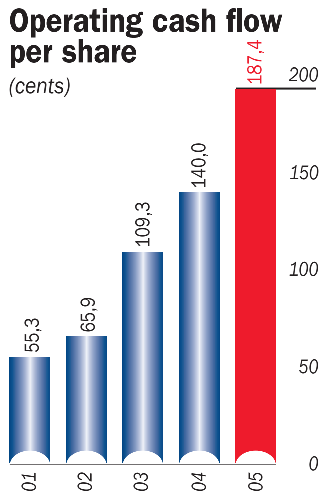
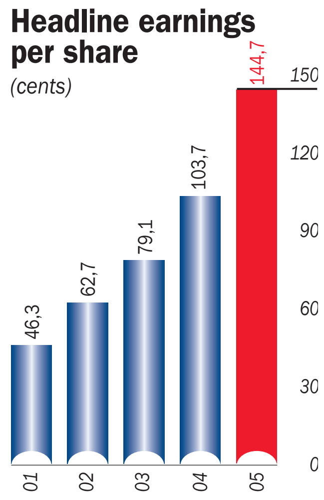
aspen HOLDINGS

Aspen Pharmacare Holdings Limited ("Aspen")

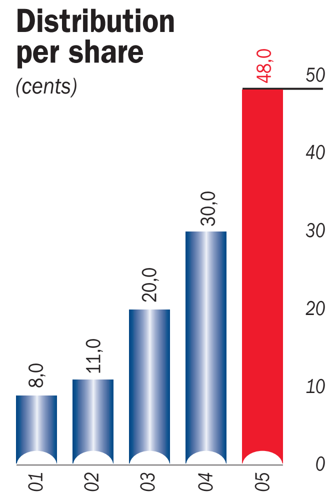
Operating cash flow per share (cents)



Headline earnings per share (cents)



Distribution per share (cents)



Reviewed Preliminary Group Financial Results for the year ended 30 June 2005

Operating cash flow per share
187,4 cents
up by 34%

Headline earnings per share
144,7 cents
up by 40%

Distribution per share
48,0 cents
up by 60%

Group Income Statement

	% change	Reviewed Year ended 30 June 2005 Rm	Audited Year ended 30 June 2004 Rm
Revenue	30	**2 869,0**	2 201,7
Cost of sales		**(1 477,2)**	(1 143,6)
Gross profit	32	**1 391,8**	1 058,1
Other operating income		**5,4**	4,2
Selling and distribution costs		**(347,6)**	(285,9)
Administrative expenses		**(208,5)**	(149,6)
Other operating expenses		**(83,4)**	(73,0)
Operating profit	37	**757,7**	553,8
Net financing costs		**(54,8)**	(25,3)
Net profit before taxation	33	**702,9**	528,5
Taxation		**(208,9)**	(172,9)
Net profit attributable to shareholders	39	**494,0**	355,6
Weighted average number of shares in issue ('000)		**340 606**	356 223
Earnings per share – basic (cents)	45	**145,0**	99,8
Earnings per share – diluted (cents)	45	**140,5**	97,2
Headline earnings per share (cents)	40	**144,7**	103,7
Headline earnings per share – diluted (cents)	39	**140,1**	101,0
Capital distribution/dividend per share (cents)*	60	**48,0**	30,0
Reconciliation of headline earnings			
Net profit attributable to ordinary shareholders		**494,0**	355,6
Adjusted for:			
– Amortisation of goodwill		**—**	13,8
– Deferred taxation asset in respect of Nutricia (Pty) Ltd assessed loss raised		**(7,0)**	—
– Goodwill in respect of acquisition of Nutricia (Pty) Ltd written down		**7,0**	—
– Profit on disposal of property, plant and equipment (net of taxation)		**(0,1)**	(0,1)
– Fair value adjustment of investment property (net of taxation)**		**(0,5)**	—
– Profit on disposal of intangible assets (net of taxation)		**(1,7)**	—
– Impairment of intangible assets (net of taxation)**		**1,2**	—
Headline earnings		**492,9**	369,3

* Relates to capital distribution (prior year – dividend) declared after year-end. The policy of Aspen is to recommend a final distribution to shareholders when the preliminary results for each financial year are released.

** Adjustment was not considered material in prior years.

Group Cash Flow Statement

	Reviewed Year ended 30 June 2005 Rm	Audited Year ended 30 June 2004 Rm
Cash flows from operating activities		
Cash operating profit	**887,6**	670,6
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries)	**(18,0)**	(44,3)
Cash generated from operations	**869,6**	626,3
Net financing costs	**(54,8)**	(25,3)
Taxation paid	**(176,6)**	(102,3)
Net cash from operating activities	**638,2**	498,7
Cash flows from investing activities		
Replacement capital expenditure – property, plant and equipment	**(23,1)**	(16,2)
Expansion capital expenditure – property, plant and equipment	**(57,9)**	(139,7)
Proceeds on disposal of property, plant and equipment	**0,4**	0,5
Expansion capital expenditure – intangible assets	**(86,2)**	(92,8)
Proceeds on disposal of intangible assets	**4,0**	—
Investment in preference shares	**(376,8)**	—
Acquisition of subsidiaries and businesses, net of cash acquired	**(262,1)**	(45,3)
Decrease in long-term receivables	**7,8**	10,8
Net cash used in investing activities	**(793,9)**	(282,7)
Cash flows from financing activities		
Proceeds from interest-bearing borrowings	**583,4**	234,1
Repayment of interest-bearing borrowings	**(282,7)**	(73,6)
Repayment of interest-bearing deferred-payables	**(52,2)**	(58,2)
Proceeds from interest-bearing deferred-payables	**4,3**	10,1
Dividends paid	**(101,2)**	(71,9)
Proceeds from issue of ordinary shares (share options)	**13,1**	13,9
Proceeds from issue of ordinary shares (BEE)	**256,6**	—
Share repurchase-cancellation of shares	**(32,1)**	—
Share repurchase-acquisition of treasury shares	**(641,7)**	—
Proceeds from issue of preference shares	**377,0**	—
Net cash from financing activities	**124,5**	54,4
Effects of exchange rate changes	**5,3**	(5,2)
Cash and cash equivalents		
Movement in cash and cash equivalents	**(25,9)**	265,2
Cash and cash equivalents at the beginning of the year	**465,5**	200,3
Cash and cash equivalents at the end of the year	**439,6**	465,5
Operating cash flow per share (cents)	**187,4**	140,0

Group Balance Sheet

	Reviewed 30 June 2005 Rm	Audited 30 June 2004 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	**449,7**	308,3*
Investment property	**4,0**	4,6
Goodwill	**271,8**	86,2
Intangible assets	**532,8**	441,8*
Preference share investment	**376,8**	—
Non-current receivables	**—**	7,5
Deferred taxation assets	**107,5**	124,5
Total non-current assets	**1 742,6**	972,9
Current assets		
Inventories	**425,9**	245,7
Receivables and prepayments	**528,2**	425,6
Cash and cash equivalents	**439,6**	465,5
Total current assets	**1 393,7**	1 136,8
Total assets	**3 136,3**	2 109,7
SHAREHOLDERS' EQUITY		
Share capital and share premium	**319,1**	81,5
Treasury shares	**(641,7)**	(75,8)
Non-distributable reserves	**140,7**	111,8
Retained income	**1 268,8**	949,0
Ordinary shareholders' equity	**1 086,9**	1 066,5
Preference shares – equity component	**19,9**	—
Total shareholders' equity	**1 106,8**	1 066,5
LIABILITIES		
Non-current liabilities		
Preference shares – liability component	**349,0**	—
Interest-bearing borrowings	**62,7**	156,3
Interest-bearing deferred-payables	**23,2**	39,7
Deferred taxation liabilities	**92,8**	61,6
Retirement benefit obligations	**10,6**	10,8
Total non-current liabilities	**538,3**	268,4
Current liabilities		
Trade and other payables	**595,4**	353,4
Interest-bearing borrowings	**761,7**	290,0
Interest-bearing deferred-payables	**48,6**	55,2
Current taxation liabilities	**85,5**	76,2
Total current liabilities	**1 491,2**	774,8
Total liabilities	**2 029,5**	1 043,2
Total equity and liabilities	**3 136,3**	2 109,7
Number of shares in issue (net of treasury shares) ('000)	**339 441**	358 208
Net asset value per share (cents)	**320,2**	297,7

*Software has been reclassified to intangible assets.

Statement of Changes in Group Equity

	Share capital and premium Rm	Non-distributable reserves Rm	Retained income Rm	Treasury shares Rm	Preference shares Rm	Total Rm
Balance as at 1 July 2003	**67,6**	**153,7**	**642,1**	**(75,8)**	**—**	**787,6**
Currency translation differences	—	(23,3)	—	—	—	(23,3)
Net profit for the year	—	—	355,6	—	—	355,6
Dividend paid	—	—	(71,9)	—	—	(71,9)
Proportional release of deferred taxation asset	—	(23,2)	23,2	—	—	—
Cash flow hedges realised	—	7,0	—	—	—	7,0
Cash flow hedges recognised	—	(2,4)	—	—	—	(2,4)
Issue of share capital (options exercised)	13,9	—	—	—	—	13,9
Balance as at 30 June 2004	**81,5**	**111,8**	**949,0**	**(75,8)**	**—**	**1 066,5**
Negative goodwill adjustment in terms of IFRS 3	—	—	4,4	—	—	4,4
Restated opening balance	**81,5**	**111,8**	**953,4**	**(75,8)**	**—**	**1 070,9**
Currency translation differences	—	25,8	—	—	—	25,8
Net profit for the year	—	—	494,0	—	—	494,0
Dividend paid	—	—	(101,2)	—	—	(101,2)
Proportional release of deferred taxation asset	—	(22,4)	22,4	—	—	—
Deferred taxation adjustment – change in taxation rate	—	(3,4)	—	—	—	(3,4)
Cash flow hedges realised	—	2,4	—	—	—	2,4
Issue of ordinary share capital (options exercised)	13,1	—	—	—	—	13,1
Issue of ordinary share capital (BEE)	256,6	—	—	—	—	256,6
Issue of preference share capital	—	—	—	—	19,9	19,9
Cancellation of shares	(32,1)	—	(73,3)	75,8	—	(29,6)
Share repurchase-acquisition of treasury shares	—	—	—	(641,7)	—	(641,7)
Non-distributable portion of earnings	—	26,5	(26,5)	—	—	—
Balance as at 30 June 2005	**319,1**	**140,7**	**1 268,8**	**(641,7)**	**19,9**	**1 106,8**

Segmental Analysis

Primary Segments: Geographical (Rm)

	South Africa				Australia				United Kingdom				Total			
	Reviewed Year ended 30 June 2005 Rm	% of total	Audited Year ended 30 June 2004 Rm	% of total	Reviewed Year ended 30 June 2005 Rm	% of total	Audited Year ended 30 June 2004 Rm	% of total	Reviewed Year ended 30 June 2005 Rm	% of total	Audited Year ended 30 June 2004 Rm	% of total	Reviewed Year ended 30 June 2005 Rm	% of total	Audited Year ended 30 June 2004 Rm	% of total
Revenue	**2 334,5**	**81,3**	1 763,5	80,1	**325,8**	**11,4**	234,7	10,7	**208,7***	**7,3**	203,5*	9,2	**2 869,0**	**100,0**	2 201,7	100,0
Operating profit before amortisation	**740,3**	**89,1**	554,0	87,7	**44,7**	**5,4**	37,7	6,0	**46,0**	**5,5**	40,1	6,3	**831,0**	**100,0**	631,8	100,0
Amortisation – Goodwill	**—**		(2,0)	14,3	**—**		(0,4)	2,9	**—**		(11,4)	82,8	**—**		(13,8)	100,0
Amortisation – Intangible assets	**(45,6)**	**62,2**	(40,4)	62,9	**(9,0)**	**12,3**	(8,9)	13,9	**(18,7)**	**25,5**	(14,9)	23,2	**(73,3)**	**100,0**	(64,2)	100,0
Operating profit	**694,7**	**91,7**	511,6	92,4	**35,7**	**4,7**	28,4	5,1	**27,3**	**3,6**	13,8	2,5	**757,7**	**100,0**	553,8	100,0

Secondary Segments: Business (Rm)

	Pharmaceutical				Consumer				Total			
	Reviewed Year ended 30 June 2005 Rm	% of total	Audited Year ended 30 June 2004 Rm	% of total	Reviewed Year ended 30 June 2005 Rm	% of total	Audited Year ended 30 June 2004 Rm	% of total	Reviewed Year ended 30 June 2005 Rm	% of total	Audited Year ended 30 June 2004 Rm	% of total
Revenue	**2 134,7**	**74,4**	1 702,7	77,3	**734,3**	**25,6**	499,0	22,7	**2 869,0**	**100,0**	2 201,7	100,0
Operating profit before amortisation	**702,3**	**84,5**	549,4	87,0	**128,7**	**15,5**	82,4	13,0	**831,0**	**100,0**	631,8	100,0
Amortisation – Goodwill	**—**		(12,2)	88,7	**—**		(1,6)	11,3	**—**		(13,8)	100,0
Amortisation – Intangible assets	**(67,3)**	**91,8**	(57,4)	89,4	**(6,0)**	**8,2**	(6,8)	10,6	**(73,3)**	**100,0**	(64,2)	100,0
Operating profit	**635,0**	**83,8**	479,8	86,6	**122,7**	**16,2**	74,0	13,4	**757,7**	**100,0**	553,8	100,0

The secondary segment reporting for the June 2004 period has been restated after a re-evaluation of the composition of the Pharmaceutical and Consumer segments, in terms of which Schedule 2 medicines have been transferred from the Consumer segment to the Pharmaceutical segment. This re-categorisation has taken place as a consequence of the introduction of legislation restricting the advertising of Schedule 2 medicines.

*Net of inter-segment sales to Aspen Australia of R80,1 million (2004: R54,1 million).

Supplementary Information

	Reviewed Year ended 30 June 2005 Rm	Audited Year ended 30 June 2004 Rm
Capital expenditure:		
Incurred	**167,2**	248,7
– tangible assets	**81,0**	158,1
– intangible assets	**86,2**	90,6
Contracted	**35,1**	10,1
Authorised but not contracted for	**219,3**	18,6
Operating profit has been arrived at after charging:		
Depreciation of property, plant and equipment	**41,3**	22,4*
Amortisation of goodwill	**—**	13,8
Amortisation of intangible assets	**73,3**	64,2*
Net financing costs:		
Interest received	**36,3**	27,3
Net foreign exchange loss	**(6,7)**	(10,2)
Fair value (losses)/gains on financial instruments	**(0,3)**	6,6
Interest paid	**(76,1)**	(37,0)
Net finance costs on interest-bearing deferred-payables and financial assets	**(7,5)**	(12,0)
Preference share dividends	**(1,6)**	—
Investment income	**1,1**	—
Net financing costs	**(54,8)**	(25,3)
Operating lease commitments:		
– payable in one year	**10,2**	8,3
– payable thereafter	**31,6**	27,2
	41,8	35,5
Finance lease commitments:		
– payable in one year	**0,6**	1,2
– payable thereafter	**0,1**	0,7
	0,7	1,9
Other commitments: During the 2003 financial year Aspen entered into a 12-year agreement with GlaxoSmithKline ("GSK") South Africa to distribute and market a range of their products.In terms of this agreement Aspen is committed to pay the following amounts to GSK South Africa:		
– payable within one year	**30,6**	39,5
– payable thereafter	**101,3**	129,0
	131,9	168,5
During the financial year Aspen Australia entered into a 10-year agreement with Novartis Pharmaceuticals 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 one year	**8,7**	—
– payable thereafter	**54,5**	—
	63,2	—
Contingent liabilities: There are contingent liabilities in respect of:		
– Additional payments in respect of the Quit worldwide intellectual property rights	**6,0**	5,7
– Guarantee covering potential rental default relating to sale of discontinued operations	**4,0**	5,0
– Guarantees covering loan and other obligations to third parties	**1,6**	1,8

*Depreciation of software was reallocated to amortisation.

Tibbett and Britten Africa (Proprietary) Limited have instituted a claim of approximately R39 million for additional distribution fees. This claim has been disputed and is being defended. Discussions regarding the resolution of the dispute are currently in process. Aspen's advisors continue to hold the view that this claim is unlikely to have a material adverse impact on Aspen's business in the future.

Acquisition by Aspen of Fine Chemicals Corporation (Pty) Limited ("FCC") and Nutricia (Pty) Limited ("Nutricia")

The Aspen Group has acquired with effect from 9 July 2004:

– 100% of the shares and shareholder claims against FCC for approximately R276 million of which R253 million has been paid out of existing cash resources. The balance is due after the results for the year ending 30 June 2007 are finalised.

– 100% of the shares and shareholder claims against Nutricia for R17,3 million, which has been paid from existing cash resources.

Specific share repurchase

With effect from 30 July 2004, 21,3 million Aspen shares were acquired by Aspen from Peu Health (Pty) Limited in terms of a specific share repurchase for a purchase consideration of R235,3 million (R11,00 per Aspen share).

2 677 450 ordinary shares have been cancelled and reverted to authorised but unissued share capital, while 18 622 550 shares have been repurchased by Pharmacare Limited, a wholly owned subsidiary of Aspen, and are held as treasury shares.

The purchase consideration has been paid from existing cash resources.

Black Economic Empowerment ("BEE transaction")

The following transactions were concluded in terms of the BEE deal and the scheme of arrangement recently completed:

– 13 400 000 ordinary shares were issued to Imithi Investments (Proprietary) Limited at R11,00 per share, for a total consideration of R141,0 million (net of transaction costs).

– 6 100 000 ordinary shares were issued to the Industrial Development Corporation of South Africa Limited at R19,80 per share, for a total consideration of R115,6 million (net of transaction costs).

– 17 600 000 convertible redeemable cumulative preference shares were issued to Imithi Investments (Proprietary) Limited at R21,41 per share, for a total consideration of R377,0 million.

– 20 308 949 ordinary shares were acquired from shareholders at R21,41 per share, for a total consideration of R435,9 million (including transaction costs), and are held as treasury shares.

Basis of Accounting

The consolidated preliminary results have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, the Listings Requirements of the JSE Limited and Schedule 4 of the South African Companies Act.

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 the preliminary financial statements conform with South African Statements of Generally Accepted Accounting Practice, and are consistent with those used in the annual financial statements for the year ended 30 June 2004, except for the adoption of the following revised South African Statements of GAAP: IAS 36 (AC 128) Impairment of Assets and IAS 38 (AC 129) Intangible Assets as well as IFRS 3 (AC 140) Business Combinations, which replaced AC 131.

The above statements are applicable to all business combinations for which the agreement date is on or after 31 March 2004, as well as financial years commencing on or after 31 March 2004.

In addition, the amortisation of goodwill was discontinued as from 1 July 2004. The carrying amount of goodwill is now tested annually for impairment in accordance with the requirements of IAS 36 (AC 128).

Commentary

Group: Aspen has recorded headline earnings per share ("HEPS") of 144,7 cents for the year ended 30 June 2005, an increase of 40%. These excellent results were driven by a 30% rise in revenue to R2,9 billion and a 32% increase in earnings before interest, taxation and amortisation ("EBITA") to R831 million.

The adoption of accounting standard "IFRS 3 (AC 140) Business Combinations" for the year has resulted in the discontinuation of amortisation of goodwill in the current year. Amortisation of goodwill in the prior year amounted to R14 million. The effective tax rate has declined from 32,7% in the previous year to 29,7%. The removal of goodwill amortisation (not deductible in the determination of taxable income) and the decrease of 1% in the South African tax rate were the primary causes of the lower effective tax rate.

The weighted number of shares in issue for the year was 340,6 million. This was 4,4% less than the prior year as a result of the number of shares bought back exceeding the number of shares issued during the course of the year.

South African Operations: The strong performance of the South Africa business dominated the Group's results. The acquisitions in July 2004 of Fine Chemicals Corporation (Pty) Limited ("FCC") and Nutricia (Pty) Limited contributed towards revenue growth of 32%.

Revenue in the Pharmaceutical Division increased by 23%. This was achieved despite the freeze on price increases imposed under existing legislation. Key growth drivers were increased generic volumes, new product launches and the acquisition of FCC. The over-the-counter business was adversely affected by the implementation of legislation restricting the advertising of schedule 2 medicines. Twenty-one new molecules were launched during the year. This represented the most product launches by any company in the industry over the course of the year. The product launches included the new chemical entity Gemifloxacillin Mesylate, specific for respiratory tract infections, marketed under the trademark Factive®. New products, volume-driven production efficiencies, savings from improved procurement and the benefits of the strong rand on imported materials have assisted in the protection of margins.

The Consumer Division has enjoyed an excellent year. All of Aspen's leading brands have performed well. The addition of the infant milk formula business and good organic growth have resulted in an increase in revenue of 64%. The buoyant retail sector has been conducive to growth.

The Group has once again achieved record production levels. Service delivery and inventory levels were adversely affected during periods of the year as the manufacturing sites struggled to meet production demand. The original manufacturing facility in Port Elizabeth is running at maximum capacity. The East London site has geared up for increased output. The world-class oral solid dosage facility ("OSD") has consistently increased capacity utilisation, but has been hampered in its progress by a number of regulatory audits. To date the OSD facility has been inspected and received accreditation by the South African Medicines Control Council ("MCC"), the United States Food and Drug Administration ("FDA"), the United Kingdom Medicines and Healthcare Products Regulatory Agency and a number of African states. Anticipated growth in production demand has resulted in the ordering of an additional integrated granulation suite for the OSD facility which will result in a further substantial increase in capacity. This additional equipment should be commissioned by April 2006. The estimated capital cost is R15 million.

Aspen intends to continue to develop the excellence of its production capabilities in areas of more complex manufacture. Consistent with this strategy, the board of directors has authorised the construction of a sterile facility capable of manufacturing injectables and eye drops at the Port Elizabeth production centre. Construction is scheduled to commence shortly and the first production is expected in early 2007. The estimated capital cost of the plant is R200 million.

International Operations: The international businesses contributed R534 million to revenue, 19% of the Group total. This is up 22%. The rand was marginally stronger against the currencies of the international businesses on a weighted basis.

Aspen Australia recorded an increase in revenue of 39%, to R326 million. Revenue growth was bolstered by a distribution agreement with Novartis in the second half of the year, which added R43 million. This ten-year agreement to market and distribute a range of pharmaceutical products is not expected to contribute to earnings until 2008. EBITA of R45 million was up by 18% in a trading environment which has become increasingly regulated.

UK-based Aspen Resources, an intellectual property owning company, reported EBITA of R37 million, an increase of 17%. Currently all of the products owned by Aspen Resources are distributed by Aspen Australia.

Co-pharma benefited from the introduction of a new product line during the second half of the year, which was able to command higher margins. Revenue rose by 3% to R209 million and EBITA increased 8% to R9 million.

Cash Flows and Balance Sheet: The Group's record of strong cash flow generation was maintained. Net cash flows from operating activities of R638 million exceeded reported earnings by 29%. The net investment in working capital was limited to R18 million as the planned increase in stockholding and the trade-related increase in debtors was substantially offset by an increase in creditors.

Share capital and share premium are recorded at R319 million, an increase of R238 million. The primary cause of the increase was the Black Economic Empowerment ("BEE") transaction. The value of treasury shares rose to R642 million as a consequence of the specific share buy-back and the scheme of arrangement under the BEE transaction. R377 million was raised by the issue of convertible redeemable cumulative preference shares. The proceeds have been invested in premium rated preference shares.

Anti-Retrovirals ("ARVs"): During the past year Aspen confirmed its global leadership status as a manufacturer capable of supplying generic ARVs to those most in need when it became the first generic ARV manufacturer in the world to receive tentative approval from the FDA for the supply of a generic triple combination ARV therapy in a co-packed form. The approval is classified as "tentative" as there are still patents over the originator products in the United States. This approval qualified Aspen as the first generic supplier under President Bush's Emergency Plan for AIDS relief ("PEPFAR") programme to which funding of US$15 billion has been committed. Aspen is also one of the only three ARV manufacturers worldwide which is recognised by the Clinton Foundation initiative for combating HIV/AIDS. This international recognition endorses Aspen's world-class development and production capabilities for quality, affordable generics.

Aspen has committed substantial resources to making submissions for the requisite ARV product registrations in each of the territories where it is able to supply ARVs under the PEPFAR programme. Steady progress has been made and Aspen will make delivery of the first PEPFAR orders during the first quarter of the new financial year.

The South African government tender for ARVs was awarded in March 2005. Aspen was successful in the tender for all the products for which it made a submission and is scheduled to supply the bulk of tender volumes. Tender offtakes have commenced. Offtake quantities are planned to grow progressively through the term of this three-year tender.

In April 2005 it was announced that Aspen and Gilead Sciences, Inc. a leading US-based research pharmaceutical company, had signed a letter of intent to enter into a non-exclusive licensing and distribution agreement for Gilead's ARV products Truvada® and Viread®. Aspen will manufacture finished product for the 95 resource-limited countries included in Gilead's global access programme and will distribute the products in Africa. The two companies are working together actively in progressing this arrangement.

Aspen and Merck Sharpe & Dohme SA ("MSD") are engaged in ongoing discussions relating to the formal licence agreement required by a non-binding Letter of Intent for MSD to grant Aspen the licence to manufacture and supply the generic version of Efavirenz, one of MSD's ARV's used for the treatment of HIV/AIDS.

Black Economic Empowerment: In June 2005 Aspen completed a R645 million BEE deal with the Imithi Consortium, a broad-based consortium comprising healthcare industry, trade union and community development groups. The lead participant in the Imithi Consortium with a 50,4% stake is CEPPWAWU Investments, the investment arm of COSATU-affiliated CEPPWAWU, the trade union representing Aspen's unionised employees. CEPPWAWU Investments extended its interest in Aspen through this transaction, having previously acquired 8% of Aspen in a BEE transaction concluded in January 2002. Following the latest transaction, direct BEE investors hold 12% of Aspen's ordinary share capital and control 16% of the voting rights. Direct BEE shareholding in Aspen could rise to 18% should the Imithi Consortium exercise its rights to convert the 17,6 million convertible redeemable cumulative preference shares issued by Aspen in the transaction and exercise its call option on 6,1 million Aspen shares acquired by the primary funder of the Imithi Consortium, the Industrial Development Corporation of South Africa Limited.

Prospects: The Constitutional Court's ruling on legal challenges to the recently implemented healthcare legislation is anticipated shortly and will provide greater clarity on future trading practices.

The Group's South African business has entered into an exciting phase of unprecedented new product launches. Aspen expects this activity will allow it to maintain its position as the leading provider of generic medicines in both the private and public sectors in the year ahead. Sales of ARVs are expected to grow materially as Aspen services the South African market and the PEPFAR territories. New products are also expected to provide additional impetus to Aspen's growing consumer product portfolio.

There will be substantial focus on optimal utilisation of production capacity within the Group over the forthcoming year. Planned increased outputs from the OSD facility should relieve pressure on other production facilities and unlock production efficiencies.

The accreditations received for the OSD facility have created a number of export manufacturing opportunities and has opened the way for the Group to explore new markets.

Capital Distribution: Taking into account the earnings performance and strong cash flows for the year, notice is hereby given that (subject to ratification by shareholders at the Annual General Meeting to be held on Wednesday, 26 October 2005) a capital distribution of 48 cents per ordinary share has been declared, payable to shareholders recorded in the share register of the company at the close of business on Friday, 11 November 2005.

This represents an increase of 60% over the previous year dividend distribution and is covered 3 times (prior year 3,46 times) by headline earnings per share.

In compliance with IAS 10 (AC 107), Events After the Balance Sheet Date, the capital distribution will only be accounted for in the financial statements in the year ending 30 June 2006. It remains the policy of Aspen to declare a final distribution to shareholders when the preliminary results for each financial year are released.

Subject to the abovementioned approval of shareholders, and in compliance with STRATE, the company has determined the following salient dates for the payment of the capital distribution:

Last day to trade *cum* capital distribution	Friday, 4 November 2005
Shares commence trading *ex* capital distribution	Monday, 7 November 2005
Record date	Friday, 11 November 2005
Payment date	Monday, 14 November 2005

Share certificates may not be dematerialised or rematerialised between Monday, 7 November 2005 and Friday, 11 November 2005, both days inclusive.

By order of the board

SB Saad *(Group Chief Executive)*
MG Attridge *(Deputy Group Chief Executive)*
HA Shapiro *(Company Secretary)*

Woodmead: 22 August 2005

aspen
HOLDINGS

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

http://www.aspenpharma.com

BASTION GRAPHICS