Ltd

1) Guarantee by Aspen Pharmacare Holdings Ltd, Pharmacare Ltd, Aspen Nutritionals (Pty) Ltd and Aspen Australia and any other subsidiary which becomes wholly owned and contributes more than 5% of Group earnings before interest, tax, depreciation and amortisation or net asset value.
2) Pledge of shares by Aspen Pharmacare Holdings Ltd of all its current and future shareholding in Aspen Global.
3) Pledge of shares by Aspen Global of its shareholding in Aspen Australia.
4) Floating and fixed charge of all movable and immovable property by Aspen Global to a value not exceeding USD462 million, including:
   - stock-in-trade;
   - all current and future receivables;
   - specified trademarks; and
   - any other assets.
5) A charge over receivables of Aspen Australia as security of the guarantee given above.
6) Grant of cession of rights and title to the GSK acquisition agreement.

(b) Secured over receivables in Brazil to the extent of the liability.

(c) Secured over the Campos facility in Brazil, to the extent of the liability.

(d) Secured by property, plant and equipment with a net book value of R38,8 million in Brazil.

(e) Secured by property, plant and equipment with a net book value of R4,4 million in South Africa.

(f) Cross guarantees between Aspen Pharmacare Holdings Ltd and its subsidiaries exist in respect of the Group's local unsecured borrowings and bank overdrafts.

Default and breaches

There were no defaults or breaches of the contractual terms of the non-current borrowings during the year. Refer to note 36 for more detail.

Finance leases	**2009 R'million**	2008 R'million
Finance lease liabilities: minimum lease payments		
Not later that 1 year	**22,0**	13,9
Later than 1 year but not later than 5 years	**8,5**	14,3
	30,5	28,2
Future finance charges on finance leases	**(3,8)**	(0,3)
Present value of finance lease liabilities	**26,7**	27,9
The present value of finance lease liabilities is as follows		
Not later that 1 year	**18,5**	13,7
Later than 1 year but not later than 5 years	**8,2**	14,2
	26,7	27,9

The Group had the following undrawn borrowing facilities at year-end
– Local facilities of R1,1 billion
– An offshore facility of R44,9 million (Tanzanian Shilling denominated)
– A foreign exchange facility of R391,0 million (US Dollar denominated)
All facilities negotiated are reviewed annually.

	2009 R'million	Restated 2008 R'million
18. DEFERRED-PAYABLES		
Non-current deferred-payables		
Deferred earn-out consideration	—	0,8
Current deferred-payables		
Current portion of deferred earn-out consideration	**0,7**	11,0

Terms of repayment

The amount initially recognised in respect of the deferred earn-out liability is determined by discounting future payments to their present values using an appropriate discount rate on initial recognition. The liabilities are subsequently carried at amortised cost, with interest being calculated at a fixed rate. The deferred earn-out liability in respect of the Eli Lilly SA (Pty) Ltd agreement is unsecured. The payment in respect of this deferred earn-out will be made at the end of January 2010.

Fair value of deferred-payable

The fair value of the deferred earn-out consideration amounts to R0,7 million (2008: R11,8 million). The fair value is estimated by discounting expected future cash flows using an appropriate market-related discount rate.

	2009 R'million	Restated 2008 R'million
19. DEFERRED REVENUE		
At the beginning of the year	**2,5**	7,4
Recognised in the income statement	**(2,8)**	(5,3)
Effects of exchange rate changes	**0,3**	0,4
Total deferred revenue at the end of the year	—	2,5
Analysis of total deferred revenue		
Non-current	—	1,7
Current	—	0,8
	—	2,5

During the year the Group divested of its share in its USA business, therefore releasing the total deferred revenue amount to the income statement.

In the prior year-deferred revenue consisted of licence fees and other amounts received in advance and was recognised as income over the period of the agreement.

20. RETIREMENT BENEFIT OBLIGATIONS

It is the policy of the Group to provide for retirement benefit liabilities by payments to separate funds which are statutorily independent from the Group. These funds cover eligible employees, other than those who opt to be or are required by legislation to be members of various industry funds.

The South African employees not covered by way of legislated funds are covered by way of defined contribution provident funds governed by the Pension Funds Act, 1956, with varying contributions. Benefits are determined in proportion to each member's equitable share of the total assets of the funds on termination of membership.

In line with the Group's policy of accounting for post-retirement medical obligations, an independent actuarial valuation was performed in June 2009 and provision made in the balance sheet. Principal assumptions used incorporate the following:
– A discount rate of 8,3% per annum (2008: 10,0% per annum).
– A medical inflation rate of 5,8% per annum (2008: 7,5% per annum).
– An expected return on plan assets of 9,8% (2008: 11,7%), versus the actual return achieved of 11,5% (2008: 10,8%).
– Salary rate assumptions were not required for 2009 or 2008, as there were no salary-related contributions during either 2009 or 2008.

This valuation has been performed using the projected unit credit funding method to determine the past service liabilities at valuation date.

	2009 R'million	Restated 2008 R'million
Amounts recognised in the balance sheet		
Post-retirement medical obligation	**9,4**	9,4
Deferred tax effect	**(2,6)**	(2,3)
	6,8	7,1
Post-retirement medical obligation comprises		
Present value of obligations	**19,0**	18,6
Fair value of plan assets	**(9,6)**	(9,2)
Retirement benefit obligations	**9,4**	9,4
The movement in the liability recognised on the balance sheet is as follows		
At the beginning of the year	**18,6**	15,9
Interest cost	**1,8**	1,3
Current service cost	**0,6**	0,7
Contributions paid to the scheme on behalf of pensioners	**—**	(0,1)
Actuarial gains	**(1,7)**	(0,4)
Other	**(0,3)**	1,2
	19,0	18,6

	2009 R'million	Restated 2008 R'million
20. RETIREMENT BENEFIT OBLIGATIONS continued		
The movement in the fair value of plan assets recognised on the balance sheet is as follows		
At the beginning of the year	9,2	8,7
Actuarial losses	(0,5)	(0,3)
Expected returns on plan assets	0,9	0,8
	9,6	9,2
The amounts recognised in the income statement		
Current service cost	0,6	0,7
Interest cost	1,8	1,3
Expected returns on plan assets	(0,9)	(0,8)
Actuarial gains	(1,2)	(0,1)
Total included in staff costs	0,3	1,1
The charge was classified as follows on the income statement		
Selling and distribution expenses	0,1	0,6
Administrative expenses	0,2	0,5
	0,3	1,1

The actual return on plan assets was R0,9 million (2008: R1,0 million).

	2009 R'million	Restated 2008 R'million
20. RETIREMENT BENEFIT OBLIGATIONS continued		
Mortality rate		
Assumptions regarding future mortality experience are set out based on advice, published statistics and experience in each territory.		
The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows		
Male	**17,1**	17,1
Female	**19,7**	19,7

The mortality assumptions remained unchanged from 2008.

	Increase R'million	Decrease R'million
The effect of a 1% movement in the assumed medical inflation rate was as follows		
Effect on the aggregate of the current service cost and interest cost	0,4	(0,3)
Effect on the post-retirement medical obligation	3,1	(2,5)

Aspen's plan assets are invested in a group insurance annuity policy. All funds in this policy are invested in the South African money market. The fair value equals the book value.

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current insurance policy.

No contributions were paid to the plan for the year ended 30 June 2009.

As at 30 June	2009 R'million	2008 R'million	2007 R'million	2006 R'million
Present value of post-retirement medical obligation	**19,0**	18,6	15,9	15,8
Fair value of plan assets	**(9,6)**	(9,2)	(8,7)	(8,5)
Deficit	**9,4**	9,4	7,2	7,3
Experience adjustments on plan liabilities	**(0,8)**	—	—	(1,3)
Experience adjustments on plan assets	**0,2**	0,5	0,5	2,9

Current liabilities

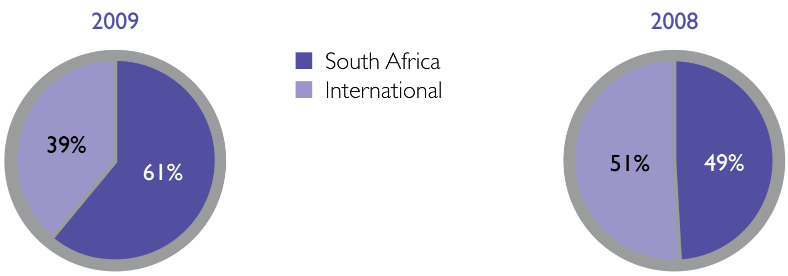
	Notes	2009 R'million	Restated 2008 R'million
Trade and other payables	21	**1 300,2**	1 033,8
Financial liability at amortised cost	22	**—**	2 653,0
Borrowings	17	**2 670,3**	3 103,5
Deferred-payables	18	**0,7**	11,0
Deferred revenue	19	**—**	0,8
Current tax liabilities		**70,8**	111,3
Derivative financial instruments	23	**178,4**	1,2
		4 220,4	6 914,6

21. TRADE AND OTHER PAYABLES

	2009 R'million	Restated 2008 R'million
Financial instruments		
Trade payables	**697,9**	537,5
Accrued expenses	**231,0**	150,7
Other	**155,3**	185,7
Total financial instruments	**1 084,2**	873,9
Non-financial instruments		
Indirect taxes	**52,7**	40,8
Leave pay	**38,4**	24,8
Bonuses	**44,8**	29,3
Other	**80,1**	65,0
Total non-financial instruments	**216,0**	159,9
Total trade and other payables	**1 300,2**	1 033,8
Currency analysis of trade and other payables (financial instruments only)		
Australian Dollar	**49,5**	111,8
Euro	**43,1**	20,7
US Dollar	**373,8**	240,1
Brazilian Real	**101,9**	62,0
Tanzanian Shilling	**21,6**	—
South African Rand	**443,1**	319,7
Indian Rupee	**11,7**	22,0
Other currencies	**39,5**	97,6
	1 084,2	873,9

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

Trade payables



Current liabilities continued

	2009 R'million	Restated 2008 R'million
22. FINANCIAL LIABILITY AT AMORTISED COST		
Liability for products acquired	—	2 653,0
This amount related to products acquired from GSK on 30 June 2008. The amount was carried at amortised cost at 30 June 2008, which approximated the fair value at that date.		
The indebtedness to GSK was discharged on 7 July 2008 by raising a bridging loan from Standard Finance (Isle of Man) Ltd for the total amount as above.		
The bridging loan was subsequently replaced with a five-year US Dollar term loan from a consortium of banks to a value of USD385 million. Refer to note 17 for more detail on this loan.		
23. DERIVATIVE FINANCIAL INSTRUMENTS		
Liabilities		
At the beginning of the year	1,2	2,2
Acquisition of subsidiary	4,5	—
Disposal of joint venture	(0,3)	—
Movement on forward exchange contracts recognised in the income statement	52,3	(1,4)
Fair value gains	(5,8)	(5,3)
Fair value losses	58,1	3,9
Fair value losses on interest rate swaps recognised in equity	120,0	—
Effects of exchange rate changes	0,7	0,4
At the end of the year	178,4	1,2
The amount above can be analysed as follows		
Forward exchange contracts	58,4	1,2
Interest rate swaps	120,0	—
	178,4	1,2

Both the forward exchange contracts and interest rate swaps are classified as 'Level 2' liabilities in the fair value measurement hierarchy.

Statement of comprehensive income

	Continuing operations		Discontinued operations		Total	
	2009 R'million	2008 R'million	2009 R'million	2008 R'million	2009 R'million	2008 R'million
24. REVENUE						
Sale of goods						
South Africa	4 218,5	3 254,1	—	—	4 218,5	3 254,1
Exports from South Africa	592,4	449,2	—	—	592,4	449,2
International	3 539,4	896,7	286,1	198,8	3 825,5	1 095,5
Other revenue						
South African royalties	2,9	1,3	—	—	2,9	1,3
Co-marketing fees – South Africa	55,6	53,9	—	—	55,6	53,9
– International	41,5	27,3	—	—	41,5	27,3
Per income statement	8 450,3	4 682,5	286,1	198,8	8 736,4	4 881,3
25. OPERATING PROFIT						
Operating profit has been arrived at after crediting						
Profit on disposal of intangible assets	—	41,0	—	—	—	41,0
Reversal of impairment losses on intangible assets (included in other operating income)	0,1	—	—	—	0,1	—
Operating lease rentals received (operating leases where the company is the lessor)	—	—	0,9	0,9	0,9	0,9
– Land and buildings	—	—	0,6	0,6	0,6	0,6
– Plant and equipment	—	—	0,3	0,3	0,3	0,3
After charging						
Loss on disposal of property, plant and equipment	4,1	0,7	0,3	—	4,4	0,7
Loss on disposal of intangible assets	0,9	—	—	—	0,9	—
Auditors' remuneration	13,6	6,8	0,1	0,2	13,7	7,0
– Audit fees	11,3	6,7	0,1	0,2	11,4	6,9
Current year	9,9	6,6	0,1	0,2	10,0	6,8
Prior year under-provision	1,4	0,1	—	—	1,4	0,1
– Other services – tax consulting	0,3	0,1	—	—	0,3	0,1
– Other services – accounting consulting	1,7	—	—	—	1,7	—
– Other services	0,3	—	—	—	0,3	—
Impairment charges	167,0	87,1	0,9	0,2	167,9	87,3
Impairment of intangible assets (included in other operating expenses)	24,8	8,2	—	—	24,8	8,2
Impairment charge – inventories (included in cost of sales)	131,7	72,6	0,9	0,2	132,6	72,8
Trade receivables – impairment charge for bad and doubtful debts (included in administrative expenses)	10,5	6,3	—	—	10,5	6,3
Repairs and maintenance expenditure on property, plant and equipment	62,0	42,1	1,7	1,4	63,7	43,5
Research and development costs	3,3	4,1	—	—	3,3	4,1
Operating lease rentals	42,1	28,5	—	—	42,1	28,5
– Land and buildings	34,2	22,9	—	—	34,2	22,9
– Plant and equipment	5,1	5,0	—	—	5,1	5,0
– Computer equipment	1,6	—	—	—	1,6	—
– Office equipment and furniture	1,2	0,6	—	—	1,2	0,6
Managerial fees	5,6	3,7	—	—	5,6	3,7
Technical fees	11,8	11,8	—	—	11,8	11,8
Secretarial fees	0,2	0,1	—	—	0,2	0,1

Statement of comprehensive income continued

	Continuing operations		Discontinued operations		Total	
	2009 R'million	2008 R'million	**2009 R'million**	2008 R'million	**2009 R'million**	2008 R'million
26. EXPENSES BY NATURE						
Depreciation	**115,7**	71,5	**3,5**	3,1	**119,2**	74,6
Amortisation of intangible assets	**95,0**	117,9	**9,4**	9,8	**104,4**	127,7
Net impairment charges	**166,9**	87,1	**1,0**	0,2	**167,9**	87,3
Repairs and maintenance	**62,0**	42,1	**1,7**	1,4	**63,7**	43,5
Personnel costs and other staff related costs	**984,8**	648,5	**8,5**	7,5	**993,3**	656,0
Share-based payment expense – employees	**29,5**	33,0	**—**	—	**29,5**	33,0
Changes in inventories of finished goods and work-in-progress	**(173,3)**	(196,1)	**11,5**	(12,9)	**(161,8)**	(209,0)
Purchases of finished goods	**1 265,8**	650,1	**8,8**	3,5	**1 274,6**	653,6
Other production expenses	**162,8**	87,7	**22,8**	22,8	**185,6**	110,5
Raw materials and consumables used	**2 406,8**	1 353,8	**157,4**	128,1	**2 564,2**	1 481,9
Transport and warehousing costs	**432,2**	187,5	**—**	—	**432,2**	187,5
Advertising and marketing expenses	**285,1**	217,7	**—**	—	**285,1**	217,7
Royalties paid	**66,7**	43,6	**—**	—	**66,7**	43,6
Property costs	**34,2**	22,9	**—**	—	**34,2**	22,9
Other	**337,2**	208,0	**20,1**	0,3	**357,3**	208,3
	6 271,4	3 575,3	**244,7**	163,8	**6 516,1**	3 739,1
Classified as						
Cost of sales	**4 564,1**	2 511,2				
Selling and distribution expenses	**997,7**	665,3				
Administrative expenses	**588,6**	272,3				
Other operating expenses	**121,0**	126,5				
	6 271,4	3 575,3				

	Continuing operations		Discontinued operations		Total	
	2009 R'million	2008 R'million	**2009 R'million**	2008 R'million	**2009 R'million**	2008 R'million
27. DIRECTORS AND EMPLOYEES						
Staff costs						
Wages and salaries	**822,0**	542,0	**6,0**	4,9	**828,0**	546,9
Provident fund contributions – defined contribution plans	**61,4**	49,7	**0,3**	0,3	**61,7**	50,0
Medical aid contributions	**50,5**	32,5	**0,1**	0,1	**50,6**	32,6
Post-retirement medical aid benefits	**0,3**	1,1	**—**	—	**0,3**	1,1
Termination benefits	**8,6**	0,5	**0,4**	0,3	**9,0**	0,8
Share-based payment expense – options and appreciation rights	**28,5**	27,6	**—**	—	**28,5**	27,6
Share-based payment expense – Workers' Share Plan	**1,0**	5,4	**—**	—	**1,0**	5,4
Contributions to pension schemes	**0,4**	—	**—**	—	**0,4**	—
Other company contributions	**41,0**	8,0	**1,7**	1,9	**42,7**	9,9
	1 013,7	666,8	**8,5**	7,5	**1 022,2**	674,3
Amount included in cost of sales	**495,2**	370,2	**8,5**	7,5	**503,7**	377,7
Wages and salaries	**419,2**	316,9	**6,0**	4,9	**425,2**	321,8
Benefits	**76,0**	53,3	**2,5**	2,6	**78,5**	55,9
Amount included in selling and distribution expenses	**190,7**	157,5	**—**	—	**190,7**	157,5
Wages and salaries	**151,1**	119,9	**—**	—	**151,1**	119,9
Benefits	**39,6**	37,6	**—**	—	**39,6**	37,6
Amount included in administrative expenses	**327,8**	139,1	**—**	—	**327,8**	139,1
Wages and salaries	**251,7**	105,2	**—**	—	**251,7**	105,2
Benefits	**76,1**	33,9	**—**	—	**76,1**	33,9
Total number of employees at year-end	**5 347**	3 651	**—**	660	**5 347**	4 311
Full-time employees	**4 020**	2 702	**—**	442	**4 020**	3 144
Part-time employees	**1 327**	949	**—**	218	**1 327**	1 167

27. DIRECTORS AND EMPLOYEES continued

Directors' emoluments

	Fees R'million	Remuneration R'million	Retirement and medical aid benefits R'million	Performance bonus R'million	Total R'million
2009					
Non-executive directors					
Archie Aaron	0,2	—	—	—	0,2
Roy Andersen	0,2	—	—	—	0,2
Rafique Bagus	0,2	—	—	—	0,2
John Buchanan	0,4	—	—	—	0,4
Judy Dlamini	0,6	—	—	—	0,6
Pasco Dyani	0,1	—	—	—	0,1
Chris Mortimer	0,3	—	—	—	0,3
David Nurek	0,2	—	—	—	0,2
Sindi Zilwa	0,3	—	—	—	0,3
Total (A)	2,5	—	—	—	2,5
Executive directors					
Gus Attridge	—	3,2	0,4	3,5	7,1
Stephen Saad	—	3,8	0,4	4,3	8,5
Total (B)	—	7,0	0,8	7,8	15,6
Total emoluments (A+B)					18,1
Less paid by subsidiary companies (C)					4,3
Total emoluments paid by Aspen (A+B-C)					13,8
2008					
Non-executive directors					
Archie Aaron	0,2	—	—	—	0,2
Rafique Bagus	0,2	—	—	—	0,2
Leslie Boyd	0,2	—	—	—	0,2
John Buchanan	0,3	—	—	—	0,3
Judy Dlamini	0,3	—	—	—	0,3
Pasco Dyani	0,2	—	—	—	0,2
Maxim Krok	0,1	—	—	—	0,1
Chris Mortimer	0,2	—	—	—	0,2
David Nurek	0,2	—	—	—	0,2
Sindi Zilwa	0,3	—	—	—	0,3
Total (A)	2,2	—	—	—	2,2
Executive directors					
Gus Attridge	—	2,8	0,3	2,9	6,0
Stephen Saad	—	3,4	0,4	3,5	7,3
Total (B)	—	6,2	0,7	6,4	13,3
Total emoluments (A+B)					15,5
Less paid by subsidiary companies (C)					5,0
Total emoluments paid by Aspen (A+B-C)					10,5

	Continuing operations		Discontinued operations		Total	
	2009 R'million	2008 R'million	**2009 R'million**	2008 R'million	**2009 R'million**	2008 R'million
28. INVESTMENT INCOME						
Preference share dividends received	**—**	33,3	**—**	—	**—**	33,3
Interest received	**224,2**	230,1	**—**	—	**224,2**	230,1
Interest on bank balances and short-term deposits	**222,6**	222,4	**—**	—	**222,6**	222,4
Receiver of Revenue	**0,9**	4,2	**—**	—	**0,9**	4,2
Other	**0,7**	3,5	**—**	—	**0,7**	3,5
	224,2	263,4	**—**	—	**224,2**	263,4
29. FINANCING COSTS						
Interest paid	**(614,9)**	(318,4)	**(4,1)**	(4,4)	**(619,0)**	(322,8)
Non-current borrowings	**(191,7)**	(3,7)	**—**	—	**(191,7)**	(3,7)
Bank overdrafts and current borrowings	**(407,2)**	(314,4)	**(4,1)**	(4,4)	**(411,3)**	(318,8)
Finance leases	**(6,3)**	(0,2)	**—**	—	**(6,3)**	(0,2)
Receiver of Revenue	**(0,2)**	—	**—**	—	**(0,2)**	—
Other	**(9,5)**	(0,1)	**—**	—	**(9,5)**	(0,1)
Preference share dividends paid	**(38,3)**	(38,1)	**—**	—	**(38,3)**	(38,1)
Notional interest on financial instruments	**7,3**	9,9	**—**	—	**7,3**	9,9
Net foreign exchange (losses)/gains	**(0,9)**	62,4	**(7,5)**	(2,0)	**(8,4)**	60,4
Fair value (losses)/gains on derivative financial instruments	**(52,4)**	3,5	**(0,3)**	—	**(52,7)**	3,5
– Cross-currency swap	**0,9**	2,1	**—**	—	**0,9**	2,1
– Forward exchange contracts	**(53,3)**	1,4	**(0,3)**	—	**(53,6)**	1,4
	(699,2)	(280,7)	**(11,9)**	(6,4)	**(711,1)**	(287,1)

Net financing costs above exclude financing costs of R93,6 million which have been capitalised during 2009 to capital work-in-progress (2008: R47,0 million). Refer to note 1 for more detail.

Statement of comprehensive income continued

	Continuing operations		Discontinued operations		Total	
	2009 R'million	2008 R'million	**2009 R'million**	2008 R'million	**2009 R'million**	2008 R'million
30. TAX						
South African tax						
Current tax						
– current year	**208,3**	257,4	**—**	—	**208,3**	257,4
– prior year	**(5,2)**	(0,9)	**—**	—	**(5,2)**	(0,9)
Deferred tax						
– current year	**70,8**	24,6	**—**	—	**70,8**	24,6
– prior year	**4,7**	—	**—**	—	**4,7**	—
– tax rate adjustment	**—**	(2,3)	**—**	—	**—**	(2,3)
Secondary tax on companies and other dividend taxes	**3,7**	1,1	**—**	—	**3,7**	1,1
Capital gains tax	**—**	1,8	**—**	—	**—**	1,8
Total South African tax	**282,3**	281,7	**—**	—	**282,3**	281,7
International tax						
Current tax						
– current year	**79,0**	60,3	**11,0**	3,0	**90,0**	63,3
– prior year	**2,2**	—	**—**	—	**2,2**	—
Deferred tax						
– current year	**(1,5)**	(8,9)	**5,8**	7,1	**4,3**	(1,8)
Capital gains tax	**—**	—	**4,2**	—	**4,2**	—
Total international tax	**79,7**	51,4	**21,0**	10,1	**100,7**	61,5
Total tax charge	**362,0**	333,1	**21,0**	10,1	**383,0**	343,2
	%	%	**%**	%	**%**	%
Reconciliation of the tax rate						
Effective tax rate	**21,2**	28,3	**65,8**	33,2	**22,1**	28,4
Capital and exempt income	**—**	2,6	**2,3**	—	**—**	2,4
Prior year adjustments	**—**	0,1	**—**	—	**—**	0,1
Foreign rates of tax	**4,5**	(0,1)	**(9,3)**	(6,0)	**4,2**	(0,3)
Disallowable expenses	**(0,7)**	(3,0)	**(17,6)**	0,8	**(1,1)**	(2,6)
Non-deductible portion of share-based payment expense – employees	**(0,4)**	(0,7)	**—**	—	**(0,4)**	(0,6)
Non-deductible amortisation of intangible assets	**(0,1)**	(0,8)	**—**	—	**(0,1)**	(0,7)
Loss on sale of joint venture	**—**	—	**(17,4)**	—	**—**	—
Other disallowable expenses	**(0,2)**	(1,5)	**(0,2)**	0,8	**(0,6)**	(1,3)
Secondary tax on companies and other dividend taxes	**(0,2)**	(0,1)	**—**	—	**(0,2)**	(0,1)
Capital gains tax	**—**	(0,2)	**(13,2)**	—	**(0,2)**	(0,1)
Tax rate adjustment	**—**	0,2	**—**	—	**—**	0,2
Deemed foreign tax credit	**4,1**	0,1	**—**	—	**4,1**	0,1
Tax losses in current year	**(0,9)**	(0,3)	**—**	—	**(0,9)**	(0,3)
Other reconciling items	**—**	0,4	**—**	—	**—**	0,2
Tax at the statutory rate	**28,0**	28,0	**28,0**	28,0	**28,0**	28,0
Unutilised tax benefits						
Opening balance	**48,8**	—	**—**	—	**48,8**	—
Assessed losses in companies acquired	**43,7**	40,9	**—**	—	**43,7**	40,9
Current losses incurred	**(1,6)**	7,9	**—**	—	**(1,6)**	7,9
Tax losses available to reduce future taxable income	**90,9**	48,8	**—**	—	**90,9**	48,8

31. EARNINGS PER SHARE

Basic earnings per share

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

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

	Continuing operations		Discontinued operations		Total	
	2009 R'million	2008 R'million	**2009 R'million**	2008 R'million	**2009 R'million**	2008 R'million
Profit attributable to equity holders of the parent	**1 329,5**	843,2	**10,9**	19,7	**1 340,4**	862,9
Weighted average number of shares in issue ('000)*	**357 860**	351 792	**357 860**	351 792	**357 860**	351 792
Earnings per share (cents)	**371,5**	239,7	**3,1**	5,6	**374,6**	245,3

Diluted earnings per share

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

The difference is added to the denominator as an issue of ordinary shares for no consideration. Earnings were adjusted by the preference share dividend paid and the notional interest on the liability component of preference shares.

	Continuing operations		Discontinued operations		Total	
	2009 R'million	2008 R'million	**2009 R'million**	2008 R'million	**2009 R'million**	2008 R'million
Profit attributable to equity holders of the parent	**1 329,5**	843,2	**10,9**	19,7	**1 340,4**	862,9
Adjusted for:						
– Preference share dividends paid	**38,3**	38,1	**—**	—	**38,3**	38,1
– Notional interest – liability component of preference shares	**9,9**	(1,4)	**—**	—	**9,9**	(1,4)
	1 377,7	879,9	**10,9**	19,7	**1 388,6**	899,6
Weighted average number of shares for diluted earnings per share ('000)	**382 662**	374 702	**382 662**	374 702	**382 662**	374 702
Adjustment for share options and appreciation rights ('000)	**7 202**	5 310	**7 202**	5 310	**7 202**	5 310
Total number of convertible preference shares ('000)	**17 600**	17 600	**17 600**	17 600	**17 600**	17 600
Weighted number of shares in issue ('000)*	**357 860**	351 792	**357 860**	351 792	**357 860**	351 792
Diluted earnings per share (cents)	**360,0**	234,8	**2,9**	5,3	**362,9**	240,1

**After deduction of weighted number of treasury shares.*

	Continuing operations		Discontinued operations		Total	
	2009 R'million	2008 R'million	**2009 R'million**	2008 R'million	**2009 R'million**	2008 R'million
31. EARNINGS PER SHARE continued						
Headline earnings per share						
Reconciliation of headline earnings						
Profit attributable to equity holders of the parent	**1 329,5**	843,2	**10,9**	19,7	**1 340,4**	862,9
Adjusted for:**						
– Profit on disposal of property, plant and equipment (net of tax)	**3,1**	0,5	**0,3**	—	**3,4**	0,5
– Impairment of intangible assets (net of tax)	**24,8**	8,2	**—**	—	**24,8**	8,2
– Loss/(profit) on disposal of intangible assets (net of tax)	**0,7**	(37,0)	**—**	—	**0,7**	(37,0)
– Profit on sale of 51% of Co-pharma Ltd	**—**	(16,6)	**—**	—	**—**	(16,6)
– Reversal of impairment losses on intangible assets (net of tax)	**0,1**	—	**—**	—	**0,1**	—
– Profit on sale of Shimoda shares (net of tax)	**—**	(4,3)	**—**	—	**—**	(4,3)
– Loss on sale of Astrix Laboratories Ltd (net of tax)	**—**	—	**24,1**	—	**24,1**	—
Headline earnings	**1 358,2**	794,0	**35,3**	19,7	**1 393,5**	813,7
Weighted number of shares in issue ('000)*	**357 860**	351 792	**357 860**	351 792	**357 860**	351 792
Headline earnings per share (cents)	**379,5**	225,7	**9,9**	5,6	**389,4**	231,3

* *After deduction of weighted number of treasury shares.*

***None of the headline earnings adjustments include minority interest.*

	Continuing operations		Discontinued operations		Total	
	2009 R'million	2008 R'million	**2009 R'million**	2008 R'million	**2009 R'million**	2008 R'million
31. EARNINGS PER SHARE continued						
Headline earnings per share continued						
Diluted headline earnings per share						
Diluted headline earnings per share is calculated on the same basis used for calculating diluted earnings per share, other than headline earnings being the numerator.						
Headline earnings	**1 358,2**	794,0	**35,3**	19,7	**1 393,5**	813,7
Adjusted for:						
– Preference share dividends paid	**38,3**	38,1	**—**	—	**38,3**	38,1
– Notional interest – liability component of preference shares	**9,9**	(1,4)	**—**	—	**9,9**	(1,4)
Adjusted headline earnings	**1 406,4**	830,7	**35,3**	19,7	**1 441,7**	850,4
Weighted average number of shares for diluted headline earnings per share ('000)	**382 662**	374 702	**382 662**	374 702	**382 662**	374 702
Adjustment for share options and appreciation rights ('000)	**7 202**	5 310	**7 202**	5 310	**7 202**	5 310
Total number of convertible preference shares ('000)	**17 600**	17 600	**17 600**	17 600	**17 600**	17 600
Weighted number of shares in issue ('000)*	**357 860**	351 792	**357 860**	351 792	**357 860**	351 792
Diluted headline earnings per share (cents)	**367,5**	221,7	**9,2**	5,3	**376,7**	227,0

**After deduction of weighted number of treasury shares.*

32. CAPITAL DISTRIBUTION PER SHARE

Having given consideration to the Group's existing debt service commitments and future possible investments, Aspen's Board of Directors resolved on 8 September 2009 that there will be no distribution paid to shareholders this year. (2008: 70 cents).

Statement of comprehensive income continued

	2009 R'million	Restated 2008 R'million
33. PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS		
On 31 May 2009 the Group disposed of its 50% shareholding in Astrix Laboratories Ltd. This joint venture is classified as a discontinued operation in the current year and the prior year has been restated accordingly.		
Abridged income statement		
Revenue	**286,1**	198,8
Profit before tax	**31,9**	29,8
Profit for the year	**10,9**	19,7
Abridged statement of cash flows		
Net cash used from operating activities	**(8,1)**	(7,7)
Net cash used in investing activities	**(5,7)**	(11,4)
Net cash generated from financing activities	**24,3**	25,9
Movement in cash and cash equivalents before exchange rate changes	**10,5**	6,8
Effects of exchange rate changes	**(0,1)**	(0,7)
Cash and cash equivalents		
Movement in cash and cash equivalents	**10,4**	6,1
Cash and cash equivalents at the beginning of the year	**(10,4)**	(16,5)
Cash and cash equivalents at the end of the year	**—**	(10,4)

Other disclosures

	2009 R'million	Restated 2008 R'million
34. COMMITMENTS UNDER LEASES		
Minimum future lease payments – operating leases		
The Group rents buildings under non-current, non-cancellable operating leases and also rents offices, warehouses, parking and other equipment under operating leases that are cancellable at various short-term notice periods by either party.		
Operating lease commitments		
Land and buildings	**157,2**	52,2
Plant and equipment	**5,6**	12,6
Other	**1,5**	0,5
	164,3	65,3
The future minimum operating lease payments are as follows		
Less than 1 year	**29,1**	23,0
Between 1 and 5 years	**110,6**	42,3
Later than 5 years	**24,6**	—
	164,3	65,3

Operating leases comprise a number of individually insignificant leases.

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

Finance lease commitments

Finance leases comprise a number of individually insignificant leases, refer to note 17 for finance lease liabilities.

	2009 R'million	2008 R'million
34. Commitments continued		
Other commitments		
During the 2003 financial year Aspen entered into a 12-year agreement with GlaxoSmithKline SA (Pty) Ltd to distribute and market a range of their products. At 30 June 2009, five years and nine months of the agreement remained.		
In terms of this agreement Aspen is committed to pay the following amounts to GlaxoSmithKline SA (Pty) Ltd		
– payable within 1 year	**8,0**	15,1
– payable thereafter	**24,7**	47,5
	32,7	62,6
During the 2005 financial year Aspen Australia Pty Ltd entered into a 10-year agreement with Novartis Australia Pty Ltd to distribute and market a range of their products. In terms of this agreement Aspen is committed to spend the following amounts on promotion of the products		
– payable within 1 year	**7,0**	10,5
– payable thereafter	**26,3**	46,8
	33,3	57,3
Operating leases – where the Company is the lessor		
Land and buildings	**—**	0,6
Plant and equipment	**—**	0,3
	—	0,9
The future minimum operating lease payments receivable under non-cancellable operating leases		
Less than 1 year	**—**	0,9
	—	0,9

The lease in the prior year related to a portion of the Astrix Laboratories Ltd manufacturing facility in Hyderabad. The Group's share of Astrix Laboratories Ltd was sold on 31 May 2009.

	2009 R'million	2008 R'million
35. CONTINGENT LIABILITIES		
Additional payments in respect of the Quit worldwide intellectual property rights	**7,7**	7,8
Guarantees covering loan and other obligations to third parties	**23,8**	23,2
Tax duty contingencies	**17,0**	—

Put and call options

In terms of transactions involving the sale and purchase of businesses, the Group is a party to the following put and call options

Brimpharm SA (Pty) Ltd

A put option exists in terms of which the other shareholders of Brimpharm SA (Pty) Ltd are entitled to sell the remaining 50% of the Brimpharm SA (Pty) Ltd share capital to Aspen in 2009. The purchase price will be calculated based on a formula. As at 30 June 2009, this put option had not yet been exercised. Aspen has a call option on the same shares that it can exercise with effect from 1 May 2011 using the same formula.

Formule Naturelle (Pty) Ltd

In terms of the shareholders' agreement governing the management of Formule Naturelle (Pty) Ltd, Aspen has a put option and, in the event that Aspen does not exercise its option, the acquirer has a call option on the remaining 20% of the shares. The price of both options is based on an adjusted multiple of the earnings before interest, tax, depreciation and amortisation for the 12 months ended 28 February 2009, with a maximum price of R70 million. Aspen has not yet determined whether it will exercise its option.

Co-pharma Ltd

In terms of the shareholders agreement governing the management of Co-pharma Ltd between 1 June 2009 and 1 December 2010, Aspen has a put option for its 49% holding in the share capital of the company. The options exercise price is a multiple of Co-pharma Ltd's earnings before interest, tax, depreciation and amortisation, adjusted for debt, as shown in the last audited annual financial statements prior to the exercise of the option, but with a minimum price of GBP2,25 million and maximum price of GBP8 million. After 1 December 2010, the acquirer has the right to require Aspen to sell its 49% holding on the same terms and conditions. Aspen has not yet determined whether it will exercise its option.

PharmaLatina

Refer to note 37 for details on the put and call options for PharmaLatina.

36. FINANCIAL RISK MANAGEMENT

36.1 Introduction

The Group is exposed to liquidity, credit, foreign currency and interest rate risk, arising from its financial instruments. The Audit & Risk Committee has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out by the Group Treasury Management Department in close co-operation with operational units, using guidance provided by the Audit & Risk Committee. A formal treasury policy setting out the role and responsibility of the Group Treasury Management Department and the management of risk was adopted by the Audit & Risk Committee during the prior year. A significant part of administration of foreign exchange risk management is outsourced. Group Treasury Management Department identifies, evaluates and hedges financial risks. The Audit & Risk Committee provides principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

36.2 Risk profile

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

36. FINANCIAL RISK MANAGEMENT continued

36.3 Foreign currency risk

The Group's transactions are concluded in the respective functional currencies of the individual operations. However, the Group's operations utilise various foreign currencies (i.e. currencies other than the operations' functional currencies) in respect of sales, purchases and borrowings, and consequently the Group is exposed to exchange rate fluctuations that have an impact on cash flows. The translation of foreign operations to the presentation currency of the Group (translation risk), as well as economic risk, is not taken into account when considering foreign currency risk. Economic risk refers to the effect of exchange rate movements on the international competitiveness of the company. Economic risk is not handled by the Group Treasury Management Department, as it is a strategic matter managed directly by the Aspen Board of Directors.

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

Forward exchange contracts

Forward exchange contracts are utilised primarily to reduce foreign currency exposure arising from imports and exports.

All forward exchange contracts are supported by underlying commitments or transactions which have already occurred.

At 30 June 2009 and 30 June 2008 the Group had forward exchange contracts denominated in various currencies in respect of firm commitments.

As hedge accounting was not applied fair value adjustments were recognised directly in the income statement.

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

	Foreign amount Million	Forward cover value R'million	Marked to market value R'million	Cumulative fair value in income statement: (loss)/gain R'million
June 2009				
Imports*				
Swiss Franc	**0,6**	**5,5**	**4,7**	**(0,8)**
Euro	**7,9**	**94,9**	**87,8**	**(7,1)**
Pound Sterling	**1,8**	**26,4**	**23,3**	**(3,1)**
Japanese Yen	**20,4**	**1,8**	**1,7**	**(0,1)**
US Dollar	**46,9**	**417,6**	**369,6**	**(48,0)**
Swedish Krone	**0,3**	**0,5**	**0,4**	**(0,1)**
		546,7	**487,5**	**(59,2)**
Exports*				
Euro	**0,1**	**0,6**	**0,5**	**0,1**
US Dollar	**1,5**	**12,4**	**11,7**	**0,7**
		13,0	**12,2**	**0,8**
June 2008				
Imports*				
Swiss Franc	0,8	5,9	6,0	0,1
Euro	11,5	141,6	143,4	1,8
Pound Sterling	1,6	24,6	24,4	(0,2)
Japanese Yen	26,3	2,1	2,0	(0,1)
US Dollar	24,6	200,8	198,5	(2,3)
Danish Krone	0,3	0,4	0,4	—
		375,4	374,7	(0,7)

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

36. FINANCIAL RISK MANAGEMENT continued

36.3 Foreign currency risk continued

	Foreign amount Million	Forward cover value R'million	Marked to market value R'million	Recognised fair value in income statement: (loss)/gain R'million
June 2008				
Exports*				
Euro	0,1	1,1	1,1	—
US Dollar	1,1	8,9	8,9	—
		10,0	10,0	—

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

Definitions

Marked to market value: Foreign notional amount translated at the market forward rate at 30 June.

Forward cover value: Foreign notional amount translated at the contracted rate.

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

	2009 Marked to market value R'million	2008 Marked to market value R'million
July	**229,4**	155,0
August	**119,5**	43,1
September	**54,4**	50,0
October	**22,9**	27,5
November	**16,9**	40,4
December	**16,0**	25,8
January	**8,9**	11,8
February	**4,8**	5,0
March	**0,9**	4,4
April	**1,6**	—
May	**0,2**	—
June	**—**	1,7
	475,5	364,7

36. FINANCIAL RISK MANAGEMENT continued

36.3 Foreign currency risk continued

Hedge accounting in 2008

The Group entered into forward exchange contracts to hedge the foreign currency risk arising from changes in the USD/South African Rand spot exchange rate associated with the settlement of a portion of the purchase price of the acquisition of certain joint ventures.

The forward exchange contracts were designated as cash flow hedges. None of these forward exchange contracts was outstanding at 30 June 2008.

The hedged cash flows took place prior to 30 June 2008. The fair value movement of the forward exchange contracts of R146,5 million was deferred in equity in accordance with the application of cash flow hedge accounting. The portion of the fair value movement relating to the purchase of shares in the respective entities from external parties of R59,0 million was transferred from equity and recognised as part of the initial cost of the investment.

The portion of the fair value movement relating to the subscription of new shares will remain in equity until the investment is disposed of or the net investment is impaired, at which time it will affect profit or loss.

Exposure to currency risk

Sensitivity analysis

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

The Group is mainly exposed to fluctuations in foreign exchange rates in respect of South African Rand, US Dollar, Euro, Brazilian Real, Mexican Peso, Kenyan Shilling, Pound Sterling, Australian Dollar and Tanzanian Shilling. The analysis considers the impact of changes in foreign exchange rates on profit or loss, excluding foreign exchange translation differences resulting from the translation of Group entities that have a functional currency different from the presentation currency, into the Group's presentation currency (and recognised in the foreign currency translation reserve), which amounted to a direct debit to equity of R399,9 million at 30 June 2009 (2008: credit of R117,3 million).

A change in the foreign exchange rates to which the Group is exposed at the reporting date would have increased/(decreased) profit before tax by the amounts shown on page 172.

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular interest rates, remain constant and was performed on the same basis for 2008.

36. FINANCIAL RISK MANAGEMENT continued

36.3 Foreign currency risk continued

	Change in exchange rate %	(Decrease)/increase in profit before tax: Weakening in functional currency R'million	(Decrease)/increase in profit before tax: Strengthening in functional currency R'million
30 June 2009			
Denominated : Functional currency			
South African Rand : US Dollar	**10**	**(35,2)**	**35,2**
Brazilian Real : US Dollar	**10**	**(16,3)**	**16,3**
US Dollar : Pound Sterling	**10**	**14,0**	**(14,0)**
South African Rand : Euro	**10**	**(12,0)**	**12,0**
US Dollar : Australian Dollar	**10**	**6,5**	**(6,5)**
Tanzanian Shilling : US Dollar	**10**	**(3,7)**	**3,7**
South African Rand : Pound Sterling	**10**	**(3,0)**	**3,0**
Tanzanian Shilling : Kenyan Shilling	**10**	**(2,4)**	**2,4**
Mexican Peso : US Dollar	**10**	**(2,0)**	**2,0**
Other exposures	**10**	**(10,4)**	**10,4**
		(64,5)	**64,5**
30 June 2008			
South African Rand : Euro	10	(16,0)	16,0
South African Rand : US Dollar	10	(17,0)	17,0
Brazilian Real : US Dollar	10	(8,8)	8,8
Australian Dollar : US Dollar	10	(1,1)	1,1
Mexican Peso : US Dollar	10	(1,6)	1,6
Indian Rupee : US Dollar	10	(4,6)	4,6
Other exposures	10	(4,1)	4,1
		(53,2)	53,2

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

	Spot rate 2009	Spot rate 2008	Average rate 2009	Average rate 2008
Australian Dollar	**6,25**	7,55	**6,52**	6,63
Brazilian Real	**3,99**	4,93	**4,30**	4,68
Euro	**10,92**	12,35	**12,09**	10,90
Kenyan Shilling (Inverse)	**9,86**	8,42	**8,65**	8,43
Pound Sterling	**12,76**	15,61	**14,11**	14,70
Indian Rupee	**0,16**	0,18	**0,18**	0,18
Mexican Peso	**0,59**	0,76	**0,69**	0,75
Tanzanian Shilling (Inverse)	**168,42**	152,79	**142,87**	157,00
US Dollar	**7,78**	7,84	**8,90**	7,32

36. FINANCIAL RISK MANAGEMENT continued

36.4 Interest rate risk

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

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

	Carrying value	
	2009 R'million	2008 R'million
Variable rate instruments		
Financial assets	**(1 402,5)**	(1 499,0)
Financial liabilities	**2 928,5**	3 331,3
Net variable rate exposure	**1 526,0**	1 832,3
Fixed rate instruments		
Financial assets	**(325,8)**	—
Financial liabilities	**3 567,8**	262,0
Net fixed rate exposure	**3 242,0**	262,0

The following interest rate derivative contracts were in place at 30 June 2009

Interest rate swaps

The Group has entered into interest rate swaps to hedge the cash flow interest rate risk of certain non-current borrowing amounts. Details of the swaps are:

Pay fixed rate receive floating rate swaps:

	Contract amount R'million	Fixed interest rate %	Expiry date	Fair value losses R'million
US Dollar – Loan A	1 984,9	6,11 3-month US Dollar LIBOR	10 October 2013	75,3
US Dollar – Loan B	1 011,9	6,11 3-month US Dollar LIBOR	10 April 2012	39,2
South African Rand	525,0	8,33 3-month JIBAR	23 December 2010	5,5
	3 521,8			120,0

The above interest rate swaps were designated in cash flow hedge relationships. The nature of the risk being hedged (interest rate risk) is the variability of the quarterly interest payment on the hedged loans, attributable to movements in the 3-month US Dollar LIBOR rate and the 3-month JIBAR rate respectively. Gains or losses recognised in the hedging reserve in equity as of 30 June 2009 will be continuously released to the income statement (finance costs) as the interest on the hedged loans is recognised in the income statement.

The Group had no interest rate swaps in the 2008 year.

The maturity profile of gross contract amounts of interest rate swaps at 30 June were all between 1 and 5 years.

Interest rate sensitivity

The Group is exposed mainly to fluctuations in the following market interest rates: US Dollar LIBOR, JIBAR and T-Bill rates. Changes in market interest rates affect the interest income and expense of floating rate financial instruments. Changes in market interest rates affect profit or loss only in relation to financial instruments with fixed interest rates if these financial instruments are recognised at their fair value.

An increase of a 100 basis points in interest rates at 30 June would have decreased profit before tax by R15,3 million in 2009 and R18,3 million in 2008. A decrease of a 100 basis points will have an equal and opposite effect on profit before tax. Changes in market interest rates also affect equity (hedging reserve) through the impact of such changes on the fair values of the interest rate swaps designated in effective hedge relationships, and the extent of the hedge effectiveness. An increase of 1% in the yield curve at 30 June 2009 would result in a decrease of R60,6 million in the fair value of the derivative liability in the statement of comprehensive income. A decrease of 1% in the yield curve would result in an increase in the derivative liability of R60,7 million. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Other disclosures continued

36. FINANCIAL RISK MANAGEMENT continued

36.5 Liquidity risk

Liquidity risk is the risk that an entity in the Group will not be able to meet its obligations as they become due. The Group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The Group finances its operations through a mixture of retained earnings, short-term and long-term bank funding. Adequate banking facilities and reserve borrowing capacities are maintained. The Group is in compliance with all of the financial covenants in its loan documents. The Group has sufficient undrawn borrowing facilities, which could be utilised to settle obligations. Refer to note 17.

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

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

	Undiscounted cash flows			
	On demand R'million	< 1 year R'million	1 – 5 years R'million	Total R'million
30 June 2009				
Financial assets				
Other non-current financial receivables	—	1,5	4,6	6,1
Trade and other receivables (financial instruments only)	—	1 776,1	—	1 776,1
Cash and cash equivalents	1 461,9	603,4	—	2 065,3
Total financial assets	1 461,9	2 381,0	4,6	3 847,5
Financial liabilities				
Preference shares – liability component	—	29,8	436,5	466,3
Secured loans	—	303,3	3 223,0	3 526,3
Unsecured loans	1 606,1	—	729,1	2 335,2
Finance lease and instalment credit liabilities	—	18,5	13,0	31,5
Bank overdrafts	742,4	—	—	742,4
Deferred payables – deferred earn-out consideration	—	0,7	—	0,7
Trade and other payables (financial instruments only)	—	1 084,1	—	1 084,1
Forward exchange contracts (gross settled)*	—	58,4	—	58,4
Gross cash inflows	—	(475,3)	—	(475,3)
Gross cash outflows	—	533,7	—	533,7
Interest rate swaps (net settled)	—	—	120,0	120,0
Total financial liabilities	2 348,5	1 494,8	4 521,6	8 364,9
Net financial liabilities/(assets)	886,6	(886,2)	4 517,0	4 517,4
30 June 2008				
Financial assets				
Other non-current financial receivables	—	—	7,0	7,0
Trade and other receivables (financial instruments only)	—	1 152,4	—	1 152,4
Forward exchange contracts (gross settled)*	—	0,7	—	0,7
Gross cash inflows	—	(364,7)	—	(364,7)
Gross cash outflows	—	365,4	—	365,4
Cash and cash equivalents	930,0	592,2	—	1 522,2
Total financial assets	930,0	1 745,3	7,0	2 682,3
Financial liabilities				
Preference shares – liability component	—	—	545,0	545,0
Secured loans	—	112,3	80,9	193,2
Unsecured loans	2 400,3	—	—	2 400,3
Finance lease and instalment credit liabilities	—	13,7	17,5	31,2
Bank overdrafts	577,3	—	—	577,3
Deferred payables – deferred earn-out consideration	—	11,0	0,8	11,8
Trade and other payables (financial instruments only)	—	873,9	—	873,9
Financial liability at amortised cost	—	255,3	2 952,5	3 207,8
Derivative financial instruments	—	1,2	—	1,2
Total financial liabilities	2 977,6	1 267,4	3 596,7	7 841,7
Net financial liabilities/(assets)	2 047,6	(477,9)	3 589,7	5 159,4

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

36. FINANCIAL RISK MANAGEMENT continued

36.6 Credit risk

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

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

Trade and other receivables

The Group has policies in place to ensure that sales of products are made to customers with a solid credit history. Ongoing credit evaluations on the financial condition of customers are performed and where appropriate credit guarantee insurance cover is purchased. Trade receivables consist primarily of a large, widespread customer base. The granting of credit is controlled by application and account limits. Trade and other receivables are carefully monitored for impairment. No single customer represents more than 14% of total trade receivables for the years ended 30 June 2009 and 30 June 2008. In the year ended 30 June 2009, sales of the GSK brands made up 16% of the Group's total revenue. During the transition period the business is being managed by GSK and comprises sales to approximately 100 territories. This risk profile will change once the distribution arrangements for the global brands are transitioned to the Aspen network in the 2010 financial year.

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

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

The risk profiles listed below reflect the different markets that the Group services. These markets all have different payment patterns, risk profiles and insurance risks.

	2009 R'million	2008 R'million
Risk profile of gross trade receivables		
Pharmaceutical private debtors	**992,6**	666,3
Consumer private debtors	**152,6**	148,1
Tender debtors	**252,6**	110,2
Export debtors	**170,7**	71,1
Sundry debtors	**2,7**	0,9
	1 511,2	996,6

Cash and cash equivalents and derivative financial instruments

Treasury counterparties consist of a diversified group of prime financial institutions. Cash balances are placed and derivatives are entered into with different financial institutions to minimise risk. The Group does not expect any treasury counterparties to fail to meet their obligations, given their high credit ratings. All cash balances are held with highly reputable banks having been rated by Fitch at AA+ or higher on a long-term basis.

Other financial assets

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

36. FINANCIAL RISK MANAGEMENT continued

36.7 Capital risk disclosures

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

The capital structure of the Group consists of borrowings, more specifically non-current and current borrowings and equity attributable to holders of the parent, comprising share capital, share premium, non-distributable reserves, preference shares and retained income.

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

There were no changes to the Group's approach to capital management during the year. The gearing ratio has improved since the prior year. This was mainly due to an increase in profitability in the current year following a significant expansion of business activities in the prior year.

In terms of the Group's funding arrangements with its bankers, the Group is subject to the following financial covenants

(a) Group covenants

- The capacity to increase interest-bearing debt is restricted to 3 times Group earnings before interest, tax, depreciation and amortisation.
- Group net finance charges need to be covered by Group earnings before interest, tax, depreciation and amortisation by at least 3 times.
- Total shareholders' equity may not be less than R3 billion.

(b) Aspen Global covenants

- The capacity to increase interest-bearing debt is restricted to 4,5 times earnings before interest, tax, depreciation and amortisation.
- Aspen Global net finance charges need to be covered by earnings before interest, tax, depreciation and amortisation by at least 3 times.
- On an annual basis the cumulative debt service cover ratio may not be less than 1,4 times. Cumulative debt service cover ratio is defined as free cash flows plus opening cash divided by the aggregate payment of capital plus interest.

(c) Latin American covenants

- The net indebtedness of the Latin American businesses may not exceed earnings before interest, tax, depreciation and amortisation by 3 times, subject to such indebtedness being limited to USD100 million.

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

At 30 June 2009 all the above covenants were complied with.

37. ACQUISITIONS

Acquisition of PharmaLatina

On 1 July 2008, the Group acquired an additional 1% of the shares of PharmaLatina. PharmaLatina is a Cypriot Holding company with subsidiaries in Brazil, Mexico and Venezuela. This additional 1% gave the Group effective control of the Latin American businesses. The acquisition was funded from existing cash resources.

Aspen Global agreed revised terms with Strides in respect of certain aspects of Aspen Global's acquisition of an interest in Strides' Latin American operations. The revised terms provided for the acquisition of the further 1% in the Latin American operations with immediate effect as well as a revision of the put and call options previously concluded.

With effect from 1 March 2008, Aspen Global acquired a 50% interest in the Latin American operations for an initial investment of USD 152,5 million. Aspen Global has now acquired an additional 1% interest in the Latin American operations via the acquisition of shares from Strides for USD 2,8 million. Aspen Global thereby acquired management control. In terms of the agreement Aspen Global has also acquired the rights to 100% of the profits and dividends of the Latin American operations.

In terms of the revised put and call options, Aspen Global has the right to acquire, and Strides has the right to sell to Aspen Global, Strides' remaining 49% interest in the Latin American operations based on multiples of the earnings before interest, tax, depreciation and amortisation for the year ended 30 June 2009. The multiples are such that the effective purchase consideration for the entire share capital of the Latin American operations will amount to 9,32 times for an earnings before interest, tax, depreciation and amortisation of up to USD11,94 million plus 11,18 times the earnings before interest, tax, depreciation and amortisation over USD11,94 million. The maximum total effective consideration remains at USD333,5 million and will be payable if an earnings before interest, tax, depreciation and amortisation of USD31,8 million is achieved. The earnings before interest, tax, depreciation and amortisation is subject to adjustment such that it excludes the results of new acquisitions.

The put and call and the additional 1% provide Aspen with economic benefits with respect to the remaining 50%.

	2009 R'million
Cost of acquisition	
Cash paid	21,9
Deferred receivable converted to consideration	440,1
Fair value of assets acquired	(591,6)
Minority interest	4,8
Negative goodwill	(124,8)#

	Fair value recognised R'million	Carrying amounts before acquisition R'million
Property, plant and equipment	248,4	307,9
Intangible assets	66,5	28,7
Inventories	111,1	110,7
Trade and other receivables	236,8	146,2
Cash and cash equivalents	286,9	286,9
Borrowings	(188,2)	(188,2)
Deferred tax liabilities	(20,9)	(8,1)
Trade and other payables	(147,0)	(115,7)
Current tax liabilities	(2,0)	(2,0)
Fair value of assets acquired	591,6	566,4
Minority interest	(4,8)	
Fair value of assets acquired – Aspen's share	586,8	
Deferred receivable converted to consideration	(440,1)	
Goodwill acquired	(124,8)#	
Cash paid	21,9	

Refer to page 124 for the finalisation of the PharmaLatina acquisition.

#*When considering both of the PharmaLatina acquisition transactions (1 March 2008 and 1 July 2008) the aggregate goodwill was positive at R21,2 million. Goodwill relates to unrecognisable intangible assets.*

Other disclosures continued

37. ACQUISITIONS continued

Acquisition of FCC*

On 31 May 2009, the Group acquired the remaining 50% shareholding of FCC. The acquisition was funded from existing cash resources.

	2009 R'million
Cost of the acquisition	
Cash paid	189,4
Fair value of assets acquired	(99,0)
Goodwill	90,4

	Fair value recognised R'million	Carrying amounts before acquisition R'million
Property, plant and equipment	43,5	43,5
Intangible assets	14,1	10,9
Inventories	34,5	35,9
Trade and other receivables	14,4	14,4
Cash and cash equivalents	27,3	27,3
Deferred tax liabilities	(4,8)	(4,4)
Trade and other payables	(24,5)	(24,5)
Derivative financial instruments	(4,5)	(4,5)
Current tax liabilities	(1,0)	(1,0)
Fair value of assets acquired	99,0	97,6
Goodwill acquired	90,4	
Cash paid	189,4	

**The initial accounting for the business combination has been reported on a provisional basis and will only be finalised in the year ending 30 June 2010, as the effective date of the transaction was 31 May 2009.*

38. RELATED PARTY TRANSACTIONS

Transactions with shareholders

The Group did not enter into any transactions with direct beneficial shareholders during the current year, except as described in the directors' report and note 27.

Intra-group transactions and balances

During the year, certain companies in the Group entered into arm's length transactions with other companies in the Group. These intra-group transactions have been eliminated on consolidation. Refer to note 20 of the Company financial statements for a detailed list of subsidiaries and joint ventures and their balances. None of the balances are secured.

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

	2009 R'million	2008 R'million
Royalties received in advance	153,9	153,0
– Pharmacare Ltd	153,0	152,1
– Aspen Nutritionals (Pty) Ltd	0,9	0,9
Administration fee received	22,8	21,5
– Pharmacare Ltd	22,2	21,0
– FCC	0,6	0,5
Guarantee fee received – Aspen Global	19,7	—
Interest received – Shelys	4,0	0,6
Capital distribution paid on treasury shares – Pharmacare Ltd	—	(27,3)
Dividends received	2 665,6	1 647,8
– Pharmacare Ltd	1 199,4	1 500,0
– Aspen Pharmacare International Ltd	1 465,4	138,8
– FCC	—	7,5
– Brimpharm SA (Pty) Ltd	0,8	1,5
Capitalisation issue – Pharmacare Ltd	(30,0)	—
Share capital reduction – Aspen Pharmacare International Ltd	271,1	—
– Decrease in investment	225,5	—
– Profit on share capital reduction	45,6	—
Proceeds on sale of Astrix Laboratories Ltd	324,3	—
– Decrease in investment	232,9	—
– Profit on sale of joint venture	91,4	—
Interest free loans received from Pharmacare Ltd during the year	143,9	150,5
Expenses paid by Pharmacare Ltd on behalf of Aspen Pharmacare Holdings Ltd	22,9	23,1
Interest free loan repaid by/(to) Aspen Resources during the year	—	0,2
Shareholders' loan to Shelys bearing interest at 3-months LIBOR +3%	74,0	71,5
Interest free loan to Brimpharm Australia Pty Ltd during the year	0,2	1,5
Expenses paid by Aspen Pharmacare Holdings Ltd on behalf of Aspen Global	5,9	0,8
Share trust contributions made by Aspen Pharmacare Holdings Ltd to the share trusts	(5,6)	(14,3)

Other disclosures continued

38. RELATED PARTY TRANSACTIONS continued

Transactions and balances with directors

All directors have given general declarations of interest in terms of section 234 (3A) of the Companies Act, 1973. These declarations indicate that various members of the Board hold various other directorships in South African entities with whom transactions are conducted by the Group in terms of a customer/supplier relationship. These transactions have been concluded on terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions, and are all unsecured.

The following interests have been declared by directors:

David Nurek, a non-executive director of Aspen, holds an executive position with Investec Bank Ltd. At year-end, the Group had facilities of R325 million (2008: R835 million) with Investec Bank Ltd, none of which was utilised at year-end (2008: R501 million).

Chris Mortimer, a non-executive director of Aspen, is a full-time practising attorney and managing partner at Chris Mortimer & Associates and provides legal services to the Group.

The following material transactions were carried out with the aforementioned related parties:

	2009 Transaction R'million	2009 Balance owing R'million	2008 Transaction R'million	2008 Balance owing R'million
Interest received from Investec Bank Ltd (Rest of the Group only)	**0,2**	**—**	1,4	—
Interest paid to Investec Bank Ltd (Rest of the Group only)	**13,9**	**—**	19,1	500,9
Legal fees paid to Chris Mortimer & Associates	**4,0**	**0,2**	2,4	0,7
– Aspen Pharmacare Holdings Ltd	**1,2**	**0,2**	0,9	—
– Rest of the Group	**2,8**	**—**	1,5	0,7
	18,1	**0,2**	22,9	501,6

Directors' remuneration is disclosed in note 27.

Transactions with key management personnel

Key management personnel consist of directors (including executive directors) and select senior executives of key Group companies, excluding joint ventures.

The key management personnel compensation consists of:

	2009 R'million	2008 R'million
Short-term employee benefits	**41,8**	26,9
– Aspen Pharmacare Holdings Ltd	**21,7**	11,6
– Rest of the Group	**20,1**	15,3
Post-employment benefits	**1,8**	1,4
– Aspen Pharmacare Holdings Ltd	**1,3**	0,8
– Rest of the Group	**0,5**	0,6
Termination benefits (Rest of the Group only)	**—**	0,1
Share-based payments	**4,8**	4,8
– Aspen Pharmacare Holdings Ltd	**3,3**	2,4
– Rest of the Group	**1,5**	2,4
Total key management remuneration paid	**48,4**	33,1
Number of employees included above	**34**	21

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

39. IMPAIRMENT TESTS FOR GOODWILL AND INDEFINITE USEFUL LIFE INTANGIBLE ASSETS

The disclosure provided below is required by IAS 36, Impairment of Assets for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. Goodwill and impairment testing has not been affected by the early adoption of IFRS 8, Operating segments.

Goodwill

FCC

The carrying amount of goodwill allocated to FCC is R187,7 million. The recoverable amount of the cash-generating unit has been determined based on value-in-use calculations. These calculations use cash flow projections based on the most recent budgets and forecasts approved by management, which cover a period of 4 years, and incorporate the following key assumptions:

- A rate of growth in turnover, which ranges between 5% and 36% per annum;
- A gross profit % varying between 26% and 36%; and
- Annual capital expenditure ranging between R24,0 million and R37,5 million.

The budgets and forecasts were based on the following:

- An assessment of existing products against past performance and market conditions;
- An assessment of existing products against existing market conditions; and
- The pipeline of products under development, applying past experiences of launch success and existing market conditions.

The growth rate used to extrapolate cash flow projections beyond the period covered by the abovementioned budgets and forecasts was 8% per annum in order to take account of an initially higher growth rate declining to a long-term average of 6%. This growth rate does not exceed the long-term average growth rate for the industry in which FCC operates. An annual pre-tax discount rate of 22,9% was applied to the cash flow projections.

Shelys

The carrying amount of goodwill allocated to Shelys is R134,0 million. The goodwill is allocated to the following cash-generating units:

- Tanzanian business; and
- Kenyan business.

Both of these are discussed in more detail below.

Tanzanian business

The carrying amount of goodwill allocated to the Tanzanian business is R68,4 million. The recoverable amount of the cash-generating unit has been determined based on value-in-use calculations. These calculations use cash flow projections based on the most recent budgets and forecasts approved by management, which cover a period of 10 years, and incorporate the following key assumptions:

- A rate of growth in turnover, which ranges between 8% and 24% per annum.
- A gross profit % varying between 40% and 47%.

The budgets and forecasts were based on the following:

- An assessment of existing products against past performance and market conditions;
- An assessment of existing products against existing market conditions; and
- The pipeline of products both under development and available from Aspen, applying past experiences of launch success and existing market conditions.

The growth rate used to extrapolate cash flow projections beyond the period covered by the abovementioned budgets and forecasts was 2,3%. This growth rate does not exceed the long-term average growth rate for the industry in which the Tanzanian business operates. An annual pre-tax discount rate of 25,9% was applied to the cash flow projections.

39. IMPAIRMENT TESTS FOR GOODWILL AND INDEFINITE USEFUL LIFE INTANGIBLE ASSETS continued

Kenyan business

The carrying amount of goodwill allocated to the Kenyan business is R65,6 million. The recoverable amount of the cash-generating unit has been determined based on value-in-use calculations. These calculations use cash flow projections based on the most recent budgets and forecasts approved by management, which cover a period of 10 years, and incorporate the following key assumptions:

- A rate of growth in turnover, which ranges between 9% and 48% per annum; and
- A gross profit % varying between 46% and 59%.

The budgets and forecasts were based on the following:

- An assessment of existing products against past performance and market conditions;
- An assessment of existing products against existing market conditions; and
- The pipeline of products both under development and available from Aspen, applying past experiences of launch success and existing market conditions.

The growth rate used to extrapolate cash flow projections beyond the period covered by the abovementioned budgets and forecasts was 5,0%. This growth rate does not exceed the long-term average growth rate for the industry in which the Kenyan business operates. An annual pre-tax discount rate of 27,6% was applied to the cash flow projections.

Indefinite life intangible assets

In identifying an indefinite life intangible asset, many criteria are considered, the primary of which are the following:

- Whether the asset has a recognised brand or name;
- Whether it is the intention to maintain this brand or name by promotion, marketing or other forms of support;
- The nature of the market in which the asset is exploited and the rate of technical advance therein;
- The nature of the competition for the asset; and
- The existence of any legal or contractual impediment to an indefinite life.

Having identified an asset as having an indefinite useful life, each year the validity of this assumption is assessed by considering the same criteria. Furthermore the carrying value of each indefinite life intangible asset is tested annually for impairment using value-in-use calculations.

The major brands that have been classified as indefinite useful life intangible assets were Eltroxin, Lanoxin, Imuran and Zyloric. These 4 global brands has a carrying value of R 2 635,6 million at the end of June 2009.

Assets acquired from GSK – global brands

The recoverable amount of the cash-generating unit has been determined based on value-in-use calculations. These calculations use cash flow projections based on the most recent budgets and forecasts approved by management, which cover a period of 10 years, and incorporate the following key assumptions:

- A rate of change in turnover ranging between a growth of 5% and a decline of 1% per annum; and
- A gross profit % varying between 64% and 70%.

The budgets and forecasts were based on the following:

- An assessment of existing products against past performance and market conditions; and
- An assessment of existing products against existing market conditions.

The rate used to extrapolate cash flow projections beyond the period covered by the abovementioned budgets and forecasts was a decline of 5,0%. This rate does not exceed the long-term average growth rate for the markets in which the products that represent the indefinite life intangible assets are sold. An annual pre-tax discount rate of 12,7% was applied to the cash flow projections.

40. SEGMENTAL ANALYSIS

	June 2009 R'million	June 2009 % of total	Restated June 2008 R'million	Restated June 2008 % of total	% change
Revenue					
South Africa	**4 867,5**	**56**	3 758,4	77	30
International	**3 868,9**	**44**	1 122,9	23	245
Gross sales	**3 961,6**		1 205,1		
Less: intersegment sales	**(92,7)**		(82,2)		
Total revenue	**8 736,4**	**100**	4 881,3	100	79
Less: revenue from discontinued operations	**(286,1)**		(198,8)		
Total revenue from continuing operations	**8 450,3**		4 682,5		80
Operating profit before amortisation, disposals and impairment of intangible assets from continuing operations					
South Africa	**1 226,6**	**53**	1 067,2	85	15
Operating profit	**1 169,7**		1 036,6		
Amortisation of intangible assets	**37,8**		68,2		
Profit on sale of Shimoda shares	**—**		(5,0)		
Profit on sale of Formule Naturelle range	**—**		(40,8)		
Impairment on intangible assets	**19,1**		8,2		
International	**1 076,2**	**47**	192,8	15	458
Operating profit	**1 013,3**		159,7		
Amortisation of intangible assets	**57,2**		49,7		
Profit on sale of 51% of Co-pharma Ltd	**—**		(16,6)		
Impairment on intangible assets	**5,7**		—		
	2 302,8	**100**	1 260,0	100	83
Operating profit before amortisation, disposals and impairment of intangible assets from continuing operations as a percentage of revenue	**%**		%		
South Africa	**25,2**		28,4		
International	**30,0**		20,9		
	27,3		26,9		

The Executive directors regularly review the operating results of the Group based on local and international businesses.

The amounts reviewed with respect to operating profits are measured in a manner consistent with that of the financial statements.

One customer accounts for more than 10% of the Group's revenues (R1,1 billion – South African segment) (2008: R0,7 billion).

Entity wide disclosure

Geographical analysis of revenue

	June 2009 R'million	June 2009 % of total	Restated June 2008 R'million	Restated June 2008 % of total	% change
South Africa – pharmaceutical	**3 766,7**	**43**	2 807,5	58	34
South Africa – consumer	**1 100,8**	**13**	950,9	19	16
East Africa	**372,8**	**4**	46,7	1	698
Asia Pacific	**915,4**	**10**	709,0	15	29
Latin America	**841,3**	**10**	82,9	2	915
Global brands	**1 438,0**	**16**	11,8	0	12 086
Rest of the world	**301,4**	**4**	272,5	5	11
Total revenue	**8 736,4**	**100**	4 881,3	100	79
Less: Discontinued operations	**(286,1)**		(198,8)		
Total revenue from continuing operations	**8 450,3**		4 682,5		80

Company statement of financial position at 30 June 2009

	Notes	2009 R'million	2008 R'million
ASSETS			
Non-current assets			
Property, plant and equipment	1	**2,1**	2,2
Intangible assets	2	**224,8**	266,5
Investments in subsidiaries and joint ventures	3	**4 613,7**	2 996,6
Other non-current financial receivables	5	**3,3**	4,7
Deferred tax assets	6	**12,9**	—
Total non-current assets		**4 856,8**	3 270,0
Current assets			
Trade and other receivables	7	**23,6**	30,1
Amounts due by Group companies	3	**102,9**	74,6
Cash and cash equivalents	8	**814,2**	639,9
Total current assets		**940,7**	744,6
Total assets		**5 797,5**	4 014,6
SHAREHOLDERS' EQUITY			
Share capital and share premium	9	**699,9**	613,8
Hedging reserves		**146,5**	146,5
Share-based compensation reserve		**53,4**	62,6
Retained income		**3 857,3**	2 143,7
Ordinary shareholders' equity		**4 757,1**	2 966,6
Preference shares – equity component	10	**162,0**	162,0
Total shareholders' equity		**4 919,1**	3 128,6
LIABILITIES			
Non-current liabilities			
Preference shares – liability component	10	**392,2**	402,1
Deferred tax liabilities	6	**—**	6,1
Total non-current liabilities		**392,2**	408,2
Current liabilities			
Trade and other payables	11	**119,4**	107,5
Current tax liabilities		**29,2**	24,2
Amounts due to Group companies	3	**337,6**	346,1
Total current liabilities		**486,2**	477,8
Total liabilities		**878,4**	886,0
Total equity and liabilities		**5 797,5**	4 014,6

Company statement of comprehensive income for the year ended 30 June 2009

	Notes	2009 R'million	2008 R'million
Revenue	13	153,9	153,0
Other operating income		181,2	71,0
Administrative expenses		(66,1)	(56,2)
Other operating expenses		(55,6)	(75,7)
Operating profit	14	213,4	92,1
Investment income	17	2 735,5	1 769,4
Financing costs	18	(30,7)	(21,3)
Profit before tax		2 918,2	1 840,2
Tax	19	(61,6)	(54,5)
Profit for the year		2 856,6	1 785,7
Amounts recognised in equity due to hedge accounting of acquisitions		—	146,5
Total comprehensive income		2 856,6	1 932,2

Company statement of changes in equity for the year ended 30 June 2009

	Share capital R'million	Share premium R'million	Hedging reserve R'million	Share-based com-pensation reserve R'million	Retained income R'million	Preference shares – equity component R'million	Total R'million
Balance at 1 July 2007	54,2	771,4	—	47,6	345,2	162,0	1 380,4
Total comprehensive income	—	—	146,5	—	1 785,7	—	1 932,2
Other comprehensive income	—	—	146,5	—	—	—	146,5
Profit for the year	—	—	—	—	1 785,7	—	1 785,7
Capital distribution	—	(273,2)	—	—	—	—	(273,2)
Issue of ordinary share capital	0,2	61,2	—	—	—	—	61,4
Share options and appreciation rights awarded	—	—	—	27,7	—	—	27,7
Transfer from share-based compensation reserve	—	—	—	(12,7)	12,7	—	—
Equity portion of tax claims in respect of share schemes	—	—	—	—	0,1	—	0,1
Balance at 30 June 2008	54,4	559,4	146,5	62,6	2 143,7	162,0	3 128,6
Total comprehensive income	—	—	—	—	2 856,6	—	2 856,6
Issue of ordinary share capital	1,2	90,3	—	—	—	—	91,5
Shares issued – share schemes	0,2	91,3	—	—	—	—	91,5
Capitalisation issue	1,0	(1,0)	—	—	—	—	—
Treasury shares cancelled	(5,4)	—	—	—	(1 194,1)	—	(1 199,5)
Share options and appreciation rights awarded	—	—	—	28,4	—	—	28,4
Transfer from share-based compensation reserve	—	—	—	(37,6)	37,6	—	—
Equity portion of tax claims in respect of share schemes	—	—	—	—	13,5	—	13,5
Balance at 30 June 2009	50,2	649,7	146,5	53,4	3 857,3	162,0	4 919,1

Company statement of cash flows for the year ended 30 June 2009

	Notes	2009 R'million	2008 R'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	A	**(906,9)**	136,4
Financing costs paid	B	**(39,3)**	(24,0)
Investment income received	C	**2 735,5**	1 769,4
Tax paid	D	**(62,1)**	(31,7)
Net cash generated from operating activities		**1 727,2**	1 850,1
CASH FLOWS FROM INVESTING ACTIVITIES			
Replacement capital expenditure – property, plant and equipment		**(0,2)**	—
Expansion capital expenditure – property, plant and equipment		**(0,3)**	(0,8)
Expansion capital expenditure – intangible assets		**(8,1)**	(1,8)
Proceeds on disposal of intangible assets		**—**	51,6
Decrease in other non-current financial receivables		**1,4**	1,2
Increase in investments in subsidiaries and joint ventures		**(1 594,1)**	(1 617,7)
Movement in loans owing by Group companies		**(28,3)**	(73,6)
Redemption of investment in preference shares		**—**	376,8
Net cash used in investing activities		**(1 629,6)**	(1 264,3)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**—**	(105,4)
Repayment of deferred-payables		**—**	(50,0)
Proceeds from issue of ordinary shares		**90,6**	56,1
Treasury shares cancelled		**(5,4)**	—
Capital distribution paid		**—**	(273,2)
Movement in loans owing to Group companies		**(8,5)**	(0,5)
Net cash generated from/(used in) financing activities		**76,7**	(373,0)
CASH AND CASH EQUIVALENTS			
Movement in cash and cash equivalents		**174,3**	212,8
Cash and cash equivalents at the beginning of the year		**639,9**	427,1
Cash and cash equivalents at the end of the year		**814,2**	639,9

Company notes to the statement of cash flows for the year ended 30 June 2009

	2009 R'million	2008 R'million
A. CASH GENERATED FROM OPERATIONS		
Operating profit	**213,4**	92,1
Amortisation of intangible assets	**36,3**	74,5
Depreciation	**0,6**	0,6
Impairment of intangible assets	**13,6**	1,3
Reversal of impairment losses	**(0,1)**	—
Profit on disposal of intangible assets	**—**	(40,8)
Share-based payment expense – employees	**6,4**	4,6
Repurchase treasury shares	**(1 194,1)**	—
Cash operating profit	**(923,9)**	132,3
Changes in working capital	**17,0**	4,1
Decrease in trade and other receivables	**5,2**	0,8
Increase in trade and other payables	**11,8**	3,3
	(906,9)	136,4
B. FINANCING COSTS PAID		
Interest paid	**—**	(13,8)
Preference share dividends paid	**(38,3)**	(38,1)
Net foreign exchange (losses)/gains	**(1,0)**	27,9
	(39,3)	(24,0)
C. INVESTMENT INCOME RECEIVED		
Dividends received from subsidiaries and joint venture	**2 665,6**	1 647,8
Preference share dividends received	**—**	33,3
Interest received	**69,9**	88,3
	2 735,5	1 769,4
D. TAX PAID		
Amounts unpaid at the beginning of the year	**(24,2)**	(10,0)
Charge per the income statement (excluding deferred tax)	**(67,8)**	(49,4)
Tax claims credited to equity in respect of share schemes	**0,7**	3,5
Amounts unpaid at the end of the year	**29,2**	24,2
	(62,1)	(31,7)

1. PROPERTY, PLANT AND EQUIPMENT

2009	Buildings R'million	Plant and equipment R'million	Computer equipment R'million	Office equipment and furniture R'million	Total R'million
OWNED					
Net carrying value					
Cost	—	0,3	2,6	1,7	**4,6**
Accumulated depreciation	—	(0,1)	(2,1)	(0,7)	**(2,9)**
Net book value at the end of the year	—	0,2	0,5	1,0	**1,7**
Movement in property, plant and equipment					
Net book value at the beginning of the year	—	0,3	0,7	0,7	**1,7**
Additions – expansion	—	—	—	0,3	**0,3**
Additions – replacement	—	—	0,1	0,1	**0,2**
Depreciation	—	(0,1)	(0,3)	(0,1)	**(0,5)**
Net book value at the end of the year	—	0,2	0,5	1,0	**1,7**
LEASED					
Net carrying value					
Cost	0,7	—	—	—	**0,7**
Accumulated depreciation	(0,3)	—	—	—	**(0,3)**
Net book value at the end of the year	0,4	—	—	—	**0,4**
Movement in property, plant and equipment					
Net book value at the beginning of the year	0,5	—	—	—	**0,5**
Depreciation	(0,1)	—	—	—	**(0,1)**
Net book value at the end of the year	0,4	—	—		**0,4**
TOTAL OWNED AND LEASED	0,4	0,2	0,5	1,0	**2,1**
2008					
OWNED					
Net carrying value					
Cost	—	0,3	2,5	1,3	4,1
Accumulated depreciation	—	—	(1,8)	(0,6)	(2,4)
Net book value at the end of the year	—	0,3	0,7	0,7	1,7
Movement in property, plant and equipment					
Net book value at the beginning of the year	—	0,1	0,7	0,7	1,5
Additions – expansion	—	0,2	0,4	0,1	0,7
Depreciation	—	—	(0,4)	(0,1)	(0,5)
Net book value at the end of the year	—	0,3	0,7	0,7	1,7
LEASED					
Net carrying value					
Cost	0,7	—	—	—	0,7
Accumulated depreciation	(0,2)	—	—	—	(0,2)
Net book value at the end of the year	0,5	—	—	—	0,5
Movement in property, plant and equipment					
Net book value at the beginning of the year	0,5	—	—	—	0,5
Additions – expansion	0,1	—	—	—	0,1
Depreciation	(0,1)	—	—	—	(0,1)
Net book value at the end of the year	0,5	—	—	—	0,5
TOTAL OWNED AND LEASED	0,5	0,3	0,7	0,7	2,2

2. INTANGIBLE ASSETS

2009	Intellectual property R'million	Product participation and other contractual rights R'million	Computer software R'million	Total R'million
Net carrying value				
Cost	**905,8**	**57,8**	**1,4**	**965,0**
Accumulated amortisation	**(675,4)**	**(49,7)**	**(0,1)**	**(725,2)**
Accumulated impairment losses	**(15,0)**	**—**	**—**	**(15,0)**
Balance at the end of the year	**215,4**	**8,1**	**1,3**	**224,8**
Movement in intangible assets				
Balance at the beginning of the year	**245,0**	**20,3**	**1,2**	**266,5**
Additions – expansion	**8,0**	**—**	**0,1**	**8,1**
Amortisation	**(24,1)**	**(12,2)**	**—**	**(36,3)**
Impairment	**(13,6)**	**—**	**—**	**(13,6)**
Reversal of impairment	**0,1**	**—**	**—**	**0,1**
Balance at the end of the year	**215,4**	**8,1**	**1,3**	**224,8**
2008				
Net carrying value				
Cost	897,7	57,8	1,3	956,8
Accumulated amortisation	(651,3)	(37,5)	(0,1)	(688,9)
Accumulated impairment losses	(1,4)	—	—	(1,4)
Balance at the end of the year	245,0	20,3	1,2	266,5
Movement in intangible assets				
Balance at the beginning of the year	317,7	32,5	1,1	351,3
Additions – expansion	1,6	—	0,2	1,8
Disposals	(10,8)	—	—	(10,8)
Amortisation	(62,2)	(12,2)	(0,1)	(74,5)
Impairment	(1,3)	—	—	(1,3)
Balance at the end of the year	245,0	20,3	1,2	266,5

	2009 R'million	2008 R'million
Indefinite useful life in intangible assets		
An indefinite useful life intangible asset is an intangible asset where there is no foreseeable limit to the period over which the intangible asset is expected to generate inflows for the Group.		
Carrying amount of indefinite useful life intangible assets (included in intellectual property)	**118,9**	—

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

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

	2009 R'million	2008 R'million
3. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES		
Investments in subsidiaries comprise		
Investments at cost less accumulated impairment losses (included in non-current assets)	**4 613,7**	2 625,9
Amounts due by subsidiary companies (included in current assets)	**102,9**	74,6
Amounts due to subsidiary companies (included in current liabilities)	**(337,6)**	(346,1)
Total net investments in subsidiaries	**4 379,0**	2 354,4
Investments in joint ventures comprise		
Investments at cost less accumulated impairment losses (included in non-current assets)	**—**	370,7
Total net investments in subsidiaries and joint ventures	**4 379,0**	2 725,1
4. PREFERENCE SHARE INVESTMENT		
At the beginning of the year	**—**	376,8
Redemption of preference share investment	**—**	(376,8)
At the end of the year	**—**	—

The proceeds received from the issue of preference shares as a part of the BBBEE transaction concluded during 2005 were invested in premium rated preference shares.

Preference share dividends were receivable semi-annually on 30 November and 31 May and were determined on the basis of 64% of the prime overdraft rate. The preference shares were redeemable after three years and one day. All preference shares were redeemed on 1 June 2008 for total proceeds of R376,8 million. At 30 June 2008, none of the preference share dividends were outstanding.

	2009 R'million	2008 R'million
5. OTHER NON-CURRENT FINANCIAL RECEIVABLES		
Avid Brands SA (Pty) Ltd	**4,8**	5,9
Current portion included in trade and other receivables	**(1,5)**	(1,2)
	3,3	4,7

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

	2009 R'million	2008 R'million
Year ended 30 June 2009	**—**	1,2
Year ending 30 June 2010	**1,5**	1,4
Year ending 30 June 2011	**1,6**	1,6
Year ending 30 June 2012	**1,7**	1,7
	4,8	5,9

The outstanding loan on the disposal of the intellectual property bears interest at prime minus 1%.
Management considers the credit risk associated with these financial receivables to be low, as there has been no default on repayments.

The Company holds no collateral over non-current financial receivables.

	2009 R'million	2008 R'million
6. DEFERRED TAX		
Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 28%.		
Deferred tax balance		
Deferred tax liabilities – opening balance	6,1	—
Deferred tax assets – opening balance	—	(2,4)
Net deferred tax liabilities/(assets) – opening balance	6,1	(2,4)
Adjustment for change in tax rate	—	0,1
Restated opening balance	6,1	(2,3)
Income statement charge – prior year adjustment	—	0,2
Income statement charge	(6,2)	5,1
Charged to equity	(12,8)	3,1
Balance at the end of the year	(12,9)	6,1
Split as follows		
Deferred tax liabilities	—	6,1
Deferred tax assets	(12,9)	—
Balance as at the end of the year	(12,9)	6,1
The income statement charge comprises		
Intangible assets	(5,7)	4,5
Leave pay	(0,2)	(0,1)
Royalties received in advance	(0,2)	—
Preference shares issued	2,8	0,4
Tax claims in respect of share schemes	(2,7)	0,5
Other	(0,2)	—
Total income statement charge	(6,2)	5,3
Deferred tax balance comprises		
Property, plant and equipment	0,2	0,2
Intangible assets	36,9	42,5
Leave pay	(0,6)	(0,4)
Royalties received in advance	(21,7)	(21,4)
Preference shares issued	(4,3)	(7,1)
Tax claims in respect of share schemes	(23,1)	(7,6)
Other	(0,3)	(0,1)
Balance at the end of the year	(12,9)	6,1
7. TRADE AND OTHER RECEIVABLES		
Financial instruments		
Current portion of other non-current financial receivables	1,5	1,2
Interest accrued	4,2	9,5
Other	0,5	0,1
Total financial instruments	6,2	10,8
Non-financial instruments		
Prepayments	0,3	0,2
Formule Naturelle (Pty) Ltd deferred receivable (contingent consideration)	17,1	19,1
Total non-financial instruments	17,4	19,3
Total trade and other receivables	23,6	30,1

All trade and other receivables (financial instruments only) are classified as fully performing. The credit quality of trade and other receivables is considered to be satisfactory.

	2009 R'million	2008 R'million
8. CASH AND CASH EQUIVALENTS		
Bank balances	**814,2**	639,9
The maturity profile of the bank balances are less than 1 month.		
The average effective interest rate on bank balances was 7,1% (2008: 9,0%).		
Cash and cash equivalents are placed with high quality financial institutions.		
9. SHARE CAPITAL AND SHARE PREMIUM		
Authorised		
700 000 000 (2008: 700 000 000) ordinary shares of 13,90607 cents each	**97,3**	97,3
Issued		
361 346 918 (2008: 391 342 799) ordinary shares of 13,90607 cents each	**50,2**	54,4
Share premium	**649,7**	559,4
	699,9	613,8

	Million	Million
Number of shares in issue at the beginning of the year	**391,3**	389,6
Shares issued – Share schemes	**2,0**	1,6
Shares issued – Workers' Share Plan*	**—**	0,1
Capitalisation issue	**6,9**	—
Treasury shares cancelled	**(38,9)**	—
Number of shares in issue at the end of the year	**361,3**	391,3

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

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

	2009 R'million	2008 R'million
Share premium under IFRS	**649,7**	559,4
Intangibles assets reinstated#	**19,3**	19,3
Ordinary shares issued in terms of BBBEE transaction – amount expensed	**(99,2)**	(99,2)
Share premium for the purposes of the Companies Act	**569,8**	479,5

**In the current year 27 260 shares were issued (2008: 141 345 shares).*

#High court approval received for the revocation of former special resolutions relating to the write-off of intangible assets against share premium.

	2009 R'million	2008 R'million
10. PREFERENCE SHARE CAPITAL		
Authorised		
17 600 000 (2008: 17 600 000) cumulative, variable rate A preference shares of 13,90607 cents each	**2,4**	2,4
20 000 000 (2008: 20 000 000) non-redeemable, non-participating variable rate B preference shares of 13,90607 cents each	**2,8**	2,8
Issued		
17 600 000 (2008: 17 600 000) cumulative, variable rate A preference shares of 13,90607 cents each, issued at R21,41 during June 2005	**2,4**	2,4
Share premium	**374,4**	374,4
	376,8	376,8

Rights attached to the A preference shares

Dividend rights

Preference share dividends are calculated at prime overdraft rate of interest as charged by First National Bank, a division of FirstRand Bank Ltd from time-to-time multiplied by one minus the corporate tax rate for the relevant dividend period. Dividends are payable on 10 June of each year. The preference share dividend rate was 7,9% at year-end (2008: 10,8%).

Voting rights

Each Aspen preference share has one vote and accordingly ranks pari passu in regard to votes with the issued Aspen ordinary shares.

Redemption/conversion rights

Preference shareholders have the right to require the redemption or conversion of the Aspen preference shares into Aspen ordinary shares on a one-for-one basis on the seventh anniversary after the issue of the Aspen preference shares, being June 2012. Redemption will take place at R21,41. The conditions or rights of the preference shares are available for inspection at the Company's registered office.

Accounting

Refer to the accounting policy on page 116. For accounting purposes the preference shares have been split into an equity and a liability component:

	2009 R'million	2008 R'million
Preference shares – equity component	**162,0**	162,0
Deferred tax effect	**(8,7)**	(8,7)
Net equity component	**153,3**	153,3
Preference shares – liability component	**392,2**	402,1
Amount expensed in 2005	**(183,2)**	(183,2)
Cumulative notional interest on liability component	**14,5**	4,6
Opening balance	**4,6**	3,2
Current year	**9,9**	1,4
	376,8	376,8

The fair value of the liability component of the preference shares is R392,5 million (2008: R402,8 million). The liability component is exposed to fair value interest rate risk. The effective interest rate of the liability component was 11,0% (2008: 15,5%).

	2009 R'million	2008 R'million
11. TRADE AND OTHER PAYABLES		
Financial instruments		
Accrued expenses	**10,3**	6,9
Other	**4,4**	4,8
Total financial instruments	**14,7**	11,7
Non-financial instruments		
Indirect taxes	**14,0**	10,7
Leave pay	**2,3**	1,5
Bonuses	**8,5**	6,9
Royalties received in advance	**77,3**	76,5
Other	**2,6**	0,2
Total non-financial instruments	**104,7**	95,8
Total trade and other payables	**119,4**	107,5

	2009 R'million	2008 R'million
12. COMMITMENTS		
Operating lease commitments		
Land and buildings	9,4	1,3
The future minimum operating lease payments are as follows		
Less than 1 year	1,6	1,3
Between 1 and 5 years	7,8	—
	9,4	1,3
– The lease for the Durban head office has a remaining term of 5 years with a five-year renewal option.		
– This lease is subject to an annual escalation of 9%.		
13. REVENUE		
Other revenue		
Royalties	153,9	153,0
14. OPERATING PROFIT		
Operating profit has been arrived at after crediting		
Profit on disposal of intangible assets	—	40,8
Reversal of impairment losses – intangible assets (included in other operating income)	0,1	—
Profit on share capital reduction – Aspen Pharmacare International Ltd	45,6	—
Profit on sale of Astrix Laboratories Ltd	91,4	—
after charging		
Auditors' remuneration	4,3	1,1
– Audit fees	3,2	1,1
Current year	2,3	1,1
Prior year under-provision	0,9	—
– Other services – tax consulting	0,2	—
– Other services – accounting consulting	0,7	—
– Other services – commercial paper regulations	0,2	—
Impairment of intangible assets (included in other operating expenses)	13,6	1,3
Repairs and maintenance expenditure on property, plant and equipment	0,3	0,1
Operating lease rentals	1,5	1,2
– Land and buildings	1,3	1,1
– Office equipment and furniture	0,2	0,1
Secretarial fees	0,2	0,1

	2009 R'million	2008 R'million
15. EXPENSES BY NATURE		
Depreciation	**0,6**	0,6
Amortisation of intangible assets	**36,3**	74,5
Net impairment charges	**13,6**	1,3
Repairs and maintenance	**0,3**	0,1
Personnel costs and other staff-related costs	**33,3**	20,5
Share trust contributions	**5,6**	14,3
Share-based payment expense – employees	**6,4**	4,6
Property costs	**1,5**	1,3
Other	**24,1**	14,7
	121,7	131,9
Classified as		
Administrative expenses	**66,1**	56,2
Other operating expenses	**55,6**	75,7
	121,7	131,9
16. DIRECTORS AND EMPLOYEES		
Staff costs		
Wages and salaries	**29,4**	18,0
Provident fund contributions – defined contribution plans	**2,6**	1,7
Medical aid contributions	**0,8**	0,5
Share-based payment expense – options and appreciation rights	**6,4**	4,5
Other company contributions	**0,5**	0,3
	39,7	25,0
Amount included in administrative expenses	**39,7**	25,0
Wages and salaries	**29,4**	18,0
Benefits	**10,3**	7,0
Total number of full-time employees at year-end	**36**	24
17. INVESTMENT INCOME		
Dividends received from subsidiaries and joint venture	**2 665,6**	1 647,8
Preference share dividends received	**—**	33,3
Interest received	**69,9**	88,3
Interest on bank balances	**65,6**	87,4
Interest from subsidiaries	**4,0**	0,6
Other	**0,3**	0,3
	2 735,5	1 769,4
18. FINANCING COSTS		
Interest paid	**—**	(13,8)
Preference share dividends paid	**(38,3)**	(38,1)
Net foreign exchange (losses)/gains	**(1,0)**	27,9
Notional interest on financial instruments	**8,6**	2,7
	(30,7)	(21,3)

		2009 R'million	2008 R'million
19. TAX			
Current tax	– current year	60,0	47,4
	– prior year	—	0,1
Deferred tax	– current year	(6,2)	5,1
	– prior year	—	0,2
	– tax rate adjustment	—	(0,2)
Secondary tax on companies and other dividend taxes		3,6	0,1
Capital gains tax		4,2	1,8
Total tax charge		61,6	54,5

	%	%
Reconciliation of the tax rate		
Effective tax rate	2,1	3,0
Capital and exempt income	26,9	26,3
Disallowable expenses	(0,8)	(1,2)
Non-deductible portion of share-based payment expense – employees	(0,1)	(0,1)
Non-deductible amortisation of intangible assets	—	(0,2)
Impairment of intangible assets	(0,1)	—
Other disallowable expenses	(0,6)	(0,9)
Secondary tax on companies and other dividend taxes	(0,1)	—
Capital gains tax	(0,1)	(0,1)
Tax at the statutory rate	28,0	28,0

20. PRINCIPAL SUBSIDIARIES AND JOINT VENTURES

Country of incorporation	Company
Subsidiaries	
Direct	
Mauritius	Aspen Global Incorporated
South Africa	Aspen OSD (Pty) Ltd
United Kingdom	Aspen Pharmacare International Ltd*
South Africa	Aspen Pharmacare International (Pty) Ltd
United States	Aspen USA Incorporated
Australia	Brimpharm Australia Pty Ltd
South Africa	Brimpharm SA (Pty) Ltd
United Kingdom	Brimpharm UK Ltd
South Africa	Fine Chemicals Corporation (Pty) Ltd**
South Africa	Pharmacare Ltd
Jersey, CI	SAD Overseas Ltd
Kenya	Shelys Africa Ltd
South Africa	Twincor Investments (Pty) Ltd
Indirect	
South Africa	Abe Krok Investments (Pty) Ltd
South Africa	Abkro Investments (Pty) Ltd
United Arab Emirates	Aspen Health Care FZ LLC
South Africa	Aspen International Distribution (Pty) Ltd
South Africa	Aspen Nutritionals (Pty) Ltd
South Africa	Aspen Pharmacare Africa (Pty) Ltd
Australia	Aspen Pharmacare Australia Pty Ltd
South Africa	Aspen Pharmacare East London (Pty) Ltd
United Kingdom	Aspen Pharmacare Resources Ltd
South Africa	Aspen Pharmacare South Africa (Pty) Ltd
South Africa	Aspen Port Elizabeth (Pty) Ltd (previously Aspen SVP (Pty) Ltd)
Kenya	Beta Healthcare International Ltd
Kenya	Beta Healthcare (Kenya) Ltd
Uganda	Beta Healthcare (Uganda) Ltd
South Africa	Brovar (Pty) Ltd
Venezuela	Casa de Reresentaciones Sumifarma, C.A.^
Brazil	Cellofarm Ltda^
South Africa	Krok Brothers Holdings (Pty) Ltd
South Africa	Malcomess Leasing Company (Pty) Ltd
Cyprus	PharmaLatina Holdings Ltd^
Tanzania	Shelys Pharmaceuticals Ltd
Mauritius	Shelys Pharmaceuticals International Ltd
South Africa	Skay Investments (Pty) Ltd
Mexico	Solara, S.A. de C.V.^
South Africa	Sol Krok Investments (Pty) Ltd
South Africa	Solo Ethicals (Pty) Ltd
Cyprus	Strides Latina S.A.^
Mexico	Strides Mexicana, S.A. de C.V.^
Total investments in subsidiaries	
Joint ventures	
Direct	
India	Astrix Laboratories Ltd
South Africa	Fine Chemicals Corporation (Pty) Ltd**
Indirect	
India	Onco Therapies Ltd
Cyprus	Onco Laboratories Ltd
Total investments in joint ventures	
Total investments in subsidiaries and joint ventures	

#Less than 1 000.

*During the year a share capital reduction occurred which reduced the investment to zero.

**On 31 May 2009, the Group acquired the remaining shareholding in FCC. The company is classified as a subsidiary in 2009, compared to being a joint venture in 2008.

^These investments were shown as indirect joint ventures in the 2008 financial year.

The Group maintains a register of all subsidiaries and incorporated joint ventures, available for inspection at the registered office of Aspen Pharmacare Holdings Ltd.

Currency	Issued capital	Effective Group holding		Investment		Amounts (due to)/due by subsidiaries/joint ventures	
		2009	2008	**2009**	2008	**2009**	2008
	'000	**%**	%	**R'million**	R'million	**R'million**	R'million
USD	444 378	**100**	100	**3 373,4**	1 509,8	**26,3**	0,8
ZAR	— #	**100**	100	**9,8**	9,8	**(27,1)**	(27,1)
GBP	— #	**100**	100	**—**	225,5	**—**	—
ZAR	— #	**100**	100	**25,4**	25,4	**(29,1)**	(29,1)
USD	1 270	**100**	100	**8,1**	8,1	**—**	—
AUD	— #	**50**	50	**—**	—	**1,8**	1,5
ZAR	4	**50**	50	**40,5**	40,5	**—**	—
GBP	— #	**50**	50	**—**	—	**—**	—
ZAR	—	**100**	50	**328,4**	—	**—**	—
ZAR	1 285	**100**	100	**589,2**	567,9	**(232,3)**	(240,8)
GBP	19	**100**	100	**—**	—	**—**	—
KES	196 198	**60**	60	**231,5**	231,5	**74,0**	71,5
ZAR	260	**100**	100	**5,2**	5,2	**(1,4)**	(1,4)
ZAR	— #	**100**	100	**—**	—	**—**	—
ZAR	— #	**100**	100	**—**	—	**—**	—
USD	82	**100**	—	**—**	—	**—**	—
ZAR	1	**100**	100	**—**	—	**—**	—
ZAR	1	**100**	100	**—**	—	**—**	—
ZAR	1	**100**	100	**—**	—	**—**	—
AUD	17 373	**100**	100	**—**	—	**—**	—
ZAR	1	**100**	100	**—**	—	**—**	—
GBP	— #	**100**	100	**—**	—	**—**	—
ZAR	— #	**100**	100	**—**	—	**0,8**	0,8
ZAR	400	**100**	100	**—**	—	**—**	—
KES	30 000	**60**	60	**—**	—	**—**	—
KES	20 000	**60**	60	**—**	—	**—**	—
UGX	40 000	**60**	60	**—**	—	**—**	—
ZAR	— #	**100**	100	**—**	—	**—**	—
VEF	2 729	**80**	40	**—**	—	**—**	—
BRL	214 537	**100**	50	**—**	—	**—**	—
ZAR	— #	**100**	100	**2,2**	2,2	**(47,7)**	(47,7)
ZAR	— #	**100**	100	**—**	—	**—**	—
USD	12 927	**100**	50	**—**	—	**—**	—
TZS	6 723 843	**60**	60	**—**	—	**—**	—
USD	— #	**60**	60	**—**	—	**—**	—
ZAR	— #	**100**	100	**—**	—	**—**	—
MXN	93 124	**100**	50	**—**	—	**—**	—
ZAR	— #	**100**	100	**—**	—	**—**	—
ZAR	1	**100**	100	**—**	—	**—**	—
USD	2 926	**100**	50	**—**	—	**—**	—
MXN	5 415	**100**	50	**—**	—	**—**	—
				4 613,7	2 625,9	**(234,7)**	(271,5)
INR	45 250	**—**	50	**—**	232,9	**—**	—
ZAR	— #	**100**	50	**—**	137,8	**—**	—
INR	20 256	**49**	49	**—**	—	**—**	—
USD	6	**50**	50	**—**	—	**—**	—
				—	370,7	**—**	—
				4 613,7	2 996,6	**(234,7)**	(271,5)

Definitions

AUD: Australian Dollar
BRL: Brazilian Real
GBP: Pound Sterling
INR: Indian Rupee
KES: Kenyan Shilling
MXN: Mexican Peso
TZS: Tanzanian Shilling
UGX: Ugandan Shilling
USD: United States Dollar
VEF: Venezuela Bolivare Fuertes
ZAR: South African Rand

Group currency conversion (unaudited) – annexure 1

CURRENCY OF FINANCIAL STATEMENTS

The financial statements are expressed in South African Rand.

The exchange rates at 30 June were as follows:

	2009	2008
US Dollar	**7,78**	7,84
Pound Sterling	**12,76**	15,61
Euro	**10,92**	12,35
Australian Dollar	**6,25**	7,55
Brazilian Real	**3,99**	4,93
Mexican Peso	**0,59**	0,76

SELECTED GROUP FINANCIAL DATA TRANSLATED INTO US DOLLAR

Income statement and cash flow information was translated at an average rate of R8,90 (2008: R7,32).

The statement of financial position information was translated at a closing rate of R7,78 (2008: R7,84).

	% growth	2009 USD'million	2008 USD'million
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009			
CONTINUING OPERATIONS			
Revenue	48,4	**949,4**	639,7
Cost of sales		**(512,8)**	(343,1)
Gross profit	47,2	**436,6**	296,6
Net operating expenses		**(165,8)**	(117,0)
Operating profit before amortisation	50,8	**270,8**	179,6
Amortisation of intangible assets		**(25,5)**	(16,1)
Operating profit	50,1	**245,3**	163,5
Investment income		**25,2**	36,0
Financing costs		**(78,6)**	(38,4)
		191,9	161,1
Share of after-tax net losses of associates		**(0,4)**	(0,2)
Profit before tax	19,0	**191,5**	160,8
Tax		**(40,7)**	(45,5)
Profit after tax from continuing operations	30,7	**150,8**	115,3
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations		**1,2**	2,7
Profit for the year	28,7	**152,0**	118,0
Attributable to:			
Equity holders of the parent		**150,5**	117,9
Minority interests		**1,5**	0,2
		152,0	118,1

	% growth	2009 USD'million	2008 USD'million
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009			
ASSETS			
Non-current assets			
Property, plant and equipment		**304,9**	222,5
Intangible assets		**578,4**	550,1
Other non-current assets		**5,9**	4,0
Total non-current assets	14,5	**889,2**	776,6
Current assets			
Inventories		**184,3**	184,6
Trade and other receivables		**269,9**	228,4
Cash and cash equivalents		**265,3**	194,2
Total current assets	18,5	**719,5**	607,2
Total assets	16,2	**1 608,7**	1 383,8
SHAREHOLDERS' EQUITY			
Ordinary shareholders' equity	31,9	**516,7**	391,8
Preference shares – equity component		**20,8**	22,9
Minority interests		**10,3**	8,5
Total shareholders' equity	29,4	**547,8**	423,2
LIABILITIES			
Non-current liabilities			
Preference shares – liability component		**50,4**	51,3
Borrowings		**441,1**	9,7
Deferred-payables and other non-current financial liabilities		**1,2**	1,5
Deferred tax liabilities		**26,1**	19,8
Total non-current liabilities	530,6	**518,8**	82,3
Current liabilities			
Trade and other payables		**167,0**	128,1
Financial liability at amortised cost		**—**	338,4
Borrowings		**343,0**	395,9
Other current financial liabilities		**32,1**	15,9
Total current liabilities	(38,3)	**542,1**	878,3
Total equity and liabilities	16,2	**1 608,7**	1 383,8
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2009			
Cash flows from operating activities	62,9	**145,2**	89,1
Cash used in investing activities		**(399,6)**	(198,9)
Cash outflow from financing activities		**351,5**	165,4
Effects of exchange rate changes		**(47,7)**	(5,5)
Movement in cash and cash equivalents		**49,4**	50,1
Cash and cash equivalents at the beginning of the year		**120,5**	70,4
Cash and cash equivalents at the end of the year		**169,9**	120,5

Share statistics (unaudited) – annexure 2

ANALYSIS OF SHAREHOLDERS AT 30 JUNE 2009

Ordinary shares	Number of shareholders	% of total shareholders	Number of shares	% of total shareholding
Size of holding				
1 – 2 500	8 192	71,1	7 077 270	2,0
2 501 – 12 500	2 379	20,7	12 485 105	3,4
12 501 – 25 000	326	2,8	5 747 512	1,6
25 001 – 50 000	204	1,8	7 140 159	2,0
50 001 – and over	412	3,6	328 896 872	91,0
	11 513	100,0	361 346 918	100,0

Major shareholders

According to the register of shareholders at 30 June 2009, the following are the only registered beneficial shareholders, other than directors' of the Company, who held in excess of 2% of the shareholding of the Company at that date. The directors' shareholdings are disclosed on page 97 of the directors report.

Shareholder	Number of shares	% of total shareholding
Public Investment Corporation	30 956 714	8,6
Allan Gray Asset Management	23 793 806	6,6
Investec Asset Management (Pty) Ltd	17 257 978	4,8
Imithi Investments (Pty) Ltd	13 634 500	3,8
Foord Asset Management	11 956 708	3,3
CEPPWAWU Investments (Pty) Ltd	9 142 617	2,5
Fidelity International Ltd	7 462 846	2,1
STANLIB Asset Management Ltd	7 310 873	2,0
	121 516 042	33,7

Shareholders' spread

In terms of paragraph 4.29(e) of JSE Ltd Listings Requirements, the spread of the ordinary shareholding at close of business at 30 June 2009 was as follows

		Number of shares	% of total shareholding
Non-public shareholders		23 458 418	6,5
Empowerment groups:	– (CEPPWAWU Investments (Pty) Ltd)	9 142 617	2,5
	– (Imithi Investments (Pty) Ltd)	13 634 500	3,8
Treasury shares	– (Pharmacare Ltd)	681 301	0,2
Public shareholders		337 888 500	93,5
Total shareholding		361 346 918	100,0
Foreign shareholding		91 794 592	25,4

Specific repurchase of treasury shares

BACKGROUND

Pharmacare Ltd acquired various tranches of Aspen shares in July 2004 and June 2005 and held approximately 10% (38 931 499 shares) of the issued share capital in Aspen ("treasury shares"). These shares were acquired by Aspen following the granting of special resolution number 2 at the annual general meeting held on 27 November 2008. In terms of the capitalisation award to shareholders in October 2008, Pharmacare Ltd received 681 301 shares which were not taken into account in the repurchase of 38 931 499 shares. In order to reduce the number of treasury shares held to zero, the Board has resolved that Aspen should purchase the treasury shares derived from the capitalisation award from Pharmacare Ltd. The treasury shares will, following their purchase, be cancelled as issued shares and restored to the status of authorised shares. The cancellation of the treasury shares following their purchase will not place Aspen in breach of the spread regulations of JSE Ltd.

SPECIFIC REPURCHASE

The specific repurchase will be performed at a price of R62,50 per Aspen ordinary share, being the closing share price for Aspen on 22 October 2009. The specific repurchase will have no financial effect on Aspen or its shareholders other than in respect of transaction costs that are normally incurred in transactions of this nature, namely securities transfer tax, brokers' fees, JSE Ltd inspection fees and STRATE settlement fee. As this repurchase is intra-group there will be no cash outflow from the Group for the specific repurchase. Application will be made to JSE Ltd for the delisting of the treasury shares once they have been repurchased and the special resolution relating thereto has been registered with the Registrar of Companies. In terms of the Listings Requirements of JSE Ltd and the provisions of the Companies Act, Pharmacare Ltd will be excluded from voting on the special resolution of shareholders required to authorise this specific repurchase.

ADEQUACY OF CAPITAL

The directors of Aspen have considered the impact of the specific repurchase and are of the opinion that the:

> Company and the Group will be able in the ordinary course of business to pay its debt for a period of 12 months after the date of approval of the special resolution;

> assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the approval of the special resolution. For this purpose the assets and liabilities were recognised and measured in accordance with the accounting policies used in the audited annual financial statements of the Group;

> share capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of the special resolution; and

> working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the approval of the special resolution.

MATERIAL CHANGE

There has been no material change in the financial position of Aspen since the publication of the preliminary financial statements for the year ended 30 June 2009, other than disclosed under post-year-end events.

SHARE CAPITAL

The table below sets out the issued and authorised issued share capital of Aspen before and after the specific repurchase.

	R'million
Authorised	
700 000 000 ordinary shares with a par value of 13,90607 cents each	97,3
Issued – before the specific repurchase	
362 413 472* ordinary shares with a par value of 13,90607 cents each	50,4
Issued – after the specific repurchase	
361 732 171 ordinary shares with a par value of 13,90607 cents each	50,3

**Number of shares in issue at the date of approval of this annual report.*

FINANCIAL EFFECTS

The repurchase of treasury shares will not have any effect on headline earnings per share and net asset value per share.

The repurchase of treasury shares will be effected from within the Group.

aspen HOLDINGS

Investec Bank Limited

Investec Bank Limited (Registration number 1969/004763/06)

Notice of annual general meeting

Notice is hereby given that the annual general meeting of shareholders of Aspen Pharmacare Holdings Ltd will be held at Building Number 1, Healthcare Park, Woodlands Drive, Woodmead, Johannesburg, Gauteng, on Friday, 4 December 2009 at 09:30.

The following business will be transacted and resolutions proposed, with or without modification:

Ordinary business

1. Ordinary resolution number 1

Approval of annual financial statements

To receive, approve and adopt the annual financial statements of the Company and of the Group for the year ended 30 June 2009.

2. Ordinary resolution number 2

Re-election of directors

To re-elect the following directors who retire by rotation in terms of the Articles of Association of the Company:

(a) Archie Aaron
(b) Chris Mortimer
(c) David Nurek
(d) Sindi Zilwa

all of whom are eligible and offer themselves for re-election.

Abbreviated biographical details of the directors are set out in the directorate.

3. Ordinary resolution number 3

Re-appointment of external auditors

To re-appoint the auditors, PricewaterhouseCoopers Inc., as auditors of the Company and the Group; and Eric MacKeown as the audit partner, for the ensuing year.

4. Ordinary resolution number 4

Remuneration of auditors

To authorise the directors of the Company to determine the remuneration of the auditors.

5. Ordinary resolution number 5

Remuneration of non-executive directors

To approve the remuneration of non-executive directors for the year ending 30 June 2010 on the following basis :

Type of fee	Existing fee for the year ended 30 June 2009 R	Proposed fee for the year ending 30 June 2010 R
Group Board		
Chairman	**500 000**	540 000
Member	**176 000**	190 000
Audit & Risk Committee		
Chairman	**176 000**	220 000
Member	**88 000**	100 350
Remuneration & Nomination Committee		
Chairman	**60 500**	65 350
Member	**30 250**	32 670
Transformation Committee		
Member	**46 750**	50 500

6. Ordinary resolution number 6

General authority to distribute to shareholders part of the Company's share premium

"Resolved that, the directors of the Company be authorised, by way of a general authority, to distribute to shareholders of the Company any share capital and reserves of the Company in terms of section 90 of the Companies Act, 61 of 1973 as amended, Article 30.2 of the Company's Articles of Association and in terms of the Listings Requirements of JSE Ltd, provided that:

> the distribution will be made pro rata to all ordinary shareholders;

> the general authority shall be valid until the next annual general meeting of the Company or for 15 months from the passing of this ordinary resolution (whichever period is the shorter); and

> any general distribution of share premium by the Company does not exceed 20% of the Company's issued share capital and reserves, excluding minority interests.

The directors of the Company are of the opinion that, were the Company to enter into a transaction to distribute share capital and/or reserves up to a maximum of 20% of the current issued share capital and reserves, and they are satisfied that for a period of 12 months after the date of the notice of this annual general meeting:

> the Company and its subsidiaries ("the Group") will be able to pay its debts as they become due in the ordinary course of business;
> the assets of the Group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the liabilities of the Company and the Group;
> the issued share capital of the Group will be adequate for the purpose of the business of the Group for the foreseeable future; and
> the working capital available to the Group will be adequate for the Group's requirements for the foreseeable future."

If the directors recommend a distribution to shareholders on publication of the preliminary results for the year ending June 2010, the above authority will be used.

7. Ordinary resolution number 7

Renewal of the authority that the unissued shares be placed under the control of directors

"Resolved that all of the ordinary shares in the authorised but unissued share capital of the Company be placed at the disposal and under the control of the directors until the next annual general meeting of the Company, and that the directors be authorised and empowered, subject to the provisions of the Companies Act 61 of 1973 ("the Act"), and the Listings Requirements of JSE Ltd, to allot, issue and otherwise dispose of such shares to such person/s on such terms and conditions and at such times as the directors may from time-to-time in their discretion deem fit."

8. Ordinary resolution number 8

Authorisation for an executive director to sign necessary documents

"Resolved that any one executive director be authorised to sign all such documents and to do all such things as may be necessary for or incidental to the implementation of the resolutions to be proposed at the annual general meeting."

Special business

Shareholders are requested to consider, and if deemed fit, pass the following special resolutions with or without amendment:

9. Special resolution number 1

General authority to repurchase Company shares

"Resolved that the Company or any of its subsidiaries, be authorised by way of a general authority, to acquire up to a further 20% of the Company's ordinary issued share capital (subject to the proviso that a subsidiary may not hold more than 10% of the Company's issued share capital), in terms of Sections 85(2) and 85(3) of the Companies Act 61 of 1973, as amended, and of the Listings Requirements of JSE Ltd. Such general approval shall be valid until the next annual general meeting of the Company, provided that it shall not extend beyond 15 months from the date of passing of this special resolution. Such authority is subject to the following conditions:

> any such acquisition of ordinary shares shall be implemented through the order book operated by JSE Ltd's trading system and done without any prior understanding or arrangement between the Company or its subsidiary and the counter-party;
> acquisitions in the aggregate in any one financial year may not exceed 20% of the Company's issued share capital as at the date of passing this special resolution;
> an announcement is published as soon as the Company or any of its subsidiaries has acquired shares constituting, on a cumulative basis, 3% of the number of the ordinary shares in issue at the time the authority is granted and for each subsequent 3% purchase thereafter, containing full details of such acquisition;
> in determining the price at which Aspen shares are acquired by the Company or its subsidiaries, the maximum premium at which such shares may be purchased will be 10% of the weighted average of the market value of the shares for the five business days immediately preceding the date of the relevant transaction;
> the Company or its subsidiary has been given authority by its Articles of Association;
> at any point in time, the Company or its subsidiary may only appoint one agent to effect any repurchase on the Company's behalf;

- the Company's sponsor must confirm the adequacy of the Company's working capital for purposes of undertaking the repurchase of shares in writing to JSE Ltd before entering the market to proceed with the repurchase;
- the Company remaining in compliance with the minimum shareholder spread requirements of JSE Ltd's Listings Requirements; and
- the Company and/or its subsidiaries not repurchasing any shares during a prohibited period as defined by JSE Ltd's Listings Requirements, unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period.

Opinion of the directors

Should the authority be granted at the Company's annual general meeting, it will provide the Directors with the flexibility to repurchase such shares as and when the best interests of the Company require it to do so.

The directors, after considering the effect of the repurchase of the maximum number of Aspen shares in terms of the general authority, are satisfied that for a period of 12 months after the date of the notice of this annual general meeting:

- the Company and its subsidiaries ("the Group") will be able to pay its debts as they become due in the ordinary course of business;
- the assets of the Group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the liabilities of the Company and the Group;
- the issued share capital of the Group will be adequate for the purpose of the business of the Group for the foreseeable future;
- the working capital available to the Group will be adequate for the Group's requirements for the foreseeable future; and
- the Company's sponsor must confirm the adequacy of the Company's working capital for purposes of undertaking the repurchase of shares in writing to JSE Ltd before entering the market to proceed with the repurchase.

10. Special resolution number 2

Specific authority to purchase treasury shares

"Resolved that the Directors of the Company be authorised, by way of a specific authority, to approve the purchase in terms of Section 85 of the Companies Act of 1973, as amended, by Aspen of 681,301 treasury shares from Pharmacare Ltd, a wholly owned subsidiary of Aspen, at a price of R62,50 per share, being the closing share price for Aspen on JSE Ltd on 22 October 2009.

The Board of Directors is of the opinion that, after considering the effect of the specific repurchase the:

- Company and the Group will be able, in the ordinary course of business, to pay its debt for a period of 12 months after the date of approval of the special resolution;
- assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the approval of the special resolution. For this purpose the assets and liabilities were recognised and measured in accordance with the accounting policies used in the audited annual financial statements of the Group;
- share capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of the special resolution;
- working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the approval of the special resolution; and
- the Company and/or its subsidiaries will not repurchase any shares during a prohibited period as defined by JSE Ltd's Listings Requirements, unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period."

The reasons and effects of the ordinary resolutions and the special resolutions are set out in the explanatory notes that form part of this notice.

11. Other

To transact such other business as may be transacted at an annual general meeting of shareholders.

Votings and proxies

Certified shareholders and dematerialised shareholders with "own name" registration

A shareholder entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and on a poll to vote in his/her stead. A proxy need not be a shareholder of the Company. In order to be valid, completed forms of proxy must be lodged at the Company's transfer secretaries, Computershare Investor Services (Pty) Ltd by no later than 09:30 on 3 December 2009.

Shareholders who have dematerialised their shares, other than with "own name" registration, and who wish to attend the annual general meeting must instruct their Central Securities Depository Participant ("CSDP") or broker to issue them with the necessary Letter of Representation to attend.

Shareholders who have dematerialised their shares, other than with "own name" registration, and who wish to vote by way of proxy, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and their CSDP or broker.

By order of the Board

Hymie Shapiro
Company Secretary
Johannesburg

22 October 2009

Explanatory notes to resolutions for consideration at the annual general meeting

Ordinary business

Ordinary resolution number 1: Approval of annual financial statements

The directors must present to shareholders at the annual general meeting the annual financial statements incorporating the directors' report and the report of the auditors for the year ended 30 June 2009. These are contained within the annual report.

Ordinary resolution number 2: Re-election of directors

Under the Articles of Association, one third of the directors are required to retire at each annual general meeting and may offer themselves for re-election. In addition, any person appointed since the last annual general meeting is similarly required to retire and is eligible for re-election at the next annual general meeting.

Ordinary resolution number 3: Re-appointment of external auditors

The reason for proposing ordinary resolution number 3 is to confirm the appointment of PricewaterhouseCoopers Inc., and the audit partner, as the external auditors of the Company and the Group.

Ordinary resolution number 4: Remuneration of auditors

It is usual for this matter to be left to the directors, as they will be conversant with the amount of work that was involved in the audit. The Chairman will therefore propose a resolution to this effect, authorising the directors to attend to this matter.

Ordinary resolution number 5: Remuneration of non-executive directors

The Company, in general meeting, as per the Articles of Association, shall from time-to-time determine the remuneration of non-executive directors, subject to shareholders' approval.

Ordinary resolution number 6: General authority to distribute to shareholders part of the Company's share premium

The reason for and effect of this ordinary resolution is to grant the Board of Directors of the Company a general authority in terms of the Companies Act for the distribution of share capital and share premium by the Company to its shareholders. Such general authority will, subject to the requirements of the Companies Act, and JSE Ltd, provide the Board with the flexibility to distribute any surplus capital of the Company to its shareholders. This general approval shall be valid until the next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing of this ordinary resolution.

Ordinary resolution number 7: Directors' control of unissued ordinary shares

It is considered advantageous to grant the directors authority to enable the Company to take advantage of business opportunities which may arise in the future. This authority is due to expire at the next annual general meeting.

Ordinary resolution number 8: Authorisation for an executive director to sign necessary documents

It is necessary to confer upon an executive director of the Company an authority to sign all documents as may be necessary for or incidental to the resolutions to be proposed at the annual general meeting.

Special business

Special resolution number 1: General authority to repurchase Company shares

The reason for proposing the special resolution is to permit and authorise the Company and/or any subsidiaries to acquire the Company's own shares. The effect will be to grant the directors a general authority to purchase shares in Aspen. Such general authority will provide the Board with the flexibility, subject to the requirements of the Act and JSE Ltd, to repurchase the

Company's shares should it be in the interests of the Company while the general authority exists. This general authority shall be valid until the next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing this special resolution.

Special resolution number 2: Specific authority to repurchase treasury shares

The reason for and effect of the special resolution is to grant the Company's directors a specific authority to approve the repurchase by the Company of 681,301 treasury shares of R62,50 each in the issued share capital of the Company from Pharmacare Ltd, a wholly owned subsidiary of the Company.

Additional information

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of JSE Ltd's Listings Requirements for purposes of the general authority to repurchase the Company's shares:

> Directors and management page 50;
> Major beneficial shareholders page 202;
> Directors' interests in ordinary shares page 97;
> Share capital of the Company page 139;
> Directors' report page 96.

Litigation statement

In terms of section 11.26 of JSE Ltd's Listings Requirements, the directors, whose names appear in the directorate of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

Directors' responsibility statement

The directors, whose names appear in the directorate of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolutions and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolutions contain all relevant information.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

The Company undertakes to advise the sponsor before embarking on a general repurchase or capital distribution, in order to enable the sponsor to furnish JSE Ltd with written confirmation of the Company's working capital.

Administration

Secretary
Hymie Aaron Shapiro
CA(SA), HDipTax 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
1985/002935/06

JSE code: APN
ISIN: ZAE 000066692

Attorneys
Werksmans Inc. Attorneys
Chris Mortimer & Associates
Cliffe Dekker Fuller Moore Inc.

Auditors
PricewaterhouseCoopers Inc.

Bankers
First National Bank, a division of FirstRand Bank Ltd
Investec Bank Ltd
The Standard Bank of South Africa Ltd
Absa Bank Ltd
Rand Merchant Bank, a division of FirstRand Bank Ltd
Old Mutual Financial Services
Nedbank Limited

Sponsors
Investec Securities Ltd

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Transfer office
70 Marshall Street, Johannesburg
PO Box 61051, Marshalltown, 2107
Telephone 011 370 5000
Telefax 011 370 5271

Website address
www.aspenpharma.com

Shareholders' diary

Financial year-end	30 June 2009
Annual general meeting	4 December 2009
Reports and Group results announcement for the 2010 financial year	
Interim report	March 2010
Profit announcement for the year	September 2010
Annual financial statements	November 2010

Form of proxy

This proxy form is not for completion by those shareholders who have dematerialised their shares (other than those whose shareholding is recorded in their own name in the sub-register maintained by their CSDP or broker). Such shareholders should provide their CSDP or broker with their voting instructions.

ASPEN PHARMACARE HOLDINGS LIMITED
Registration number 1985/002935/06
JSE Code: APN ISIN: ZAE 000066692

I/We *(please print name in full)* ______________________________

of (address) ______________________________

being the holder(s) of ______________________ ordinary shares/A preference shares in the Company, do hereby appoint

____

or, failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at Building Number 1, Healthcare Park, Woodlands Drive, Woodmead, Gauteng, on Friday, 4 December 2009, at 09:30 or at any adjournment thereof.

I/We desire to vote as follows:

Voting instructions	For	Against	Abstain
Ordinary business			
1. To adopt the Company and Group annual financial statements for the year ended 30 June 2009			
2. (a) to re-elect Archie Aaron as a director of the Company			
(b) to re-elect Chris Mortimer as a director of the Company			
(c) to re-elect David Nurek as a director of the Company			
(d) to re-elect Sindi Zilwa as a director of the Company			
3. To re-appoint the auditors, PricewaterhouseCoopers Inc.			
4. To authorise the directors to determine the remuneration of the auditors			
5. To approve the remuneration of the non-executive directors as set out in the notice of the annual general meeting			
6. To distribute to shareholders part of the Company's share premium			
7. To place unissued shares under the control of the directors			
8. To authorise an executive director to sign documents necessary for or incidental to the resolutions proposed at the annual general meeting			
Special business Special resolutions to: 1. Give general authority until the next annual general meeting for the Company or any of its subsidiaries to repurchase the Company's shares			
2. Give specific authority for the Company to repurchase treasury shares			

Signed this ______________ day of ______________ 2009

Signature ______________________________

Notes

1. Mark with an X whichever is applicable. Unless otherwise directed, the proxy will vote as he/she thinks fit.
2. A shareholder entitled to attend and vote at the aforementioned meeting is entitled to appoint a proxy or proxies to attend, speak and, on a poll, vote in his/her stead and such proxy need not be a shareholder of the Company.
3. Proxy forms should be forwarded to the transfer secretaries to be received by no later than 09:30 on Thursday, 3 December 2009.

To be completed and mailed to: Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107).

aspen

HOLDINGS

Products depicted

Aspen Lansoprazole 15 Capsules – 30s
S4 Reg No. 37/11.4.3/0237
Each capsule contains lansoprazole 15 mg

Aspen Lansoprazole 30 Capsules – 30s
S4 Reg No. 37/11.4.3/0154
Each capsule contains lansoprazole 30 mg

Aspen Simvastatin 10 mg Tablets – 30s
S4 Reg No. 37/7.5/0335
Each tablet contains simvastatin 10 mg

Aspen Simvastatin 20 mg Tablets – 30s
S4 Reg No. 37/7.5/0336
Each tablet contains simvastatin 20 mg

Aspen Simvastatin 40 mg Tablets – 30s
S4 Reg No. 37/7.5/0337
Each tablet contains simvastatin 40 mg

Altosec 10 Capsules – 28s
S4 Reg No. 32/11.4.3/0703
Each capsule contains omeprazole 10 mg

Altosec 20 Capsules – 28s
S4 Reg No. 32/11.4.3/0087
Each capsule contains omeprazole 20 mg

Calman Syrup – 100 ml
Each 5 ml contains *passiflora incarnata* L. 0.10 ml/ml, *crataegus oxyacantha* L. 0.07 ml/ml; salix alba L. 0.05 g/ml

Calman Tablets – 20s
Each tablet contains *passiflora incarnata* L. 0.10ml/ml, *crataegus oxyacantha* L. 0.07 ml/ml; salix alba L. 0.05 g/ml

Carbilev 25/250 Tablets – 100s
S4 Reg No. 30/5.4.1/0269
Each tablet contains carbidopa monohydrate equivalent to carbidopa 25 mg, levodopa 250 mg

CiLift 20 mg Tablets – 30s
S5 Reg No. 36/1.2/0092
Each tablet contains citalopram hydrobromide equivalent to citalopram 20 mg

Clacee Tablets 250 mg – 10s*
S4 Reg No. X20.1.1/229
Each tablet contains clarithromycin 250 mg

Clacee Tablets 500 mg – 10s and 14s*
S4 Reg No. X20.1.1/0163
Each tablet contains clarithromycin 500 mg

Di-Gesic Tablets – 20s
S4 Reg No. Aust R52509
Each tablet contains dextropropoxyphene hydrochloride 32.5 mg, paracetamol 325 mg

Flixonase Metered Sprays – 120*
S3 Reg No. X/21.5.1/359
Each metered spray contains fluticasone propionate 0,05%

Flusin S Effervescent Tablets – 12s
S2 Reg No. 30/5.8/0001
Each effervescent tablet contains chlorpheniramine 4 mg, paracetamol 500 mg, pseudoephedrine 50 mg, vitamin C 330 mg

Gastro-Stop Tablets – 12s
S2 Reg No. Aust 48935
Each tablet contains clarithromycin 250 mg

Mucolyn Syrup – 100ml
Licence No. PM005-2009/10
Each 5 ml contains dextromethorphan hydrobromide 5 mg, chlorpheniramine maleate 2 mg, ammonium chloride 50 mg, pseudoephedrine hydrochloride 10 mg

Mybulen Tablets – 30s and 100s
S3 Reg No. 30/2.8/0138
Each tablet contains ibuprofen 200 mg, paracetamol 350 mg, codeine phosphate 10 mg

Panamor – 25 Tablets – 100s
S3 Reg No. R/3.1/49
Each tablet contains diclofenac sodium 25 mg

Panamor – 75SR Tablets – 30s
S3 Reg No. R/3.1/0121
Each tablet contains diclofenac sodium 75 mg

Pharmapress 5mg Tablets – 30s
S3 Reg No. 33/7.1.3/0479
Each tablet contains enalapril maleate 5 mg

Pharmapress 10mg Tablets – 30s
S3 Reg No. 38/7.1.3/0479
Each tablet contains enalapril maleate 10 mg

Pharmapress 20mg Tablets – 30s
S3 Reg No. 38/7.1.3/0480
Each tablet contains enalapril maleate 20 mg

Ridaq 25 Tablets – 500s
S3 Reg No. M/18.1/35
Each tablet contains hydrochlorothiazide 25 mg

Ridaq 12.5 Tablets – 500s
S3 Reg No. A39/18.1/0399
Each tablet contains hydrochlorothiazide 12.5 mg

Stilpane Capsules – 100s
S5 Reg No. B624 (Act/Wet 101/1965)
Each capsule contains meprobamate 150 mg, paracetamol 320 mg, codeine phosphate 8 mg

Trepiline – 25 Tablets – 500s
S5 Reg No. J/1.2/220
Each tablet contains amitriptyline HCl 25 mg

Vectoryl Plus Tablets – 30s*
S3 Reg No. 34/7.1.3/0027
Each tablet contains perindopril 4 mg, indapamide 1.25 mg

Venteze CFC-Free (Inhaler)
S2 Reg No. A39/10.2.1/0154
Each actuation delivers salbutamol sulphate equivalent to salbutamol 100µg

* *Marketed by Aspen for the applicant.*

Disclaimer

We may have made statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific. There are risks or uncertainties that predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements will be discussed in each year's annual report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of JSE Ltd, any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. All profit forecasts published in this announcement are unaudited.

All anatomical diagrams are artistic impressions.

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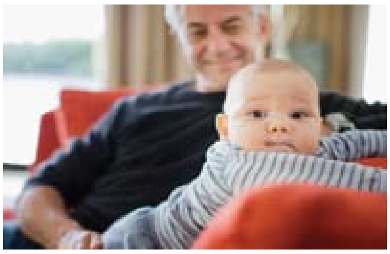

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