aspen HOLDINGS

Reviewed preliminary Group financial results for the year ended 30 June 2011

Normalised headline earnings
from continuing operations

↑ 29%

R2,4 billion

Normalised diluted headline earnings per share
from continuing operations

↑ 20%

523,3 cents

Capital distribution

↑ 50%

105 cents

Revenue
from continuing operations

↑ 29%

R12,4 billion

Commentary

Group performance

Aspen grew revenue from continuing operations by 29% to R12,4 billion and increased operating profit from continuing operations by 25% to R3,1 billion for the year ended 30 June 2011.

Normalised headline earnings being headline earnings from continuing operations, adjusted for transaction and restructure costs mainly related to the acquisition of the pharmaceutical division of Sigma Pharmaceuticals Limited in Australia ("the Sigma business") were up 29% at R2,4 billion. Diluted normalised headline earnings per share improved 20% to 523,3 cents.

South African business

Revenue from the South African business increased by 13% to R6,3 billion and operating profit grew 17% to R1,9 billion. There was an improvement in profit margins as a consequence of production efficiencies, procurement savings, a change in mix away from low margin antiretroviral ("ARV") tender products and relative Rand strength.

The Pharmaceutical division led growth in the South African business, increasing revenue by 15% to R5,2 billion. This was achieved despite enduring the challenges of its two biggest brands, Seretide and Truvada, coming under generic competition for the first time, as well as reduced pricing and lower than expected off takes in the new ARV tender which commenced in January 2011. ARV tender volumes have been well below expected levels as Government has used substitute donor funded product. Aspen has been particularly successful in its strategy to defend the Seretide molecule by launching its own generic, Foxair, which has more than compensated for volume declines in Seretide. Despite these headwinds the pharmaceutical division is fundamentally in good shape with a strong underlying growth rate. In particular, the Generic division continues to perform, fuelled by the industry's strongest organic pipeline. This is further validated by the 2011 Campbell Belman Confidence Predictor Results which again showed Aspen as the leading pharmaceutical company in South Africa with first ranking given by independent pharmacists, managed healthcare providers and managed healthcare funders.

The Consumer division has had to adapt to the loss of the Pfizer infant milk formula license in the last quarter. Infacare Gold was launched as a substitute product range and initial off take has been encouraging. The infant nutritional product offering in South Africa has also been extended by the launch of Melegi acidified infant formula. Revenue from the Consumer division for the year increased 3% to R1,1 billion in a slow retail market.

The Group has continued to invest in its manufacturing capabilities in South Africa. Projects are underway at the Port Elizabeth, East London and Cape Town production sites. The focus of these projects is on adding capacity, enhancing technical standards and improving efficiency. The benefits of past capital investment programmes are already being reflected in improved profit margins. Furthermore, Aspen's production competitiveness continues to be validated by the successes achieved in recent tender awards by the South African Government for ARVs, tuberculosis, anti-biotics and infant nutritionals where the Group competed with manufacturers from across the world.

Sub-Saharan Africa business

The Group's gross revenue in Sub-Saharan Africa advanced by 43% to R1,3 billion and operating profits almost tripled, increasing from R66 million to R182 million. A full year's contribution (prior year 7 months) from the GSK Aspen Healthcare for Africa collaboration assisted in this substantial step-up in results. There was also an improved performance from the Shelys business in East Africa where margins widened.

International business

The International business increased revenue by 56% to R5,6 billion. Operating profit before amortisation, adjusted for one-off non-trading items, grew 35% to R1,4 billion.

The acquisition of the Sigma business in Australia was completed with effect from 31 January 2011. The purchase consideration of AUD 900 million was revised down to AUD 863 million as a consequence of a reduction in the working capital at the acquisition date. The purchase price allocation for the Sigma transaction shows goodwill of R4,0 billion. The goodwill valuation represents the value which Aspen expects to add to the business through synergies with the Aspen Australia business as well as cost of goods reductions from improved procurement and lower manufacturing costs achieved through the Aspen global network.

The addition of the Sigma business was the primary driver in revenue from customers in the Asia Pacific region increasing 122% to R3,1 billion. However, the original Australian business also performed strongly, raising revenue by 33% to R1,7 billion.

In Latin America revenue of R0,9 billion was generated, an increase of 19%. In the rest of the world revenue of R1,6 billion was up 12%.

In February 2011 the disposal of Onco Laboratories was completed, realising a profit on disposal of R368 million. This was the largest contributor to profits from discontinued operations.

Funding

Borrowings net of cash were R6,3 billion at the end of the year, despite the R5,9 billion investment in the Sigma business. Strong operating cash flows supported by capital receipts were instrumental in reducing the net debt of the Group. Gearing stood at 34% at year end.

Interest paid, net of interest received of R418 million (prior year R351 million) reflects the increased level of borrowings during the period and was covered eight times by operating profit before amortisation.

Prospects

Real growth is anticipated to be sustained in the year ahead with the Asia Pacific region, fuelled by the acquisition of the Sigma business, being the leading driver. It is anticipated that revenue and profit contributions from the Group's businesses outside of South Africa will exceed that of the South African business for the first time.

Demographics in South Africa continue to support growth in the utilisation of medicines which could be further accelerated by the introduction of the National Health Insurance programme planned by Government. Aspen's pharmaceutical business in South Africa remains fundamentally strong, and has retained its leadership position in the private and public sectors. The outlook for the pharmaceutical business is favourable although in the year ahead performance will be muted by the genericisation of its two leading brands as well as the lower pricing and off take in the ARV tender mentioned above.

The South African Department of Health ("DoH") is presently considering the promulgation of new regulations to implement a process of international benchmarking of originator pharmaceutical products and to cap the logistics fees paid in the distribution of pharmaceuticals. Aspen has been an active participant in the formulation of industry submissions on these proposals. Both proposals are with the DoH for reconsideration. Revised proposals can be anticipated in the year ahead.

The South African Consumer business is faced with the loss of the Pfizer infant milks which generated annual sales of approximately R250 million. In response, Aspen has expanded its own product offering and competed in the public sector tender for infant nutritionals for the first time. Aspen has been awarded the vast majority of the volume of the products for which it competed. This three year tender which covers eight of South Africa's nine provinces as well as the recently launched Infacare Gold range will assist significantly in closing the gap left by the Pfizer brands.

The Sub-Saharan African business is well placed to extend its position as the leading supplier of quality pharmaceuticals in that region.

The Asia Pacific region is expected to lead growth in the Group in the forthcoming year, as the profitability of the Sigma business is improved. The integration of the Sigma business has proceeded well and the combined businesses are an influential participant in this market. The Group's pipeline for Australia has been further augmented by the conclusion of an agreement with Cipla, the leading Indian generic company, to work together for Aspen to launch Cipla developed products in Australia. The plan to expand the Group's representation in the region has taken a further step forward with the commencement of the process to incorporate a subsidiary in the Philippines.

Leadership structures have been strengthened in Latin America. Improved focus has been achieved in Brazil with the disposal of non-core products. Aspen continues to regard this region as having significant potential. Opportunities are being sought to improve the critical mass of the product offering.

Capital distribution

Taking into account the earnings and cash flow performance for the year ended 30 June 2011, existing debt service commitments and future proposed investments, notice is hereby given that, in terms of a general authority to distribute the company's capital granted by shareholders at the annual general meeting held on 26 November 2010, a capital distribution of 105 cents per ordinary share (2010: 70 cents) by way of a capital reduction has been declared, payable out of share premium to shareholders recorded in the share register of the company at the close of business on Friday, 14 October 2011. The directors are of the opinion that the company will satisfy the solvency and liquidity requirements of Section 46 of the Companies Act, 2008. Future distributions will be decided on a year-to-year basis.

In compliance with IAS 10: *Events After Balance Sheet Date*, the capital distribution will only be accounted for in the financial statements in the year ending 30 June 2012.

Last day to trade cum capital distribution	Friday, 7 October 2011
Shares commence trading ex capital distribution	Monday, 10 October 2011
Record date	Friday, 14 October 2011
Payment date	Monday, 17 October 2011

Share certificates may not be dematerialised or rematerialised between Monday, 10 October 2011 and Friday, 14 October 2011.

By order of the Board

NJ Dlamini
(Chairman)

SB Saad
(Group Chief Executive)

Woodmead

13 September 2011

Aspen Pharmacare Holdings Limited ("Aspen")
(Registration number 1985/002935/06)
Share code: APN ISIN: ZAE000066692

Directors
NJ Dlamini* (Chairman), RC Andersen*, MG Attridge, MR Bagus*, JF Buchanan*, SA Hussain*, CN Mortimer*, DM Nurek*, SB Saad, SV Zilwa*
*Non-executive directors

Company secretary
HA Shapiro

Transfer secretaries
Computershare Investor Services (Pty) Ltd
(Registration number 1987/003382/06)
70 Marshall Street, Johannesburg 200 . PO Box 61051, Marshalltown 2107

Registered office:
Building 8, Healthcare Park, Woodlands Drive, Woodmead

Group statement of financial position

		Reviewed year ended 30 June 2011 Rm	Audited year ended 30 June 2010 Rm
ASSETS			
Non-current assets			
Property, plant and equipment		**3 651,5**	3 012,4
Goodwill		**4 626,6**	456,1
Intangible assets	G#	**8 916,7**	8 609,9
Other non-current financial receivables		**11,8**	34,4
Deferred tax assets		**216,5**	65,5
Total non-current assets		**17 423,1**	12 178,3
Current assets			
Inventories		**2 628,1**	2 041,4
Receivables, prepayments and other current assets		**3 263,8**	2 359,5
Cash restricted for use		**28,7**	21,8
Cash and cash equivalents		**3 039,2**	2 939,8
		8 959,8	7 362,5
Assets classified as held for sale	J#	**414,5**	260,1
Total current assets		**9 374,3**	7 622,6
Total assets		**26 797,4**	19 800,9
SHAREHOLDERS' EQUITY			
Share capital and share premium (including treasury shares)		**4 776,2**	5 089,0
Reserves		**8 288,0**	5 580,0
Ordinary shareholders' equity		**13 064,2**	10 669,0
Equity component of preference shares		**162,0**	162,0
Non-controlling interests		**61,1**	55,2
Total shareholders' equity		**13 287,3**	10 886,2
LIABILITIES			
Non-current liabilities			
Preference shares – liability component		**381,3**	386,6
Borrowings		**4 249,0**	2 260,2
Retirement benefit obligations		**18,8**	15,4
Deferred revenue and other non-current liabilities		**148,2**	159,4
Deferred tax liabilities		**504,9**	263,2
Total non-current liabilities		**5 302,2**	3 084,8
Current liabilities			
Trade and other payables		**2 830,8**	1 913,9
Borrowings		**5 138,0**	3 720,8*
Derivative financial instruments		**65,6**	143,2
Other current liabilities		**142,6**	52,0
		8 177,0	5 829,9
Liabilities associated with assets held for sale	J#	**30,9**	—
Total current liabilities		**8 207,8**	5 829,9
Total liabilities		**13 510,1**	8 914,7
Total equity and liabilities		**26 797,4**	19 800,9
Number of shares in issue (net of treasury shares) ('000)		**433 883**	431 407
Net asset value per share (cents)		**3 011,0**	2 473,1

#See notes on Supplementary information.

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

Group statement of comprehensive income

		% change	Reviewed year ended 30 June 2011 Rm	Restated year ended 30 June 2010 Rm
CONTINUING OPERATIONS				
Revenue		29	**12 383,2**	9 619,2
Cost of sales			**(6 769,7)**	(5 142,7)
Gross profit		25	**5 613,5**	4 476,5
Selling and distribution expenses			**(1 460,7)**	(1 148,2)
Administrative expenses			**(827,3)**	(740,4)
Other operating income			**192,8**	179,9
Other operating expenses			**(369,3)**	(243,4)
Operating profit	B#	25	**3 149,0**	2 524,4
Investment income	C#		**193,2**	187,9
Financing costs	D#		**(605,3)**	(553,2)
Operating profit after investment income and financing costs		27	**2 736,9**	2 159,1
Share of after-tax net losses of associates			**—**	(1,7)
Profit before tax		27	**2 736,9**	2 157,4
Tax			**(582,1)**	(458,5)
Profit after tax from continuing operations		27	**2 154,8**	1 698,9
DISCONTINUED OPERATIONS				
Profit after tax for the year from discontinued operations	E#		**434,0**	279,6
Profit for the year		31	**2 588,8**	1 978,5
OTHER COMPREHENSIVE INCOME				
Currency gains on net investment in Asia Pacific			**81,2**	—
Net investment hedge loss on capital reduction in Asia Pacific			**(66,1)**	—
Net gains from cash flow hedging in respect of the Sigma transaction			**216,8**	—
Net impact in respect of the Sigma transaction			**231,9**	—
Oncology business transaction			**—**	0,8
Currency translation losses	F#		**(223,0)**	(25,1)
Cash flow hedges realised			**4,6**	(4,8)
Unrealised cash flow hedges recognised			**59,7**	—
Total comprehensive income		37	**2 662,0**	1 949,4
Profit for the year attributable to:				
Equity holders of the parent			**2 577,8**	1 989,6
Non-controlling interests			**11,0**	(11,1)
		31	**2 588,8**	1 978,5
Total comprehensive income for the year attributable to:				
Equity holders of the parent			**2 655,3**	1 969,3
Non-controlling interests			**6,7**	(19,9)
		37	**2 662,0**	1 949,4
Weighted average number of shares in issue ('000)			**432 914**	401 987
Basic earnings per share (cents)				
From continuing operations		16	**495,2**	425,4
From discontinued operations			**100,3**	69,5
		20	**595,5**	494,9
Diluted earnings per share (cents)				
From continuing operations		16	**476,5**	409,1
From discontinued operations			**95,5**	65,6
		20	**572,0**	474,7
CAPITAL DISTRIBUTION				
Capital distribution per share (cents)			**70,0**	—

The capital distribution of 70 cents relates to the distribution declared after the 2010 year end. A capital distribution of 105 cents has been declared after the 2011 year end and in compliance with IAS 10, Events After Balance Sheet date, the capital distribution will only be accounted for in the financial statements for the year ending 30 June 2012.

#*See notes on Supplementary information,*

Group statement of headline earnings

	% change	Reviewed year ended 30 June 2011 Rm	Restated year ended 30 June 2010 Rm
HEADLINE EARNINGS			
Reconciliation of headline earnings			
Profit attributable to equity holders of the parent		2 577,8	1 989,6
Adjusted for:			
Continuing operations			
– Impairment of property, plant and equipment (net of tax)		7,4	25,3
– (Profit)/loss on disposal of tangible and intangible assets (net of tax)		(11,8)	2,5
– Net impairment of intangible assets (net of tax)		83,8	68,4
– Impairment of deferred receivable (net of tax)		—	17,1
– Insurance compensation – capital component (net of tax)		(11,5)	(27,7)
– Capital gains tax on transfer of intellectual property rights		—	20,7
Discontinued operations			
– Profit on the sale of the Oncology business (net of tax)		(367,9)	(154,7)
– Profit on sale of Co-Pharma (net of tax)		(7,4)	—
– Profit on disposal of personal care products (net of tax)		(18,1)	—
	16	2 252,3	1 941,2
Headline earnings			
From continuing operations	22	2 211,7	1 816,3
From discontinued operations		40,6	124,9
	16	2 252,3	1 941,2
Headline earnings per share (cents)			
From continuing operations	13	510,9	451,8
From discontinued operations		9,4	31,1
	8	520,3	482,9
Headline earnings per share – diluted (cents)			
From continuing operations	13	491,4	434,1
From discontinued operations		8,9	29,3
	8	500,3	463,4
NORMALISED HEADLINE EARNINGS			
Reconciliation of normalised headline earnings			
Headline earnings		2 252,3	1 941,2
Adjusted for:			
Continuing operations			
– Restructuring costs (net of tax)		23,1	—
– Transaction costs (net of tax)		121,7	15,6
Discontinued operations			
– Restructuring costs (net of tax)		3,7	—
	23	2 400,8	1 956,8
Normalised headline earnings			
From continuing operations	29	2 356,5	1 831,9
From discontinued operations		44,3	124,9
	23	2 400,8	1 956,8
Normalised headline earnings per share (cents)			
From continuing operations	19	544,3	455,7
From discontinued operations		10,2	31,1
	14	554,5	486,8
Normalised headline earnings per share – diluted (cents)			
From continuing operations	20	523,3	437,7
From discontinued operations		9,7	29,3
	14	533,0	467,0

Group statement of changes in equity

	Share capital and share premium (including treasury shares) Rm
BALANCE AT 30 JUNE 2009	509,8
Total comprehensive income	—
Profit for the year	—
Other comprehensive income	—
Dividend paid	—
Issue of ordinary share capital	4 592,8
Shares issued – share schemes	17,0
Shares issued – GSK transactions	4 575,8
Treasury shares purchased	(13,5)
Treasury shares cancelled	(0,1)
Share options and appreciation rights expensed (including deferred incentive bonus)	—
Equity portion of tax claims in respect of share schemes	—
Hyperinflationary adjustment – Venezuela	—
BALANCE AT 30 JUNE 2010	5 089,0
Total comprehensive income	—
Profit for the year	—
Other comprehensive income	—
Capital distribution	(302,9)
Dividend paid	—
Issue of ordinary share capital – share schemes	10,0
Treasury shares purchased	(20,1)
Share options and appreciation rights expensed (including deferred incentive bonus)	—
Equity portion of tax claims in respect of share incentive schemes	—
Deferred bonus shares exercised	0,2
Hyperinflationary adjustment – Venezuela	—
BALANCE AT 30 JUNE 2011	**4 776,2**

Reserves Rm	Equity component of preference shares Rm	Total attributable to equity holders of the parent Rm	Non-controlling interests Rm	**Total Rm**
3 515,3	162,0	4 187,1	75,9	**4 263,0**
1 969,3	—	1 969,3	(19,9)	**1 949,4**
1 989,6	—	1 989,6	(11,1)	**1 978,5**
(20,3)	—	(20,3)	(8,8)	**(29,1)**
—	—	—	(0,8)	**(0,8)**
—	—	4 592,8	—	**4 592,8**
—	—	17,0	—	**17,0**
—	—	4 575,8	—	**4 575,8**
—	—	(13,5)	—	**(13,5)**
0,1	—	—	—	**—**
25,4	—	25,4	—	**25,4**
56,2	—	56,2	—	**56,2**
13,7	—	13,7	—	**13,7**
5 580,0	162,0	10 831,0	55,2	**10 886,2**
2 655,3	—	2 655,3	6,7	**2 662,0**
2 577,8	—	2 577,8	11,0	**2 588,8**
77,5	—	77,5	(4,3)	**73,2**
—	—	(302,9)	—	**(302,9)**
—	—	—	(1,7)	**(1,7)**
—	—	10,0	—	**10,0**
—	—	(20,1)	—	**(20,1)**
26,3	—	26,3	—	**26,3**
23,6	—	23,6	—	**23,6**
(0,2)	—	—	—	**—**
3,0	—	3,0	0,9	**3,9**
8 288,0	**162,0**	**13 226,2**	**61,1**	**13 287,3**

Segmental analysis

	Reviewed 30 June 2011 Rm	Reviewed 30 June 2011 % of total	Restated 30 June 2010 Rm	Restated 30 June 2010 % of total	% change
REVENUE FROM CONTINUING OPERATIONS					
South Africa	6 296,2	48	5 575,4	55	13
Sub-Saharan Africa	1 300,9	10	910,0	9	43
International	5 617,0	42	3 602,6	36	56
Total gross revenue	13 214,1	100	10 088,0	100	31
Adjustment*	(830,9)		(468,8)		
Total revenue	12 383,2		9 619,2		29
OPERATING PROFIT BEFORE AMORTISATION FROM CONTINUING OPERATIONS					
Adjusted for specific non-trading items					
South Africa	1 934,1	55	1 639,0	60	18
Operating profit	1 857,4		1 593,1		17
Amortisation of intangible assets	51,1		44,8		
Insurance compensation – capital component	(14,3)		(38,5)		
Transaction costs	—		2,1		
Restructuring costs	11,3		—		
Impairment of assets	28,6		37,5		
Sub-Saharan Africa	177,4	5	72,3	3	145
Operating profit	182,4		66,4		175
Amortisation of intangible assets	3,7		4,2		
Profit on sale of non-current assets	(8,7)		—		
Impairment of assets	—		1,7		
International	1 377,1	40	1 023,3	37	35
Operating profit	1 109,2		864,9		28
Amortisation of intangible assets	88,2		52,4		
Profit on sale of non-current assets	(6,4)		—		
Transaction costs	86,1		5,0		
Restructuring costs	21,3		—		
Impairment of assets	78,7		101,0		
	3 488,6	100	2 734,6	100	28
ENTITY WIDE DISCLOSURE – REVENUE FROM CONTINUING OPERATIONS					
Analysis of revenue in accordance with customer geography					
South Africa – pharmaceuticals	5 177,7	39	4 491,3	44	15
South Africa – consumer	1 118,5	9	1 084,1	11	3
Sub-Saharan Africa	1 300,9	10	910,0	9	43
Asia Pacific	3 090,8	23	1 393,3	14	122
Latin America	924,9	7	774,2	8	19
Rest of the world	1 601,3	12	1 435,1	14	12
Total gross revenue	13 214,1	100	10 088,0	100	31
Adjustment*	(830,9)		(468,8)		
Total revenue	12 383,2		9 619,2		29

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

Group statement of cash flows

	Notes	% change	Reviewed year ended 30 June 2011 Rm	Restated year ended 30 June 2010 Rm
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash operating profit			**3 845,0**	3 269,5
Changes in working capital			**(463,2)**	(344,4)
Cash generated from operations			**3 381,8**	2 925,1
Net financing costs paid			**(401,3)**	(427,1)
Tax paid			**(534,6)**	(465,0)
Cash generated from operating activities#			**2 445,9**	2 033,0
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditure – property, plant and equipment			**(651,5)**	(632,0)
Proceeds on disposal of tangible assets			**2,8**	9,8
Capital expenditure – intangible assets			**(188,7)**	(660,5)
Proceeds on disposal of intangible assets			**197,5**	0,3
Acquisition of subsidiary and businesses	K#		**(5 893,2)**	307,5
Proceeds on disposal of subsidiary and associate	L#		**628,1**	—
Proceeds on disposal of assets held for sale			**10,3**	—
Decrease/(increase) in non-current financial receivables			**25,1**	(27,1)
Advance proceeds on held for sale assets			**290,2**	—
Net investment hedge of capital reduction in Asia Pacific			**(66,1)**	—
Payment of outstanding Oncology business purchase consideration			**—**	(18,7)
Cash used in investing activities			**(5 645,5)**	(1 020,7)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from/(repayment of) borrowings			**3 567,8**	(478,7)
Capital distribution			**(302,9)**	—
Dividend paid			**(1,7)**	(0,8)
Proceeds from issue of ordinary shares			**10,0**	16,1
Acquisition of treasury shares			**(20,1)**	(13,5)
Increase in cash restricted for use as security for borrowings			**(6,1)**	(21,8)
Cash generated from/(used in) financing activities			**3 247,0**	(498,7)
MOVEMENT IN CASH AND CASH EQUIVALENTS BEFORE TRANSLATION EFFECTS OF FOREIGN OPERATIONS			**47,4**	513,6
Translation effects on cash and cash equivalents of foreign operations			**(107,3)**	(23,8)
CASH AND CASH EQUIVALENTS				
Movement in cash and cash equivalents			**(59,9)**	489,8
Cash and cash equivalents at the beginning of the year			**1 812,7**	1 322,9
Cash and cash equivalents at the end of the year			**1 752,8**	1 812,7
#Operating cash flow per share (cents)		% change		
From continuing operations		18	**554,8**	471,2
From discontinued operations			**10,2**	34,5
		12	**565,0**	505,7
THE ABOVE INCLUDES DISCONTINUED OPERATIONS OF:				
Cash generated from operating activities			**44,2**	138,7
Cash used in investing activities			**—**	(62,3)
Translation effects on cash and cash equivalents of foreign operations			**—**	0,2
Movement in cash and cash equivalents			**44,2**	76,6
Cash and cash equivalents at the beginning of the year			**—**	0,3
Cash and cash equivalents per the statement of cash flows			**44,2**	76,9
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents per the statement of financial position			**3 039,2**	2 939,8
Less: bank overdrafts			**(1 286,4)**	(1 127,1)
Cash and cash equivalents per the statement of cash flows			**1 752,8**	1 812,7

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.

Supplementary information

	Reviewed year ended 30 June 2011 Rm	Restated year ended 30 June 2010 Rm
A. CAPITAL EXPENDITURE		
Incurred	**840,2**	5 750,3
– tangible assets	**651,5**	632,0
– GSK transactions (tangible and intangible assets)	**—**	4 457,8
– intangible assets	**188,7**	660,5
Contracted		
– tangible assets	**134,2**	61,4
– intangible assets	**49,0**	20,9
Authorised but not contracted for		
– tangible assets	**275,3**	502,8
– intangible assets	**58,1**	33,6
B. OPERATING PROFIT HAS BEEN ARRIVED AT AFTER CHARGING/ (CREDITING)		
Depreciation of property, plant and equipment	**215,0**	167,8
Amortisation of intangible assets	**143,0**	101,4
Impairment of property, plant and equipment	**10,0**	37,6
Impairment of intangible assets	**97,3**	85,5
Share-based payment expenses – employees	**30,6**	29,8
Transaction costs	**86,1**	7,1
Restructuring costs	**32,6**	—
Insurance compensation	**(156,5)**	(162,4)
C. INVESTMENT INCOME		
Interest received	**193,2**	187,9
D. FINANCING COSTS		
Interest paid	**(611,1)**	(538,7)
Capital raising fees	**(33,2)**	(9,2)
Net foreign exchange gains/(losses)	**60,8**	(19,1)
Fair value gains on financial instruments	**1,2**	37,9
Notional interest on financial instruments	**3,3**	3,8
Preference share dividends paid	**(26,3)**	(27,9)
	(605,3)	(553,2)
E. PROFIT AFTER TAX FOR THE YEAR FROM DISCONTINUED OPERATIONS		
Profit after tax for the year from discontinued operations	**40,6**	124,9
Profit on sale of personal care products	**18,1**	—
Profit on sale of Co-Pharma	**7,4**	—
Profit on sale of the Oncology business	**367,9**	154,7
	434,0	279,6

	Reviewed year ended 30 June 2011 Rm	Restated year ended 30 June 2010 Rm
F. CURRENCY TRANSLATION LOSSES		
Currency translation losses arising on the translation of the international businesses is as a result of the difference between the weighted average exchange rate used for trading results and the closing exchange rate applied in the statement of financial position.		
G. INTANGIBLE ASSETS MOVEMENT		
Opening balance	**8 609,9**	4 103,6
Acquisition of subsidiaries	**1 083,9**	—
Additions – GSK transactions	**—**	4 054,9
Additions – other	**188,7**	660,5
Disposals	**(179,0)**	(0,1)
Amortisation	**(144,4)**	(101,9)
Translation of foreign operations	**(547,2)**	14,6
Transferred to assets held for sale	**(29,4)**	(51,8)
Software projects implemented	**31,5**	15,6
Impairment of intangible assets	**(97,3)**	(85,5)
Closing balance	**8 916,7**	8 609,9
H. CONTINGENT LIABILITIES		
There are contingent liabilities in respect of:		
Additional payments in respect of the Quit worldwide intellectual property rights	**6,7**	7,6
Contingency arising from product liability claim	**17,6**	—
Contingencies arising from labour cases	**24,8**	—
Guarantees covering loan and other obligations to third parties	**1,7**	3,4
Tax duty contingencies	**10,3**	8,3
I. GUARANTEES TO FINANCIAL INSTITUTIONS		
Material guarantees given by Group companies for indebtness of subsidiaries to financial institutions	**5 787,6**	2 874,9
J. NET ASSETS CLASSIFIED AS HELD FOR SALE		
Onco Laboratories	**—**	239,7
Co-pharma	**—**	18,8
Decommissioned Beta Healthcare OTC manufacturing facility	**—**	1,6
Campos facility and related products	**348,5**	—
Personal care products	**35,1**	—
	383,6	260,1

CAMPOS FACILITY AND RELATED PRODUCTS

An agreement was reached for the sale of the Campos facility and related products in Brazil to Strides Arcolab Ltd as the specialised manufacture of penicillins and penems, primarily for the public sector and contract manufacturing business, is not considered to be core to the product offering of the Brazilian company. The net assets of the Campos facility were reclassified as held for sale as conditions precedent relating to the sale remain to be fulfilled, completion being expected during the year ahead.

Supplementary information (continued)

K. ACQUISITIONS OF SUBSIDIARIES AND BUSINESSES

During the year the Group acquired the following subsidiaries and businesses

- 80% shareholding in Formule Naturelle (Pty) Ltd with an effective date of 1 July 2010.
- 100% shareholding in AHN Pharma (Pty) Ltd with an effective date of 1 June 2011.
- 100% shareholding in Sigma Pharmaceuticals Australia Pty Ltd ("Sigma pharmaceutical business"), the pharmaceutical business of Sigma Pharmaceuticals Ltd in Australia, with an effective date of 31 January 2011.

Fair value of assets and liabilities acquired in subsidiaries and businesses

	Formule Naturelle (Pty) Ltd Rm	AHN Pharma (Pty) Ltd Rm	Sigma Pharmaceutical business Rm	Total Rm
Property, plant and equipment	—	2,6	566,5	569,1
Intangible assets	20,2	27,3	1 036,4	1 083,9
Current assets	16,5	62,9	863,6	943,0
Non-current borrowings	—	(12,0)	—	(12,0)
Deferred tax assets/(liabilities)	2,3	(14,5)	(74,6)	(86,8)
Current liabilities	(2,0)	(22,7)	(365,3)	(390,0)
Fair value of assets acquired	37,0	43,6	2 026,6	2 107,2
Goodwill	—	—	4 029,0	4 029,0
Deferred consideration	—	(43,6)	—	(43,6)
Decrease in investment in associate	(2,0)	—	—	(2,0)
Purchase consideration paid	35,0	—	6 055,6	6 090,6
Cash flow hedge in respect of the Sigma transaction	—	—	(169,0)	(169,0)
Cash and cash equivalents in acquired companies	(6,1)	(22,3)	—	(28,4)
Total cash outflow/(inflow) on acquisition	28,9	(22,3)	5 886,6	5 893,2

The initial accounting for these business combinations has been reported on a provisional basis and will only be finalised in the year ending 30 June 2012.

Distinguishing the post-combination earnings of Sigma from earnings of the combined entity is impracticable as significant estimate of amounts are required which are not reasonably determinable, given that the operations of Sigma have been integrated with those of the Aspen Australia operations.

Goodwill

The goodwill arising on the acquisition of the Sigma pharmaceutical business recognises:

– the synergies identified from the consolidation of the Sigma pharmaceutical business with Aspen's existing Australian business; and

– the ability of Aspen's global procurement network and manufacturing know-how to achieve significant savings in cost of goods.

The total amount of goodwill recognised is not tax deductible.

L. DISPOSAL OF SUBSIDIARY AND ASSOCIATE

- Onco Laboratories was classified as held for sale in June 2010 as the conditions precedent relating to the sale had not been fulfilled on 30 June 2010. These conditions were met in February 2011 and this transaction is now complete.
- Aspen disposed of its 49% investment in Co-Pharma with effect from 1 July 2010. This investment was classified as held for sale at 30 June 2010.

Carrying values of assets disposed

	Co-pharma Rm	Onco Laboratories Rm	Total Rm
Carrying value of assets disposed	18,8	234,0	252,8
Profit on sale	7,4	367,9	375,3
Cash inflow on disposal	26,2	601,9	628,1

Subsequent events

The sale of the South African toothpaste business to the Unilever group was concluded in September 2011. The intangible assets and inventory were reclassified as held for sale in June 2011. The business has been reclassified as a discontinued operation in compliance with IFRS 5.

With effect from 1 July 2011, Aspen Brazil disposed of certain non-core hospital products to Agila Especialidades Farmaceuticas Ltda, a company under the control of Strides Arcolab Ltd. The transaction comprises the purchase of the technical information and rights to commercialise the products as well as license agreements to use the relevant trademarks for a period with a cross option on the trademarks after that period. The business has been reclassified as a discontinued operation in compliance with IFRS 5.

Basis of accounting

The consolidated preliminary results have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IFRIC interpretations, the Listings Requirements of the JSE Ltd, South African Companies Act (2008) and the presentation and disclosure requirements of IAS 34 – *Interim Reporting*.

These results have been reviewed by Aspen's auditors, PricewaterhouseCoopers Inc. Their unqualified review report is available for inspection at the company's registered office.

The accounting policies used in the preparation of these preliminary results are consistent with those used in the annual financial statements for the year ended 30 June 2010.

The statement of comprehensive income, the statement of cash flows and the segmental analysis for the year ended 30 June 2010 were restated to exclude the discontinued operations.

Operations classified as discontinued include the following:

– The South African personal care products disposed of during the year and subsequent to year end;

– The products acquired from GSK for the territories of India, Pakistan, Bangladesh, Sri Lanka and Afghanistan;

– The Oncology business; and

– The Campos facility and related products in Brazil.

The segmental analysis for the year ended 30 June 2010 was restated to aggregate the revenue of the domestic and global brands as a result of the transition of a significant portion of the global brands to Aspen's global distribution network.

BASTION GRAPHICS

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HOLDINGS

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