aspen
HOLDINGS

aspen pharmacare holdings limited

Dividend per share increased by

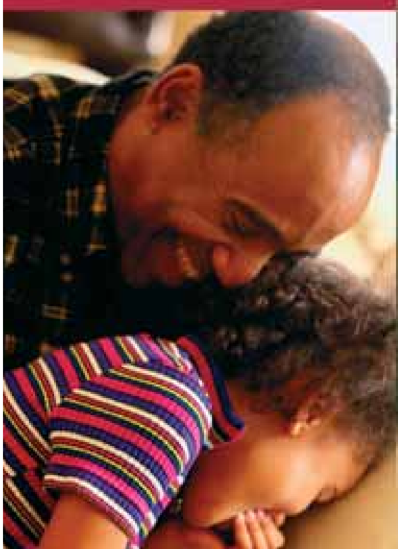
50%

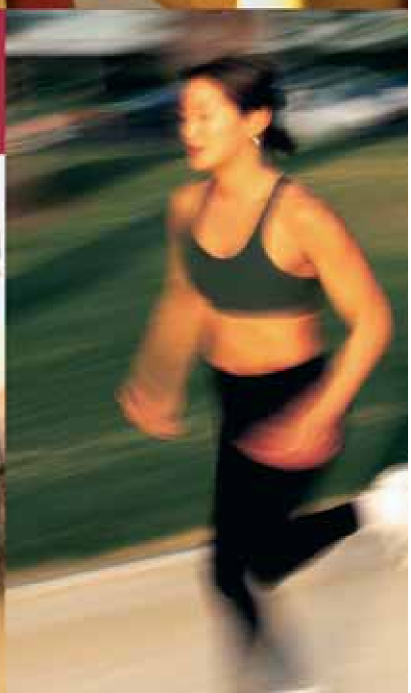
Headline earnings per share grew by

31%

Australian revenue growth exceeded

100%





annual | report 2004

ABBREVIATIONS

AIA – Authorised inspection authority
API – Active pharmaceutical ingredient
ARV – Anti-retroviral
ASPEN – Aspen Pharmacare Holdings Limited and/or all of its subsidiaries, as the context demands
Aspen Australia – Aspen Pharmacare Australia Pty Ltd
Aspen Resources – Aspen Pharmacare Resources Ltd
AUD – Australian dollar
BEE – Black economic empowerment
BPEO – Best practicable environmental option
CEPPWAWU – CEPPWAWU Investments (Pty) Limited
Co-pharma – Co-pharma Ltd
CSI – Corporate social investment
FCC – Fine Chemicals Corporation (Pty) Ltd
FDA – Food and Drug Administration
FMCG – Fast moving consumer goods
GAAP – Generally accepted accounting practice
GBP – Pound sterling
GMP – Good manufacturing practice
GROUP – Aspen Pharmacare Holdings Limited and its subsidiaries
GSK Australia – GlaxoSmithKline Australia Pty Ltd
GSK South Africa – GlaxoSmithKline South Africa (Pty) Ltd
HDIs – Historically disadvantaged individuals
IMS – IMS Health (Pty) Limited
INFs – Infant nutritional formulations
IFRS – International financial reporting standards
JSE – JSE Securities Exchange South Africa
Lilly – Eli Lilly
MCC – Medicines Control Council
MDR-TB – Multi-drug resistant tuberculosis
MHRA – Medicine and Healthcare Products Regulatory Authority
NOSA – National Occupational Safety Association
Nutricia – Nutricia (Pty) Ltd
OSD – Oral solid dosage
OTC – Over-the-counter
PEPFAR – The US president's emergency plan for AIDS relief
Peu – Peu Health (Pty) Limited
SENS – Stock exchange news service
SEP – Single exit pricing
SMMEs – Small, micro and medium enterprises
STC – Secondary Tax on Companies
TGA – Therapeutic Goods Administration
Triomed – Triomed (Pty) Ltd
USD – United States dollar
WHO – World Health Organisation

quality healthcare

delivering

CORPORATE PROFILE

ASPEN IS AFRICA'S LARGEST PHARMACEUTICAL MANUFACTURER and a major supplier of branded pharmaceutical and healthcare products to the southern African and selected international markets.

Aspen is Africa's largest manufacturer of generic pharmaceutical products and the **LEADING SUPPLIER OF GENERIC MEDICINES** to both the private and the public sectors in South Africa.

Aspen remains the generic brand of choice with **MORE SOUTH AFRICANS CHOOSING AN ASPEN GENERIC** than any other brand.

Aspen **PIONEERED THE DEVELOPMENT OF GENERIC MEDICINES** in South Africa and launched **AFRICA'S FIRST GENERIC ANTI-RETROVIRAL (ARV)**. An additional five ARV product molecules have subsequently been registered for manufacture.

Aspen's **EXTENSIVE BASKET OF QUALITY, EFFECTIVE AND AFFORDABLE** branded, generic, over-the-counter (OTC), personal care, fast moving consumer goods (FMCG) and nutriceutical products have been expanded to include infant nutritional formulations (INFs).

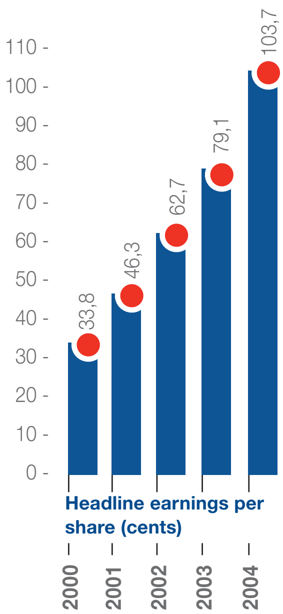
Aspen's **SUBSIDIARIES IN THE UNITED KINGDOM AND AUSTRALIA** are contributing to increased offshore profits.

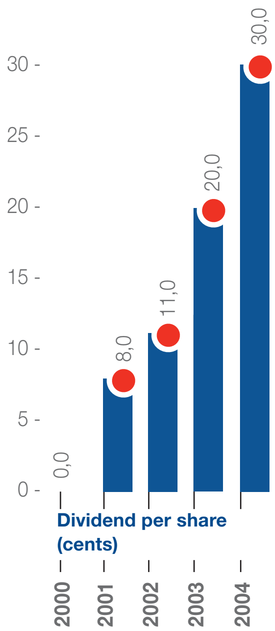
Aspen is listed on the JSE Securities Exchange South Africa (JSE) and has a **CURRENT MARKET CAPITALISATION IN EXCESS OF R5 BILLION.**

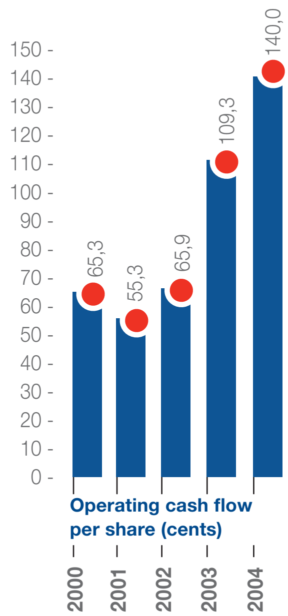
CONTENTS

sustained growth

RESULTS IN BRIEF. Aspen has achieved excellent growth with a 31% increase in headline earnings per share. Group revenue grew by 16% to R2 202 million and operating profit improved by 24% to R554 million. The dividend per share increased by 50%.







	30 June 2004 R'million	30 June 2003 R'million	Change %
Group summary			
Revenue from continuing operations	**2 201,7**	1 890,2	16
Operating profit	**553,8**	445,8	24
Net profit attributable to ordinary shareholders	**355,6**	270,6	31
Net cash from operating activities	**498,7**	385,9	29
Ordinary share performance			
Earnings per share – basic (cents)	**99,8**	76,7	30
Headline earnings per share (cents)	**103,7**	79,1	31
Dividend per share (cents)	**30,0**	20,0	50
Operating cash flow per share (cents)	**140,0**	109,3	28

Aspen's OSD facility has been built to the highest international standards and is positioned to service leading world markets.

meeting **global** expectations

Aspen has invested in the future of the pharmaceutical industry in South Africa with the construction of a multi-million rand oral solid dosage (OSD) manufacturing facility to meet local and international capacity demands for its basket of quality products



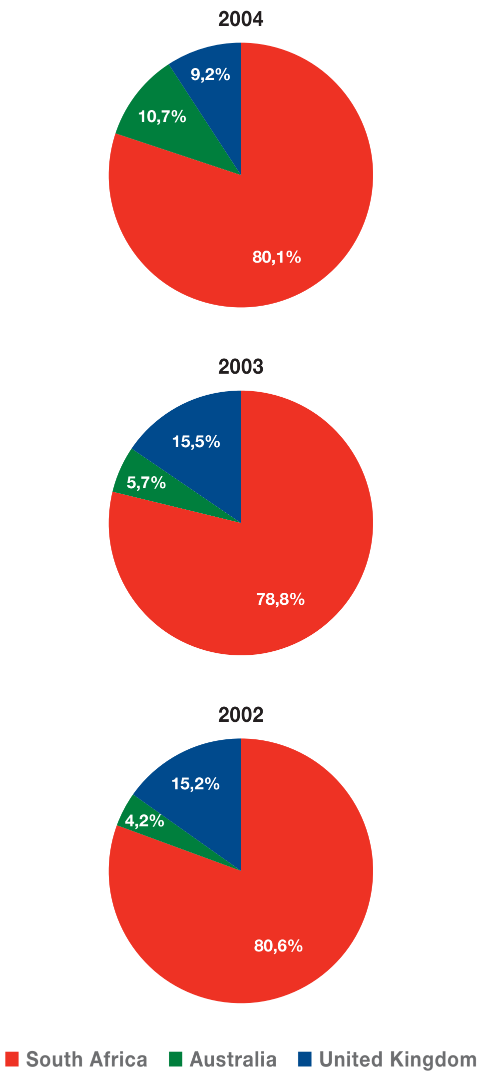


superior **manufacturing** capabilities

internationally recognised

ASPEN HAS CONTINUOUSLY STRIVEN for improvement and excellence, recognising these as fundamental to the long-term growth of the Group. During the past year the achievements made in this regard were rewarded by leading international authorities.

Revenue contribution by geographic segment



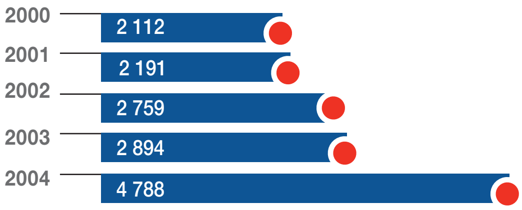
World leader in generic ARVs • The Clinton Foundation identified Aspen as one of only three companies worldwide that complied with its prerequisites for low cost production of high quality finished dosage form generic ARVs. This capability has been further recognised in Aspen's engagement with the Food and Drug Administration (FDA), the United States' regulatory body, in connection with the pre-qualification of the Group to provide generic ARVs funded by President Bush's emergency plan for AIDS relief (PEPFAR).

Aspen's status as a leader in the fight against infectious diseases in Africa was also endorsed by multinational Eli Lilly (Lilly). Lilly selected Aspen to take transfer of global technology, intellectual property and funding that will enable Aspen to manufacture essential antibiotics needed to treat patients with multi-drug resistant tuberculosis (MDR-TB).

Technological advancement • Commissioning of the Group's new OSD manufacturing facility, constructed on the Port Elizabeth site, commenced in the final quarter of the financial year. The OSD facility is designed to take advantage of leading pharmaceutical production methods and technologies. It adds substantial manufacturing capacity and is particularly efficient in the area of high volume production. The facility has been approved by the South African Medicines Control Council (MCC). In the next six months the site will be inspected by the regulatory authorities responsible for some of the world's leading markets, opening the way for Aspen to export to these destinations. Further enhancement of the manufacturing capabilities is planned, keeping the Group at the forefront of good manufacturing practice (GMP) and internationally competitive as a quality producer of affordable medicines.

A leadership role • In a year when the strength of the South African currency has favoured importers, Aspen has continued to occupy a leadership position in the domestic industry. This is best illustrated by the retention of the position as the leading supplier of generic medicines to both the public and the private sectors.

There has been substantial legislative change in the South African healthcare sector during the course of the past year, as long anticipated reforms were implemented. The objective of the legislation is to lower the cost of medicines to the man in the



Market capitalisation at 30 June (Rm)

A J Aaron / Chairman

street. Aspen is supportive of this objective and has constructively engaged with the regulators. The legislation being implemented in South Africa is consistent in principle with many of the world's leading economies. Despite challenges from some quarters there can be little doubt that the regulatory framework introduced through the legislation will prevail.

Black economic empowerment • Black economic empowerment (BEE) is essential in the transformation of the South African economy. CEPPWAWU Investments (Pty) Limited (CEPPWAWU), the investment arm of the trade union representing organised labour in Aspen's South African business, became a shareholder in January 2002. A second BEE partner, Peu Health (Pty) Limited (Peu), increased BEE ownership to 13% in January 2003. Regrettably Peu has since been forced to divest as a consequence of its funding structure being unwound. Subsequent to the year-end, Aspen facilitated an orderly exit by buying back the 21,3 million shares owned by Peu. Peu realised a material capital profit from its investment of 18 months. Aspen is presently engaged in negotiations to further extend its BEE ownership. Important aspects in extending BEE shareholding will be diversity of participants and bringing empowerment to the workers and previously disadvantaged management who are operationally active in the Group.

Sound governance • Aspen continues to strive for best practice in corporate governance. Much time and attention has been invested in developing the procedures to ensure practical implementation of the principles of good governance. Aspen has been recognised for the levels of compliance achieved in various independent surveys.

The Board of Directors is well balanced and is an effective forum for deliberating the major strategic and operational issues facing the Group. The Group Chief Executive, Stephen Saad, continues to lead from the front and was again ably assisted by the other executive directors, Gus Attridge and Linda Philip. Regrettably Linda has chosen to pursue personal interests abroad after three years of exemplary service. Werner van Rensburg is welcomed to the Board in the role of Group Operations Director with effect from 10 August 2004.

Achievements reflected in results • The achievements of the past year are most adequately reflected in the outstanding results posted by the Group. Absolute commitment by management and staff has delivered further excellent growth in revenue and earnings. On behalf of all stakeholders I congratulate and thank them for their endeavours. I also thank my co-directors for their meaningful and constructive contribution. It has been a privilege and pleasure to be part of such an informed and participative team.

The forthcoming year will undoubtedly present further challenges in an evolving environment. However, the investments made in all aspects of the business enable the Group to look forward positively, confident of achieving even higher standards.

AJ Aaron
Chairman

Aspen has continued to identify and conclude significant transactions thereby enabling the Group to engage in a broader spectrum of local and international opportunities enhancing our **portfolio** of interests

Aspen's business focus has expanded to include the manufacture and supply of off-patent active pharmaceutical ingredients (APIs) and a range of leading INFs


S-26
Promil
Progress

pursuing new **initiatives**

adapting to change

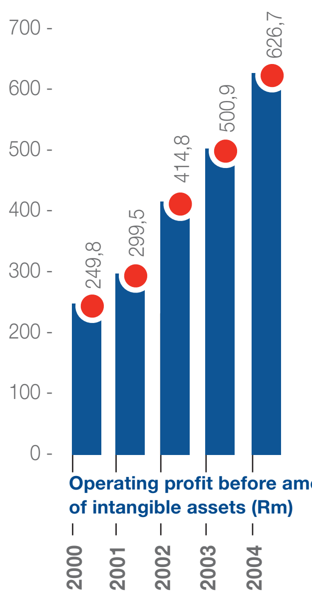
THE PAST YEAR has been one of change in the South African business as new legislation was implemented. The Group's positioning for changing circumstances has proven sound and Aspen is poised to pursue a number of new opportunities.

Strong performance • Aspen delivered a sixth successive year of sustained revenue and earnings growth for the year ended 30 June 2004.

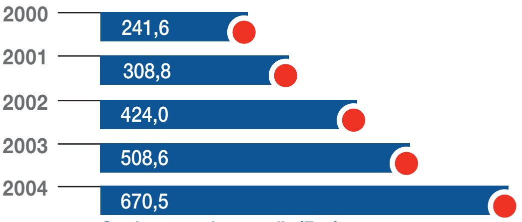
Revenue growth of 19% by the South African business was an exceptional achievement given the deflationary pricing environment and the uncertainty created by changing legislation which existed for much of the period. Aspen Australia continued its steep growth path, more than doubling its revenue contribution to R235 million. Despite increased volumes in the UK subsidiary Co-pharma, revenue contracted due to intense competition in commodity generics. Group revenue was up 16% to R2,2 billion.

Growth in the South African business was driven by increased volumes, the full year contribution of new products launched in the latter part of the prior year and favourable performances under co-marketing and distribution agreements with multi-national companies. Operating profit before amortisation of intangibles for the South African business was up by 20%. Aspen Resources drove earnings growth in the UK as the Co-pharma contribution to earnings contracted. Operating profit before amortisation of intangibles increased by 75% in the UK. Overall operating profit before amortisation for the Group grew by 25% to R627 million.

Lower financing costs, the result of strong cash flows and reduced interest rates in South Africa, contributed to a growth in earnings attributable to shareholders of 31% to R356 million.



Operating profit before amortisation of intangible assets (Rm)



Cash operating profit (Rm)

SB Saad / Group Chief Executive

Increased dividend • The dividend declared of 30 cents per share is covered 3,33 times by earnings. The excellent earnings and strong cash flows have enabled the directors to increase the dividend by 50% over the prior year.

SA legislation an overriding influence • Changing legislation in the South African healthcare environment has overshadowed much of the year under review. The objective of the legislation is to provide more affordable medicine for all users of the private healthcare sector. This is clearly an imperative, particularly if the private sector seeks to attract further participants from amongst the ranks of the employed, but uninsured. The legislation reflects many aspects of the approach to healthcare in leading economies, indicative of the research which was conducted in advance of the drafting of the new laws.

Three components of the legislation are particularly relevant to Aspen. Generic substitution obligates the pharmacist to provide a more affordable generic substitute to the prescribed medicine where this is possible. Aspen is well positioned in this regard, given its leadership position in generics with a market share of some 37% of the private generics market. Independent figures provide evidence of a continued shift to generic use. By the end of June 2004, approximately 25% by value of all prescribed medicines in the private market were generics, an increase from 18% in June 2001. However, it is likely that generic substitution will be further enhanced as the legislation introducing a professional fee for pharmacists and dispensing doctors is implemented.

Single exit pricing (SEP) has introduced a transparent pricing system for the first time. It is likely that competition will also continue to self-regulate pricing in the generic market. The average price of prescribed pharmaceuticals sold by Aspen in the South African private market during the year under review fell by 6%.

The pricing committee is expected to commence work on the international benchmarking of manufacturers' prices in the course of the forthcoming year. An independent survey which was conducted recently, compared the volume weighted average price (public and private markets) of 42 of the leading South African generic molecules against a basket of the same molecules from seven countries with comparable regulatory environments. Results strongly indicated that the pricing of the South African molecules was of the lowest available.

Service quality a key • In the changed South African environment where all rebates, bonusing, samples, volume discounts and any other inducements to purchase products have been outlawed, service quality becomes an even more critical requirement. As a consequence of mandatory generic substitution, there has also been a subtle shift in decision making with the pharmacist now taking the lead role. Aspen is totally committed to service quality. This was recognised in the most recent Campbell Belman Confidence Standing survey conducted of 36 local and multinational companies. The respondents, leading retail pharmacies and buying groups, placed Aspen first overall as well as first, inter alia, in the categories measuring products, service by representatives and service by company.

Increased number of product launches • A strong pipeline of new product launches is essential to sustained growth in revenue and profitability. The years ahead offer exceptional opportunities for generic companies with many blockbuster molecules coming off patent.

The Aspen product pipeline for South Africa should begin to realise its potential over the next two years with registration of over one hundred new dossiers anticipated for this period. The table on page 15 sets out the anticipated launches of Aspen's new products in the South African market by therapeutic class as at 30 June 2004.

Estimated years to commercialisation

	0 – 2 years		3 – 5 years		Total	
Therapeutic class	**No. of dossiers**	**IMS Value R'm**	**No. of dossiers**	**IMS Value R'm**	**No. of dossiers**	**IMS Value R'm**
Central Nervous System	16	173	13	183	29	356
Alimentary + Metabolism	4	69	19	275	23	344
Anti-infectives	17	194	10	106	27	300
Cardiovascular	29	305	11	157	40	462
Respiratory	19	79	5	58	24	137
Musculo-skeletal	12	221	8	83	20	304
G.U. System + Sex Hormones	1	3	–	–	1	3
Endocrine	1	15	2	32	3	47
Dermatologicals	2	32	–	–	2	32
Systemic Hormones	1	2	–	–	1	2
Various others	4	5	2	6	6	11
TOTAL	106	1 098	70	900	176	1 998

Notes:

1. Values stated in the table have been derived from IMS Health (Pty) Limited (IMS). IMS is an independent measure of the private pharmaceutical market of South Africa. The IMS value, as set out in the table above, records the value of sales of the originator's products. 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.
2. The table relates to the South African private market only. The South African tender (public) market has been omitted entirely.
3. Products which are already registered are not included in the table.

Internationally competitive manufacture • The Group has continued to prove its international competitiveness as a manufacturer of quality pharmaceuticals. Aspen maintained its position as the leading supplier of tablets and capsules under the South African public sector tender, awarded during the past year, which is judged almost exclusively on price. In the manufacture of ARVs Aspen has proven to be competitive when adjudicated by independent international organisations such as the Clinton Foundation.

As a generic manufacturer, low costs, efficacy and quality are the imperatives. Aspen has invested for the future in these areas through its world class OSD facility. Investments will continue to be made in enhancing production capabilities to ensure the Group retains its competitive advantage in this area. The extension of sterile manufacturing capabilities is currently under investigation in conjunction with the commitment to produce lyophillised freeze-dried vials in terms of Aspen's agreement with Lilly.

New opportunities through OSD facility • The commissioning of the OSD facility has proved extremely timeous. Record volumes in the South African business have placed the existing facilities under increasing pressure. The annual production of approximately one billion tablets and capsules is scheduled to move across to the OSD facility during the year ahead, ensuring that there is sufficient production capacity to cater for increasing local demand.

The opportunity for expedited FDA review of the OSD facility, in order to manufacture ARVs to meet the needs of PEPFAR has received priority. PEPFAR has pledged US $15 billion to assist developing countries as they address the HIV/AIDS crisis over the next five years. Over half of the funds will support effective AIDS treatment to save lives through the provision of ARV drugs. The OSD facility has already undergone a favourable pre-inspection by the FDA, and final inspection is expected before the end of 2004. The OSD facility will be utilised to manufacture ARVs awarded under the South African tender.

After obtaining the necessary approvals the OSD facility will also be capable of manufacturing for export to the Group's subsidiaries in the UK and Australia, providing more competitively priced products into these markets. As a consequence of the prioritisation of the PEPFAR initiative, production for these markets is only expected to come on line in the latter part of the financial year.

Further strong growth from Australia • Aspen Australia has grown exponentially since it commenced trading in May 2001. In the year under review it contributed 11% to Group revenue. The business is well positioned to extend its exceptional performance. A most capable team has been assembled under the direction of skilled management. This team competes actively in the Australian market and has recorded significant market share gains. Its track record makes Aspen Australia an attractive partner for international companies seeking distribution in this area. Aspen Australia has also performed exceptionally in distributing products on behalf of UK-based Aspen Resources. This partnership is expected to strengthen further.

The search for products to add to the Co-pharma portfolio is ongoing. However, it has proven difficult to identify product acquisitions at reasonable value in this market. Margins will improve in this business once the supply of product commences from Aspen's Port Elizabeth site anticipated to take place towards the end of the financial year.

Strategic investment • The strategically important acquisition of Fine Chemicals Corporation (Pty) Limited (FCC) was completed with effect from July 2004. FCC, the only manufacturer of APIs in South Africa, presents a unique opportunity to develop the capability to manufacture the essential APIs for ARVs in South Africa. Aspen has commenced discussions with prospective technology partners. FCC is already an FDA approved manufacturer of APIs, with the United States being FCC's biggest market. The potential exists to develop a vertically integrated production capability with FDA accreditation through both API and finished dosage form manufacture.

Strength through partnerships • Aspen enjoys the benefits of many important alliances and partnerships which stretch across the globe. These relationships further strengthen the Group's capabilities and contribute towards the optimum utilisation of resources. As Aspen's profile has continued to increase in the international environment, so has the opportunity to extend this network of co-operation.

Commitment rewarded • The results achieved by the Group are a reflection of the outstanding commitment of management and staff. Every employee plays an important role in the overall performance of the Group and every employee makes a difference. It requires special qualities to rise to the levels of achievement recorded by Aspen. Our employees are a critical success factor. To each and every one of them I extend my personal thanks for a job well done, confident in the knowledge that they are a team that can strive to even greater heights.

I also extend my thanks to my fellow executive directors for the additional value they have added and to the non-executive directors who have assisted in the shaping and guiding of strategy and approach.

Good fundamentals for continued growth • The implementation of the SEP legislation has brought greater certainty to the South African healthcare environment. Legal challenges to legislation and the future benchmarking of international pharmaceutical prices may yet bring further change. However, the drive for lower medicine prices will continue. Aspen is the generic market leader, boasts an exceptional generic pipeline, has manufacturing facilities capable of producing quality product at internationally competitive prices and has an extremely capable and committed team. These fundamentals have allowed Aspen to adapt to the challenges of this changing environment and to emerge well placed to continue growing in the South African market.

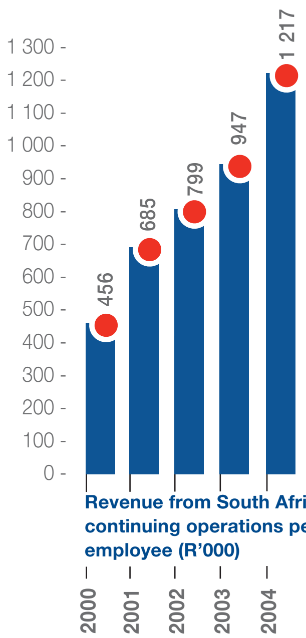
Further growth in the international operations is anticipated. This is likely to be led by the realisation of additional opportunities in Australia and the commencement of exports from the OSD facility in the second half of the year.

Aspen is well positioned to again deliver real growth in revenue and earnings in the year ahead.

SB Saad
Group Chief Executive

south african operations

PHARMACEUTICAL DIVISION. The pharmaceutical division provides a basket of quality, affordable, effective ethical and generic products to prescribing specialists, general and dispensing practitioners, pharmacies, hospitals, clinics and managed healthcare funders across both the private and the public sector.



Revenue from South African continuing operations per employee (R'000)

The pharmaceutical division led growth in the South African market, increasing revenue by 22% over the prior period. Growth was volume driven with product launches and multinational contracts also performing well.

Leading the generic market • Aspen has retained its leadership position in the R2,2 billion South African generic market and is positively positioned to benefit from mandatory generic substitution. With the inevitable switch in medication from original to generic products, it is anticipated that the Group will experience an increase in generic volumes with further acceleration likely once legislation has been effectively implemented.

Successful product launches • During May 2003 Aspen launched CiLift, the first generic citalopram which is used for the treatment of depression and anxiety. CiLift has delivered a sterling performance and its first to market status has resulted in it seizing nearly 60% of the market share. Despite the subsequent introduction of other generic alternatives, indications are that CiLift will maintain its market share and its position as one of Aspen's leading molecules.

Aspen's vast range of high quality, cost effective injectable anti-infectives was complemented with the March 2004 launch of Aspen Vancomycin which is indicated for serious infections. The product has been well received amongst healthcare providers.

Other new products launched during the year which bolstered performance included Panamor gel, an anti-inflammatory gel indicated for the symptomatic relief of localised traumatic inflammation and pain, Loxiflam, indicated for the symptomatic treatment of osteoarthritis and rheumatoid arthritis, and Filibon, a pre-natal multivitamin and mineral supplement.

Enhancement to Aspen's range of ARVs • Aspen Stavudine, Africa's first generic ARV, has shown consistent market share growth. The MCC has also registered Aspen Didanosine, Aspen Nevirapine, Aspen Lamivudine (tablet and solution), Aspen Zidovudine (tablet and syrup) and Aspen Lamzid (a Zidovudine and Lamivudine combination tablet). These generic ARVs were launched in the private market in September 2004.


Aspen Didanosine
Aspen Didanosine 50 mg
Aspen Didanosine
Aspen Didanosine 150 mg
MYBULEN
Aspen Stavudine 20 mg
Aspen Stavudine 30 mg
Aspen Stavudine 40 mg
CiLift
citalopram 20 mg
aspen vancomycin 1000 mg
aspen
Loxiflam 15 mg
meloxicam
aspen


VENTEZESPACER
STILPANE
Filibon
multivitamin
aspen
30 TABLETS
PHARMAPRESS 10mg
30 TABLETS
PHARMAPRESS 20 mg

The tender for the supply of ARVs to the South African government is expected to be adjudicated in September 2004. In terms of this tender the South African government seeks to cover 150 000 lives in the first year, 300 000 lives in the second year and 600 000 lives in the third year.

Consistent performance from key products • Aspen is the only local pharmaceutical company to offer an extensive basket of injectables covering the full spectrum of antibiotics. This range, which has been branded as Aspen's "Powerhouse of Injectables", has shown ongoing revenue and market share growth. Additional injectables are due to be launched during the year ahead which will enhance this product offering.

Stilpane, indicated for the relief of mild to moderate pain, has retained its place as one of Aspen's top generic brands due to enduring demand in the private and public sectors. Other important contributors to this division's pleasing performance included Panamor, Minerva, Pharmapress, Venteze and Persivate.

Competitive market • Mybulen, the non-narcotic analgesic, has continued to perform well showing ongoing unit volume growth. However, intense competition in this market segment has resulted in declining revenue. This category is expected to experience additional competition during the year ahead due to the expiry of the patent over this molecule.

Good performance from multinational contracts • Increased marketing attention has been placed on Flixonase, Eltroxin, Zelitrex and Imigran which are leading products covered by the Group's agreement with GlaxoSmithKline South Africa (Pty) Ltd (GSK South Africa). The benefits of these efforts were reflected in performance ahead of the target set for this range.

Good results were recorded by co-marketing agreements with leading pharmaceutical multinationals. Plendil and Zestoretic, both of which are used for the treatment of hypertension, performed particularly well under the co-marketing agreement with AstraZeneca.

Adding value to healthcare providers • Acknowledged as having the leading sales force in the country, Aspen has re-aligned its sales and marketing teams into therapeutic categories to provide increased product focus to healthcare providers. The Group also remains committed to adding value to the medical fraternity and as such has implemented a number of successful initiatives to provide platforms for increased awareness on pertinent issues.

CONSUMER DIVISION. The size of the consumer division has been increased with the addition of INFs to the existing portfolio of OTC, FMCG, personal care, nutriceutical and complementary products.

2003 Campbell Belman Confidence Standing				
36 OTC/Self-Medication companies				
Category	Including multinationals, local & generic companies	Retail pharmacies	Buying groups	11 Local & generic OTC/self medication companies
Total	1st	1st	1st	1st
Trust in company	7th	7th	5th	2nd
Trust in product	1st	1st	1st	1st
Service – reps	1st	1st	1st	1st
Service – company	1st	1st	6th	1st
Service – distribution	4th	4th	12th	2nd
Service – price	1st	1st	1st	1st
Communications	1st	1st	3rd	1st
Sentiment	1st	1st	1st	1st

This division has performed consistently with the greatest contributions being made by the FMCG and OTC sectors of the business. Their positive efforts were however somewhat negated by unsatisfactory returns from the nutriceutical products. The consumer division recorded 11% revenue growth.

Forging ahead amid challenging market factors • The OTC market was affected by the uncertainty created by the new legislation, with pharmacies being hesitant to hold inventories during the latter part of the financial year. Nevertheless, satisfactory growth was achieved.

Triomed (Pty) Limited (Triomed) was acquired in 2003 to add to the Group's OTC offering. Triomed's cold and flu range has complemented the overall portfolio with Rinex, Mucospect, Sinumed and Oroclor delivering excellent results.

Theophen, the combination cough syrup, showed appreciable market share growth as did Flusin and Bronkese which are administered for the relief of cold and flu and cough symptoms respectively. Scorbex, a vitamin C/ascorbic acid supplement, remains the market leader in its category, while Hyospasmol, used for the relief of abdominal cramps, achieved good market share expansion.

In the analgesic category Lenadol and Lenapain increased their respective market shares. Innovative marketing initiatives, complemented by efficient pricing strategies, played a role in these performances.

The slimming market has continued to yield strong returns. Aspen's primary weight loss products, Thinz and Leanor, remain market leaders in this category which is valued at approximately R150 million. Leanor Herbal, positioned as a natural slimming aid, has added to Aspen's strength in this area.

Clarinese was launched in early 2003 and performed admirably in the highly genericised anti-histamine market.

OTC division acknowledged as the industry leader • Aspen's performance in the OTC arena was independently acknowledged


BRONKESE
Lenadol
RELIEVES PAIN ASSOCIATED WITH TENSION AND FEVER
flusin S
SCORBEX
Vitamin C
100 ml FREE
CHEWIES


THEOPHEN
PREP
PREP
CREAM
Endocel
Endocel
Redefine your shape!
THINZ
Slimming Mixture
THINZ
Capsules
Lenapain
RELIEF OF MILD TO MODERATE PAIN ASSOCIATED WITH TENSION
18 TABLETS
Lenapain

in the 2003 Campbell Belman Confidence Standing research which rated Aspen first amongst 36 OTC and self-medication companies. The categories measured included multinational and local generic companies.

Reviewing the nutriceutical portfolio • The continued under-performance from the nutriceutical products is due to difficult market conditions and Aspen's unwillingness to follow the trends of competitors who are prepared to make unsubstantiated claims about product efficacy. The nutriceutical product portfolio has been reviewed and rationalised in order to ensure sustained profitability and the marketing of a credible product range.

Growth in leading FMCG brands • Despite the very competitive FMCG trading environment, Aspen's major brands showed growth in market share. Lennon Dutch Medicines, which has 32 line items, remains a proven favourite for the treatment of minor ailments. Playboy has established itself as a top selling deodorant spray in the male personal care market. The Prep range of shaving foams and gels underwent cosmetic packaging changes and an additional fragrance variation was successfully launched.

Aspen's dermaceutical range, marketed under the Endocil brand, has experienced good pharmacy sales with ongoing activity planned to strengthen its presence during the year ahead. The Group acquired the Vinolia soap range which has firmly established brand equity and promising prospects.

Profits to follow from infant nutritional acquisitions • During the latter part of the 2004 financial year, Aspen entered into a licence agreement with Wyeth to manufacture, market and sell their INFs which are comprised of well established brands such as SMA, Infasoy and the S-26 range. This range did not record profits for the period as a consequence of the high cost of imported inventory. Subsequent to the closure of the financial year, Aspen acquired Dutch-based Royal Numico's South African baby food business, as well as the Infacare brand and their manufacturing facility based in Clayville, Gauteng. The merging of these business interests will enable Aspen to compete profitably in the INF market while simultaneously investigating further manufacturing opportunities for the Clayville facility.

New product opportunities • A number of enhancements to the consumer division's portfolio are scheduled for the year ahead. OTC is set to gain analgesic, insomnia and female health products with line extensions also on track for selected ranges. Additional dermaceuticals and aerosols are also planned for the personal care sector of this division.

Focusing on the pharmacy • During the year Aspen provided focused product training opportunities to nearly 4 500 pharmacists and pharmacy assistants. These activities have been ongoing for a number of years and have enjoyed continued success. This was confirmed with the 2003 Campbell Belman rankings where Aspen was rated as providing the best training and information to pharmacies.

ASPEN GROUP OPERATIONS. Record volumes were produced during the year and full capacity was reached in certain production areas. Commissioning of the OSD facility commenced. The OSD facility will relieve capacity constraints and provide access to new markets.

Production underway at OSD facility • Production of validation batches commenced at Aspen's new Port Elizabeth-based multi-million rand OSD facility during the last quarter of the financial year, with Pharmapress being the first product.

The OSD facility's manufacturing capabilities are significantly more advanced than the technologies of the existing facility. The automated production process favours large batch sizes and long runs. The ARV tablets and capsules have been earmarked for production in this facility.

The OSD facility, built to international standards to facilitate the export of product, has completed extensive validation and commissioning processes. This ensures that Aspen complies with its legacy of manufacturing quality pharmaceutical products that meet the strictest quality control specifications as prescribed by the world's leading regulatory authorities.

The MCC recently accredited the OSD facility for full scale production. Further inspections for accreditation are expected by the FDA of the United States, the World Health Organisation (WHO), the Medicine and Healthcare Products Regulatory Authority (MHRA) of the United Kingdom as well as the Therapeutic Goods Administration (TGA) of Australia.

Delivering record volumes • Aspen's Port Elizabeth facility is producing product at volumes never before experienced in the history of the Group. With three shifts being run seven days a week in the tabletting areas, the existing facility is hard pressed to meet the demands of significantly increased volumes. Adherence to best practice initiatives has enabled the Group to stretch its production capability.

Aspen's procurement specialists are engaged in an ongoing quest for more cost competitive sources of quality APIs. During the past year a number of successes were recorded, most notably from eastern suppliers. This exercise was initiated some 30 months ago and was further complemented by the strengthening exchange rate. These price efficiencies have enabled Aspen to be more competitive, particularly benefiting the tendering processes, while retaining focus on quality materials which comply with the highest standards of excellence.

The strategic objective in Aspen's acquisition of FCC, which manufactures and supplies off-patent APIs, is to provide the Group with the capacity to produce ARV APIs. Discussions with potential technology partners have commenced.

Following global quality trends • A process of extensive analysis, planning and design was embarked upon by Aspen's Group quality assurance division in a bid to ensure that the OSD facility would comply with both South African and international manufacturing requirements. These processes have resulted in the establishment of a detailed Quality Management System to ensure that all practices are implemented and followed at the highest levels of compliance.

Accordingly, Aspen is following global trends towards overall quality management of the entire process within an organisation and not only relative to the physical manufacturing of products. Aspen's quality strategy is, therefore, to use OSD as the platform for implementing processes which will have a positive ripple effect on the quality ethos displayed by all divisions within the Group.

East London geared for increased volume • Over the past eighteen months Aspen's East London manufacturing facility has paid extensive attention to improved planning, delivery, productivity and cost containment processes. The success of initiatives in these areas has enabled the Group to identify additional liquids, ointments and lower schedule products which will be manufactured in East London. This will contribute to improved utilisation of the capacity and capability of this production facility. Interaction with the marketing team has further identified additional FMCG products which will be manufactured in East London.

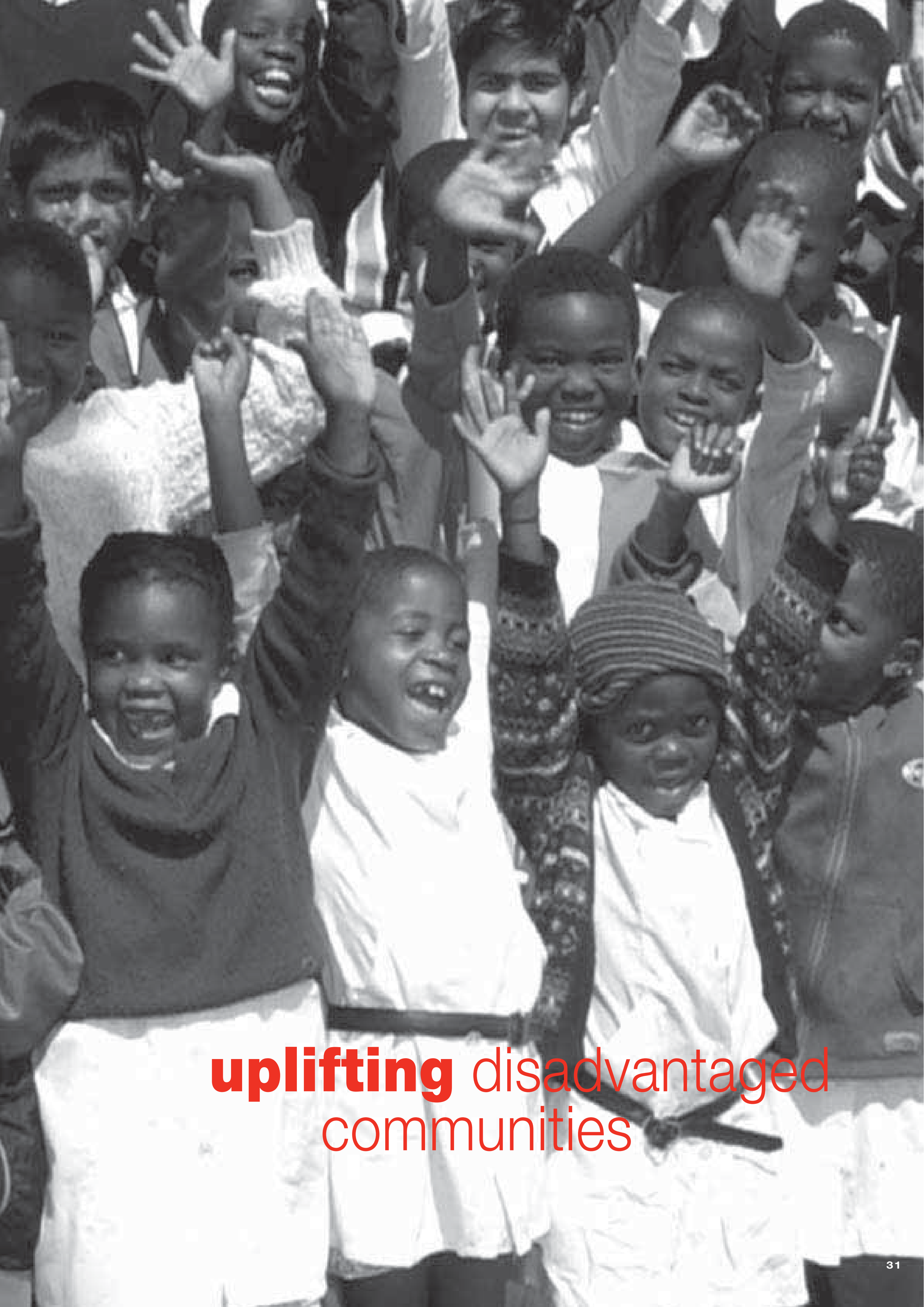
GMP compliance audits were recently conducted by multinational pharmaceutical companies Wyeth and Merck. The positive findings from the audits will ensure that Aspen can manufacture product for these companies for local market consumption.

Aspen has increased its commitment to corporate social investment (CSI) and has actively engaged in additional programmes to meet the healthcare needs of less fortunate citizens.

healthcare. we care

Aspen's CSI footprint stretches across the SA landscape. The Group's programmes provide for the prevention, treatment and screening of HIV/AIDS, opportunistic infections and chronic conditions, financial aid, donations of medical equipment, establishment and upgrading of healthcare facilities, antenatal and home-based care, support for accredited educational programmes and much more.

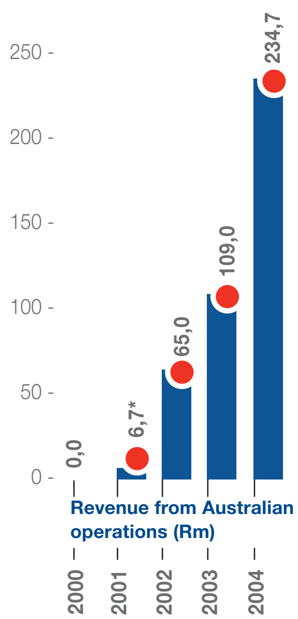

aspen
aspen



uplifting disadvantaged communities

international operations

ASPEN AUSTRALIA. Revenue has more than doubled in both the pharmaceutical and consumer divisions and the business is well set for further expansion.



Revenue from Australian operations (Rm)

*2 months trading

Strong revenue growth drove operating profit before amortisation of intangibles to R38 million, an increase of 79%. This was achieved despite relative weakness in the Australian dollar (AUD) compared to the Rand. Organic growth, co-marketing arrangements, distribution and licensing agreements all contributed to the expansion.

As the business has grown, so investment has been made in capacity. The sales force has been expanded considerably enhancing reach and penetration. Aspen Australia's entrepreneurial management team is constantly probing the market for further opportunities. During the course of the year under review, a healthy additional contribution was achieved out of new business in New Zealand. The business is now recognised as an emerging player in the Australian pharmaceutical market. The growth of the past year has seen the company recorded in the top 30 pharmaceutical companies in Australia, in an industry of some 150 players.

ASPEN RESOURCES. Aspen Resources, the UK-based intellectual property owning subsidiary, generated an operating profit before amortisation of R32 million in its first full year of trade.

Aspen Resources extended its product portfolio for the Australian market with the acquisition of two cephalosporin molecules from Lilly in the final quarter of the financial year for R57 million. The acquisition was funded by borrowings. Earnings contribution was enhanced during the period by the identification of alternative product sources at more competitive prices. The staff complement employed by Aspen Resources has been expanded with the addition of managerial and technical capabilities.

CO-PHARMA. An ultra-competitive market, supply problems and the absence of new products resulted in a contraction in revenue and earnings.

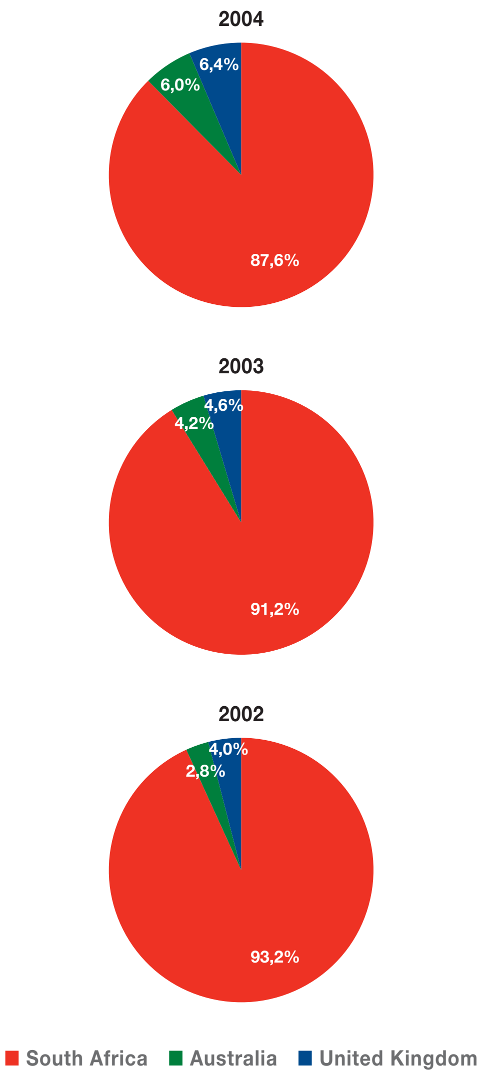
With effect from 1 July 2003 Aspen acquired the remaining minority shareholding in Co-pharma. New management was introduced and the vendor management assisted with an orderly handover. Whilst product volumes have been increased, margins have compressed further due to pricing pressure and the absence of new products to bring to the market. Revenue fell by 16% in GBP, and this was further exacerbated by the relative strengthening of the Rand. Reported revenue of R203 million was down from R295 million in the prior year.

The business has also suffered as a consequence of its dependence on third party manufacturers who were unable to supply to order for a number of months. More reliable supply at improved margins will become possible as the OSD facility begins producing selected lines for Co-pharma.

positive performance

EXCELLENT RESULTS have been complemented by strong cash flows allowing for new investments and a decline in dividend cover.

Operating profit before amortisation of intangible asset by geographic segment

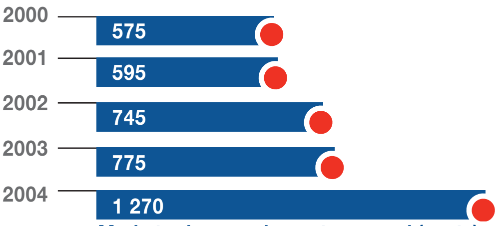


SA business leads revenue growth • Group revenue increased by 16% to R2,2 billion. The 19% growth in revenue by the South African business was tempered by growth of only 8% in the International Operations as Co-pharma's revenue contracted and the stronger Rand reduced foreign currency contributions.

International business drives margin widening • The percentage of gross profit to revenue increased from 45,3% in the prior year to 48,1%. This was driven by the Aspen Resources business in the UK. The revenue of the Aspen Resources business is all intra-group and is eliminated on consolidation. Consequently, on a Group basis Aspen Resources shows a gross profit without any related sales. The rapid growth in contribution from Aspen Resources has therefore translated into gross profit percentage widening. In addition there was a reduced relative contribution by the low margin Co-pharma business. There was negligible improvement in gross profit percentage in the South African business as gains from the more cost effective sourcing of raw material and the benefits of the stronger Rand on imports were offset by falling selling prices.

Net operating expenses increased by 22% as the costs of regulatory compliance climbed and amortisation of goodwill and intangibles escalated. Operating profit of R554 million represents 24% growth year-on-year and 24% compound growth over the past five years.

Falling financing costs • Net financing costs reduced sharply from R56,9 million to R25,3 million. Strong cash flows and a reduced rate of borrowing in South Africa lowered net interest paid. Finance costs on deferred payables also reduced as these arrangements came closer to term. A net foreign exchange loss of just over R10 million was incurred as a consequence of forward exchange contracts closing above the spot rate, a symptom of operating in a strengthening Rand environment. A fair value gain of R6,4 million was made on the hedge of an Aspen Resources loan using a swap made from GBP into AUD. The hedge was taken at AUD 2,43/GBP. The closing rate at 30 June 2004 was AUD 2,62/GBP.



Market price per share at year-end (cents)

MG Attridge
Deputy Group Chief Executive

Release of security • Subsequent to the year-end, Aspen has been released from all the securities held by Investec Bank Limited relating to its South African business.

Increase in effective tax rate • The increase in net profit before tax of 36% to R529 million translated into an increase of 30% in net profit after tax of R356 million as the effective tax rate escalated from 29,7% to 32,7%. An effective tax rate above the company tax rate of 30% is anticipated going forward as certain amortisation costs are not deductible for tax purposes and as a result of STC payable on dividends declared to shareholders.

Correlation in growth measures • Year-on-year growth and five year compound growth in headline earnings, cash generation and net asset value have shown a close correlation as indicated by the table below:

	Year-on-year growth	5 year compound growth
Headline earnings per share	31%	32%
Cash equivalent headline earnings per share	27%	31%
Net asset value per share	34%	32%

Premium to net asset value • The Group's intellectual property is its most valuable asset, yet very little of it appears on the balance sheet. This is as a consequence of accounting conventions which do not allow for the revaluation of intellectual property. Therefore, as expected, the net asset value per share disclosed of 298 cents is at a considerable discount to the market value per share.

Continued cash generation • The Group has continued to generate strong cash flows. Cash equivalent headline earnings per share once again exceeded headline earnings per share. Cash and cash equivalents at 30 June 2004 stood at R465 million. Subsequent to year-end this cash has been expended on the acquisitions of FCC and Nutricia and on the buy-back of the Peu shares.

Increased dividend • Strong cash flows, combined with the positive earnings record, have allowed the directors to once again lower the dividend cover (down to 3,33 times from 3,84 times) in declaring a dividend of 30 cents per share, an increase of 50%. The dividend policy is re-examined from year to year based upon business fundamentals.

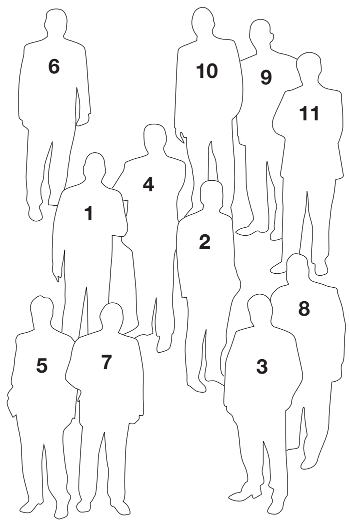
MG Attridge
Deputy Group Chief Executive

DIRECTORATE

exemplary leadership

COMPLEMENTARY MANAGEMENT EXPERTISE. One of Aspen's core strengths remains that of highly committed employees, ably led by a focused management team.

EXECUTIVE DIRECTORS



1 Stephen Bradley Saad (40)
BCom, CA(SA)
Group Chief Executive
Appointed 1999

2 Michael Guy Attridge (43)
BCom, CA(SA)
Deputy Group Chief Executive
Appointed 1999

Mary Linda Philip *(51)
DipPharm, BA(Hons)(Psy)
Chief Operating Officer: Aspen Group Operations
Appointed 2001

3 Werner van Rensburg * (40)
BSc (Hons), MSc, B Bus Mgmnt & Administration (Hons), MBA
Group Operations Director
Appointed August 2004

* Subsequent to the year-end, ML Philip resigned and W van Rensburg was appointed

COMPANY SECRETARY

Hymie Aaron Shapiro (49)
BCom, CA(SA), HDip Tax Law
Appointed 1999

NON-EXECUTIVE DIRECTORS

4 Arthur Jacob Aaron (72)
BCom, LLB
A senior director of Werksmans Inc Attorneys and Director of Companies. Audit & Risk Committee member. Appointed to the Board in 1994 and as Chairman in 1999

5 Rafique Bagus (41)
BA, BA Honours (Economics), MA (Economics and Econometrics)
Past Chief Executive Officer of Trade and Investment South Africa, a division of the Department of Trade and Industry. Special Adviser to Minister Alec Erwin, Department of Public Enterprises. Director of Companies.
Appointed 2003

6 Leslie Boyd (67)
Chartered Engineer: Fellow of Institute of Metallurgists UK. Companion, British Institute of Management.
Past Deputy Chairman of Anglo American Corporation of South Africa Ltd; Past Chairman of Anglo American Platinum Corporation Ltd and director of numerous listed companies. Chairman Remuneration & Nomination Committee.
Appointed 2003

7 John Frederick Buchanan (60)
BCom, CA(SA)
Past Group Finance Director of Cadbury Schweppes SA Ltd and Executive director of Nampak Ltd and Director of Companies. Chairman Audit & Risk Committee. Remuneration and Nomination Committee Member.
Appointed 2002

8 Muzi Enos Buthelezi (49)
Executive Chairperson of CEPPWAWU Investments. Former General Secretary of CEPPWAWU Trade Union.
Appointed 2002

Oppel Bernhardt Wilhelm Greeff* (55)
MB ChB, MpharmMed
President Global Product Development of Quintiles. Pharmaceutical industry specialist.
Appointed 2001
*Subsequent to the year-end OBW Greeff resigned.

9 Maxim Krok (48)
BProc, LLB
Director of Companies.
Appointed 1994

10 Christopher Nattle Mortimer (44)
BA, LLB
Full-time practising attorney. Audit & Risk Committee and Remuneration & Nomination Committee Member.
Appointed 1999

11 David Morris Nurek (54)
DipLaw, Grad Dip Company Law
Executive Director of Investec Bank Ltd and Director of Companies.
Appointed 2001

triple-bottom line reporting

Reporting on financial, social and environmental areas has become well-established in international best-practice as a business imperative and is incorporated in principle into King II. In keeping with the directors' commitment to apply the highest standards of corporate governance, Aspen has reported on these three areas in the annual report, two of which are set out below and the third in the Corporate Governance section on page 52.

BEE • Interests at holding company level held by the investment arm of trade union CEPPWAWU and black-owned and managed healthcare investment company Peu, equated to approximately 13% at year-end. Subsequent to the year-end, Aspen bought back the 21,3 million shares owned by Peu and is presently engaged in negotiations to further extend its BEE ownership.

The Group largely focuses on affirmative procurement in respect of non-production spend. The vast majority of raw materials used in the manufacture of pharmaceuticals are not locally available and must be imported. When outsourcing, Historically Disadvantaged Individuals (HDIs) and HDI organisations are awarded preference in the assignment of procurement contracts, with further priority on Small, Micro and Medium Enterprises (SMMEs).

Employment Equity • Aspen's approach to human capital is aligned with the principle that "the *right* people are our greatest strength." The Group's employment equity programme, which prioritises the recruitment, training and promotion of HDIs, is designed to accelerate its culture of diversity and at the same time ensure that recruitment and advancement are based on merit. To this end Aspen ensures that selection tools and promotion criteria are culturally fair and delineate a list of core competencies for each position which must be met before employment or promotion will be considered.

The Group has substantially achieved its ambitious targets submitted to the relevant authorities:

Category/Level	June 2004 %*	**Target 2004 %***
Top management	31	33
Senior management	52	54
Professionally qualified	64	55
Skilled	76	66
Semi-skilled	98	Increase non-black HDIs by 5%
Unskilled	99	Increase non-black HDIs by 5%
Disabled	0,34	1

*% of the South African workforce which is HDI as defined by the Employment Equity Act.

The Group's employment equity policy makes provision for administrative positions to be allocated to physically challenged personnel, as far as opportunities allow.

Aspen is currently establishing targets for the next three-year period and will, in due course, submit these to the relevant authorities. Based on achievements to date, the Group is confident that it will achieve these targets.

Approximately 34% of the Group's total staff complement is unionised through the industry trade union CEPPWAWU. The reciprocal relationship between Aspen and CEPPWAWU is evidenced by a spirit of co-operation and mutual commitment to resolve potential areas of conflict. No incidents of labour unrest were reported during the year.

Aspen is widely regarded by existing employees and potential candidates as an 'Employer of Choice', reflected in the low staff turnover and the rising number of employment applications received.

Skills development and training • Aspen has devised a skills development and training strategy to capitalise on the human resource potential within the Group and to secure the Group's competitive advantage. A Group Organisational Development Manager is responsible for co-ordinating and monitoring the implementation of this strategy. The annual budget allocated to skills development and training has increased incrementally year-on-year to ensure the continual broadening of the skills-base.

Annual key performance assessments reflect the success of the training programmes and at the same time highlight the areas of competency shortfall. User feedback surveys completed by programme participants, as well as feedback through the Workplace Stakeholder Forum, further assist in measuring the effectiveness of the Group's strategy. Aspen reports bi-annually to the relevant authority on progress in terms of this strategy.

During the year Aspen's independently run Leadership Academy introduced a more functional curriculum focused on the Group's business units. Approximately 30 candidates enrolled during the year.

Courses such as Adult Basic Education Training (ABET) were successfully run for the third year at the Group's manufacturing facilities. Twenty production employees completed the course, with the Port Elizabeth-based top student being publicly recognised by the Group. Further training such as GMP, Productivity and Lean Manufacturing has been implemented at manufacturing plant level. The Group has further established a Pharmacist Assistant Learnership (through the industry CHIETA) at the Port Elizabeth site where 15 candidates have already completed level 1 training and will be completing level 2 training in October 2004.

The Group's annual job rotation programme recruits five HDI university graduates from pharmaceutics, sales and marketing disciplines. Although the candidates' performance and the practical availability of positions dictate the likelihood of their permanent placement, all five of the candidates recruited in 2003/4 will be considered for full-time employment.

Ongoing product and sales skills training is done in order to enable Aspen's sales and marketing staff to offer superior service and advice to customers.

Study-finance packages have also been introduced to fast-track the development of those candidates identified in divisional succession plans, in terms of which the Group finances tertiary education at recognised institutions including The School for Business Leadership, the Graduate Institute for Management and Technology and the Stellenbosch and University of Cape Town Business Schools. The Group also runs a TOPP (Training Outside of Public Practice) programme for trainee chartered accountants.

Employee participation • Aspen's culture encourages mutual respect and open communications throughout all levels of employment. Accordingly Workplace Stakeholder Forums are held bi-annually in Johannesburg and are attended by peer-nominated representatives from across the country. These individuals represent all levels of the organisation ranging from organised labour and factory management through sales representatives to senior management.

The Group conducts regular sessions during which topical issues, for instance annual financial results or changes in the Group's strategic direction, are communicated. These sessions are linked via video conferencing to the Group's divisions nationally.

The Group regularly disseminates information of interest to its employees throughout South Africa over the intranet, with line managers and briefing groups responsible for communicating this information to those without computer access. In addition physical notice boards at all the Group's premises are extensively used.

Code of Ethics (the Code) • Aspen is committed to ensuring that the business practices of the Group and the conduct of employees remain beyond reproach. The Code is applicable to all Aspen employees.

The Code is founded on the principles of honesty, integrity and fairness. It cautions employees against conflicts of interest, prioritising the interests of Aspen, its customers and suppliers. It further prohibits corruption and the assumption of any personal benefit which may unduly influence employees in their business dealings. The Code demands of employees to uphold the integrity of financial information, to protect the Group's intellectual and physical property and to maintain the confidentiality of information that has not been publicly disseminated. Insider trading is expressly prohibited. The Code also promotes fair, ethical and statutorily compliant business competition practices.

It further makes express reference to upholding the 'Best Corporate Governance Practice' and to this end demands of its employees and contractors that they are conversant with the Group's sustainable development policies on issues such as health and safety.

In addition to individual employee briefings and induction briefings for new employees, the Code is visibly posted both on the Group's intranet and on the public notice Boards at all of the Group's premises. Employees are tasked with the responsibility of reporting to management any actual, perceived or potential violation of the Code. In order to encourage enforcement by protecting confidentiality the Group has established 'Tip-Offs Anonymous', an independently operated toll-free 'whistle blowing' hotline.

Corporate Social Investment (CSI) • The Group's CSI Manager and CSI Committee ensure that Aspen's social initiatives align with its business goals to contribute to the Group's sustainability. Aspen's formal CSI policy accordingly focuses on the healthcare sector, with emphasis on education and leadership training, HIV/AIDS, home-based care and primary healthcare projects involving pharmaceutical intervention.

The CSI policy is designed to further Aspen's commitment to the principle of 'Healthcare. We care', and targets select projects in order to maximise its impact. Prospective projects are carefully screened against pre-determined guidelines before being activated. The Group's CSI budget has increased year-on-year in order to accommodate the growing number of worthy recipient organisations and individuals.

In November 2003 'Professional Management Review', a widely distributed business publication, honoured Aspen's CSI commitment by awarding the Group its Corporate Care Award.

During the year the Group continued to sponsor major projects including:

- Dr Manto Tshabalala-Msimang Health Professionals Bursary and the Foundation for Pharmaceutical Education. These assist HDIs studying medicine, pharmacy and/or allied healthcare professions. Aspen maintains contact with the bursars and assists with employment during study vacations and on graduation where possible.

- Post Basic Pharmacist Assistant Course - Health Science Council. This requires students to be formally trained through an industry internship. Aspen is currently training 15 HD students enrolled in the course.

- Emthonjeni Clinic. This offers mainly antenatal care and treatment of chronic conditions in the informal Zandspruit settlement. Aspen continued to provide financial support and equipment, with clothing for patients donated by the Group's employees. Aspen also financed the Clinic's annual cultural activities.

- Engcobo Clinic. Aspen continued to provide equipment and will assist the clinic in its upgrade to a healthcare clinic, enabling Aspen to partner in community outreach initiatives such as HIV/AIDS prevention, education and home-care.

- South African Business Coalition on HIV/AIDS (SABCOHA). This advocates greater involvement by business in the prevention and treatment of HIV/AIDS by encouraging best-practice. During the year SABCOHA launched an all-in-one HIV/AIDS Corporate Strategy Help Kit for SMMEs without the infrastructure to devise such a strategy. Aspen together with large corporates such as Transnet, Anglo American and Daimler-Chrysler, continues to sponsor SABCOHA's initiatives.

During the year Aspen introduced sponsorship of The Hope Centre in Durban which trains home-care workers and provides voluntary HIV/AIDS testing, counselling, education and treatment of infections. In addition to donating equipment and ongoing financial assistance, the Group sponsored the 'Abstinence Walk Challenge' from Ladysmith to Durban.

Project assistance was again provided by the Group during the year to:
- Community Chest – Eastern Cape;
- Empilweni Hospital – Port Elizabeth;
- House on the Rocks – East London;
- Topsy Sanctuary – Mpumulanga; and
- Tshepo-Hope Care Centre – Ekhurhuleni.

In partnership with the Department of Health and in accordance with the Department's Integrated Community Home Care model, Aspen expanded its support of hospices including:
- St. Bernard's Hospice – East London;
- St Francis Hospice – Port Elizabeth;
- The Haven – Port Elizabeth;
- Tumelong Hospice – Winterveldt; and
- Family Worship Centre – Gauteng.

The Group is committed to the upliftment of the communities in which it operates. The new OSD manufacturing facility has become operational and the Group has committed to the upliftment of public infrastructure in the surrounding area. Aspen is currently considering alternative possibilities and will in due course roll-out its five-year public infrastructure spend programme.

The Group is also involved in nationwide community initiatives such as Cell C's 'Take a girl child to work day'. For the second consecutive year Aspen's female executives and senior managers have driven this initiative, hosting HD female pupils for one day on which they present both formal presentations and 'hands-on' training. For the third year Aspen hosted math and science weekend sessions for its Port Elizabeth-based employees' children in grades 10-12, employing three local teachers to tutor the pupils.

During the year the Group broke new ground with the local manufacture of South Africa's first generic ARV drug Aspen Stavudine, demonstrating Aspen's commitment to affordable HIV/AIDS treatment for sufferers in Africa. In October 2003 former US President Bill Clinton recognised Aspen's distinctive capability to manufacture affordable ARVs locally. The Foundation will assist Aspen by ensuring reduced costs of raw materials.

Complementing its efforts to alleviate the HIV/AIDS pandemic sweeping Africa, the Group also entered into a technology transfer agreement with Lilly. The transfer of Lilly's global technology will enable Aspen to manufacture antibiotics for the effective treatment of MDR-TB, which is proving a significant impediment to the effective combating of tuberculosis. Together with Lilly representatives, Aspen attended the Ministry of Health's World Tuberculosis Day programme in Ladysmith, sponsoring the distribution of clothing.

Safety, Health and Environment (SHE) •

Safety

Aspen is committed to enforcing the most stringent standards of safety in the workplace. Health and Safety Representatives, supported by management and the relevant human resources departments, ensure compliance with the requirements of the South African Occupational Health and Safety Act.

Over the last year five disabling injuries occurred within the Group. There were no fatalities. The Group trained 78 First aiders, 171 SHE representatives and 87 Fire fighters.

All external contractors hired to work at the Group's manufacturing facilities are given in-depth induction regarding SHE concerns and procedures. Further, a Work-safe permit is issued which records the work to be done and the evaluation of equipment.

Health

Aspen insists on compulsory medical aid membership for all permanent employees. In addition permanent nursing sisters are on site at the East London and Port Elizabeth manufacturing facilities. A qualified medical doctor visits the manufacturing facilities weekly to address more serious complaints. Access to these clinics is free-of-charge for workers.

Aspen has recently adopted a Group HIV/AIDS policy that recognises the gravity of the HIV/AIDS pandemic and its impact on the Group and its employees. Representatives from all management levels were involved in the formulation of the policy, which is benchmarked according to international best-practice. The policy accordingly embraces a holistic approach to HIV/AIDS ranging from preventative education through workplace safety practices to post-infection prophylaxis.

This policy espouses the Group's commitment to fostering a compassionate, supportive, non-discriminatory working environment in which HIV/AIDS infected employees are afforded the same basic rights and opportunities, where practicable, as all other employees. HIV/AIDS testing remains voluntary and the Group respects the right of each employee to confidentiality. The policy prohibits the use of an employee's voluntarily disclosed HIV/AIDS status to exclude such employee from employment, training or promotion, provided only that the employee in question is capable of meeting the required job output.

In terms of the policy, a Strategy Work Team, Programme Management Team and Divisional/Site Peer Educator Committees have been appointed to develop, promote and where necessary review the Group's strategy. The Programme Management Team intends to consult with organised and non-unionised labour in order to facilitate the effective roll-out of the HIV/AIDS workplace programme.

The Group is committed to implementing workplace safety measures such as protective clothing and first aid training. HIV/AIDS awareness programmes will continue to encompass HIV/AIDS prevention, precautions, transmission, lifestyle management, treatment alternatives and counselling for both infected employees and their dependants. Placards are always noticeably displayed at all South African sites and motivational speakers will continue to be regularly scheduled. Underpinning this will be the continued free distribution of condoms in the workplace.

Aspen has appointed an independent consultant to effect:

- peer education training;
- general awareness programmes;
- KAP (knowledge, attitude, perceptions) surveys;
- actuarial studies into the future impact of HIV/AIDS on the Group; and
- disease management.

An initial group of employees at the Port Elizabeth manufacturing facility has been trained as Peer Educators. In addition to peer counselling that group will perform outreach work in the facility's surrounding area.

Environment

Aspen is committed to the implementation of the best practicable environmental option (BPEO) and has adopted a formal policy in this regard. The BPEO in respect of any given situation establishes, against a framework of predetermined objectives, the environmental practice that provides the greatest benefit and/or results in the least possible threat to the environment at an acceptable risk. Factors set out below are considered when determining the appropriate BPEO:

- health risks to individuals and surrounding communities;
- long- and short-term environmental impact;
- feasibility of technical considerations and the obtaining of regulatory approval; and
- social and economic factors including the potential impact on surrounding communities.

The BPEO policy demands that the Board be constantly updated regarding environmental legislation, and that ultimate responsibility for environmental control be maintained at Board level. To enable the Board to discharge its duties the policy dictates that environmental reports to the Board be unsystematic, provide high target information and offer a high percentage of external verification. Areas of environmental training and development must be identified and programmes implemented. Further, emergency response plans must be put in place and communicated.

In compliance with the policy, the East London and Port Elizabeth manufacturing facilities adhere strictly to relevant environmental requirements. Independent AIA-approved service providers verify compliance by regular sampling and assessment of the facilities' water effluent and atmospheric emissions.

The Group's Waste Management Programme ensures that all pharmaceutical waste is disposed of in a responsible manner in compliance with environmental legislation, with a reputable waste disposal company employed to facilitate this. All packaging material is recycled where possible. A bi-annual audit carried out by senior management reflects the Group's commitment to SHE concerns.

Aspen also participates in the National Occupational Safety Association (NOSA) Integrated Five-Star Programme. During the year the Port Elizabeth manufacturing facility was presented with a four-star platinum award for SHE. During the year Aspen was also awarded a regional certificate for "most improved company" in its category in the Eastern Cape, and was placed second in the chemical industry regional award for implementation of the platinum five-star system. The East London facility has a rating of five green stars.

Aspen continues to pioneer new SHE education initiatives and again organised the annual SHE expo in Port Elizabeth to enhance the staff's environmental training. Approximately 700 employees attended the Expo. The Port Elizabeth manufacturing facility further hosted its annual competition to recognise its SHE representatives for their efforts, training attendance and activities during the year.

Investor and shareholder relations • The Group is committed to transparent, timely and accurate communication with all stakeholders. Company announcements are released on SENS in accordance with JSE Rules and Regulations. Financial results announcements are also published in the business press and sent to shareholders.

The corporate website (www.aspenpharma.com) facilitates the dissemination of current and historical Group financial and operational data.

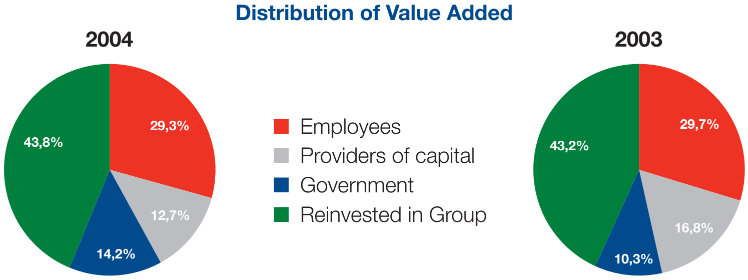
Aspen's policy is to meet regularly with major institutional shareholders and investment analysts, and presentations are made after the release of the company's year-end results. Where permissible the appropriate directors also engage with the financial press to ensure accurate reporting.

Shareholders are encouraged to attend the company's annual and special general meetings.

VALUE ADDED STATEMENT (for the year ended 30 June 2004)

	2004 R'million	2004 %	2003 R'million	2003 %
Net revenue	**2 202**		1 901	
Other operating income	**4**		8	
Less: purchased materials and services	**(1 253)**		(1 135)	
Value added from operations	**953**	**97,2**	774	95,3
Interest received and investment income	**27**	**2,8**	38	4,7
Total value added	**980**	**100,0**	812	100,0
VALUE DISTRIBUTION				
Employees	**287**	**29,3**	241	29,7
Providers of capital	**125**	**12,7**	136	16,8
Finance costs	**53**	**5,4**	95	11,7
Dividends paid to shareholders	**72**	**7,3**	41	5,1
Government	**139**	**14,2**	84	10,3
Reinvested in the Group	**429**	**43,8**	351	43,2
Depreciation and recurring amortisation	**100**	**10,2**	82	10,1
Deferred taxation	**45**	**4,6**	39	4,8
Income retained in the business	**284**	**29,0**	230	28,3
Total value distribution	**980**	**100,0**	812	100,0
VALUE ADDED STATISTICS				
Number of employees	**1 484**		1 588	
Revenue per employee (Rand)	**1 483 640**		1 196 981	
Value added per employee (Rand)	**641 918**		486 778	
Wealth created per employee (Rand)	**660 283**		510 565	
MONETARY EXCHANGES WITH GOVERNMENT				
Current taxes (including secondary tax on companies)	**128**		77	
Customs and excise duty	**6**		3	
RSC levies	**4**		3	
Rates and similar levies	**1**		1	
Gross contribution to central and local governments	**139**		84	
ADDITIONAL COLLECTIONS ON BEHALF OF GOVERNMENT				
Employees' taxes	**41**		38	
Net VAT paid	**85**		71	
	126		109	

Distribution of Value Added



FINANCIAL DEFINITIONS

ANNUAL COMPOUND GROWTH PERCENTAGE
Compound annualised year-on-year growth since 2000.

AVERAGE
Arithmetic average between consecutive year-ends.

OPERATING CASH FLOW PER SHARE
Net cash from operating activities divided by the weighted average number of shares in issue during the year.

CASH EQUIVALENT HEADLINE EARNINGS PER SHARE
Headline earnings attributable to shareholders adjusted for non-cash items divided by the weighted average number of shares in issue during the year.

DEBT: TOTAL EQUITY RATIO
Interest-bearing long-term borrowings and interest-bearing long-term deferred-payables expressed as a percentage of total shareholders' equity.

DIVIDEND COVER
Earnings per share divided by dividends per share.

DIVIDENDS PER SHARE
Dividends declared divided by the number of shares in issue.

DIVIDEND YIELD
Dividends per share as a percentage of year-end market price per share.

EARNINGS PER SHARE – BASIC
Earnings attributable to shareholders divided by the weighted average number of shares in issue during the year.

EARNINGS PER SHARE – DILUTED
The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares, namely share options. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined at the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings.

EARNINGS YIELD
Headline earnings per share as a percentage of year-end market price per share.

EFFECTIVE TAX RATE
South African taxation, foreign taxation, deferred taxation, secondary tax on companies and capital gains tax as a percentage of net profit before taxation.

EMPLOYEE STATISTICS
Statistics related to employees are determined on the number of employees at the end of the year.

FINANCING COST COVER
Operating profit before amortisation of intangible assets divided by net financing costs.

HEADLINE EARNINGS PER SHARE
Earnings attributable to shareholders adjusted for non-trading items, recognising the taxation impact thereof, divided by the weighted average number of shares in issue during the year.

HEADLINE EARNINGS PER SHARE FROM CONTINUING OPERATIONS
Earnings attributable to shareholders adjusted for non-trading items and the income statement effect of discontinued operations, recognising the taxation impact thereof, divided by the weighted average number of shares in issue during the year.

NET ASSET VALUE PER SHARE
Ordinary shareholders' interest divided by the number of shares in issue at year-end.

OPERATING PROFIT MARGIN
Operating profit as a percentage of revenue.

PRICE EARNINGS RATIO
The year-end share price on the JSE divided by headline earnings per share.

RETURN ON ORDINARY SHAREHOLDERS' EQUITY
Net profit attributable to shareholders, expressed as a percentage of average ordinary shareholders' equity.

RETURN ON TOTAL ASSETS
Operating profit as a percentage of total assets.

WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE
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, have been adjusted for on a time basis in determining the weighted average number of shares in issue.

FIVE YEAR REVIEW

Group income statement	5 Year annual compound growth %	Year ended 30 June 2004 R'million	Year† ended 30 June 2003 R'million	Restated# Year ended 30 June 2002 R'million	Restated# Year ended 30 June 2001 R'million	Restated# Year ended 30 June 2000 R'million
Revenue		**2 201,7**	1 900,8	1 582,8	1 149,1	1 205,5
Continuing operations	23,8	**2 201,7**	1 890,2	1 561,1	1 104,3	936,0
Discontinued operations		**–**	10,6	21,7	44,8	269,5
Operating profit before amortisation of intangible assets		**626,7**	500,9	414,8	299,5	249,8
Continuing operations	31,4	**626,7**	501,3	416,0	299,4	210,5
Discontinued operations		**–**	(0,4)	(1,2)	0,1	39,3
Amortisation of goodwill		**(13,8)**	(8,1)	(8,4)	(6,0)	(3,8)
Amortisation of intangible assets		**(59,1)**	(45,9)	(25,9)	(8,6)	–
(Loss)/profit on sale of discontinued operations		**–**	(1,1)	2,3	1,9	(14,0)
Operating profit	24,3	**553,8**	445,8	382,8	286,8	232,0
Net financing costs		**(25,3)**	(56,9)	(48,2)	(47,5)	(86,6)
Exceptional items		**–**	–	–	–	(15,9)
Net profit before taxation		**528,5**	388,9	334,6	239,3	129,5
Taxation		**(172,9)**	(115,5)	(109,4)	(66,2)	(29,6)
Net profit after taxation		**355,6**	273,4	225,2	173,1	99,9
Minority interest		**–**	(2,8)	(6,2)	(1,9)	–
Net profit attributable to ordinary shareholders	37,3	**355,6**	270,6	219,0	171,2	99,9

Group balance sheet as at		30 June 2004 R'million	30 June† 2003 R'million	Restated# 30 June 2002 R'million	Restated# 30 June 2001 R'million	Restated# 30 June 2000 R'million
Assets						
***Non-current* assets**						
Property, plant and equipment		**313,0**	183,2	147,2	142,7	153,3
Investment property		**4,5**	4,0	4,0	4,0	4,0
Goodwill		**86,2**	67,5	50,0	109,5	71,2
Intangible assets		**437,2**	429,9	234,2	119,8	3,7
Financial assets		**7,5**	19,4	5,1	9,3	0,1
Deferred taxation asset		**124,5**	149,7	185,7	213,9	251,8
Total non-current assets	19,1	**972,9**	853,7	626,2	599,2	484,1
***Current* assets**						
Inventories		**245,6**	213,5	287,0	185,0	166,9
Trade and other receivables		**425,6**	414,1	341,0	254,5	187,5
Cash and cash equivalents		**465,5**	200,4	184,1	135,2	140,2
Taxation prepaid		**–**	–	–	–	14,4
Total current assets	22,2	**1 136,7**	828,0	812,1	574,7	509,0
Total assets	20,7	**2 109,6**	1 681,7	1 438,3	1 173,9	993,1
Equity and liabilities						
Capital and reserves						
Ordinary shareholders' equity		**1 066,5**	787,6	599,4	335,3	235,9
Minority interest		**–**	7,4	17,1	10,7	–
Total shareholders' equity	45,8	**1 066,5**	795,0	616,5	346,0	235,9
Non-current liabilities						
Interest-bearing borrowings		**156,2**	144,7	54,0	176,1	280,2
Interest-bearing deferred-payables		**39,7**	81,2	94,0	40,0	–
Deferred taxation liability		**61,6**	42,3	29,1	22,8	35,6
Retirement benefit obligations		**10,8**	11,2	9,3	9,9	9,9
Total non-current liabilities	(4,7)	**268,3**	279,4	186,4	248,8	325,7
Current liabilities						
Trade, other payables and provisions		**353,4**	338,6	383,8	350,9	308,9
Interest-bearing borrowings		**290,0**	151,5	160,9	201,8	122,6
Interest-bearing deferred-payables		**55,2**	66,1	60,5	22,6	–
Taxation		**76,2**	51,1	30,2	3,8	–
Total current liabilities	15,8	**774,8**	607,3	635,4	579,1	431,5
Total equity and liabilities	20,7	**2 109,6**	1 681,7	1 438,3	1 173,9	993,1

Group cash flow statement		5 Year annual compound growth %	**Year ended 30 June 2004 R'million**	Year[†] ended 30 June 2003 R'million	Restated[#] Year ended 30 June 2002 R'million	Restated[#] Year ended 30 June 2001 R'million	Restated[#] Year ended 30 June 2000 R'million
Cash operating profit			**670,5**	508,6	424,0	308,8	241,6
Movement in working capital			**(44,2)**	(11,7)	(94,3)	(38,2)	117,6
Cash generated from operations		14,9	**626,3**	496,9	329,7	270,6	359,2
Net financing costs			**(25,3)**	(56,9)	(48,2)	(47,5)	(86,6)
Taxation paid			**(102,3)**	(54,1)	(50,7)	(20,9)	(32,7)
Net cash from operating activities		20,1	**498,7**	385,9	230,8	202,2	239,9
Net cash (outflow)/inflow from investing activities			**(282,7)**	(351,2)	(40,6)	(186,6)	267,4
Net cash inflow/(outflow) from financing activities			**126,3**	61,9	(165,9)	(31,1)	(483,1)
Dividends paid			**(71,9)**	(40,9)	(28,0)	–	–
Effects of exchange rate changes			**(5,3)**	(39,4)	52,6	10,5	–
Movement in cash and cash equivalents			**265,1**	16,3	48,9	(5,0)	24,2
Cash and cash equivalents at the beginning of the year			**200,4**	184,1	135,2	140,2	116,0
Cash and cash equivalents at the end of the year			**465,5**	200,4	184,1	135,2	140,2
Performance of share							
Earnings per share – basic	cents	38,4	**99,8**	76,7	62,5	46,8	27,2
Earnings per share – diluted	cents	37,5	**97,2**	74,8	60,6	45,6	27,2
Headline earnings per share	cents	32,3	**103,7**	79,1	62,7	46,3	33,8
Headline earnings per share – diluted	cents	32,5	**101,0**	77,1	60,8	45,1	32,8
Cash equivalent headline earnings per share	cents	30,9	**124,0**	97,8	79,7	62,4	42,3
Headline earnings per share from continuing operations	cents	41,0	**103,7**	79,1	63,1	46,6	26,2
Dividends per share*	cents	65,1	**30,0**	20,0	11,0	8,0	–
Dividend cover*	times		**3,3**	3,8	5,7	5,9	–
Net asset value per share	cents	32,1	**297,7**	222,1	170,5	96,0	64,2
Operating cash flow per share	cents	21,0	**140,0**	109,3	65,9	55,3	65,3
Stock exchange performance							
Market price per share							
• year-end	cents		**1 270**	775	745	595	575
• highest	cents		**1 410**	800	790	695	710
• lowest	cents		**775**	640	565	400	350
Number of shares traded	millions		**82,7**	128,9	132,1	30,9	28,0
Number of shares in issue – at end of the year	millions		**377,0**	373,5	370,3	368,2	367,3
Number of shares in issue (net of treasury shares) – at end of the year	millions		**358,2**	354,6	351,5	349,4	367,3
Weighted number of shares in issue	millions		**356,2**	353,1	350,4	365,8	367,3
Number of shares traded as % of weighted average number of shares	%		**23,2**	36,5	37,7	8,4	7,6
Market capitalisation at year-end	millions		**4 788,1**	2 894,3	2 759,0	2 191,0	2 112,1
Earnings yield	%		**8,2**	10,2	8,4	8,1	5,9
Price earnings ratio	%		**12,3**	9,8	11,9	12,3	17,0
Dividend yield*	%		**2,4**	2,6	1,5	1,3	–
Business performance							
Returns							
Return on ordinary shareholders' equity	%		**38,4**	39,0	46,9	60,0	49,9
Return on total assets	%		**26,2**	26,5	26,6	24,4	23,4
Productivity							
Revenue growth from continuing operations	%		**16,5**	21,1	41,4	18,0	165,4
Operating profit margin	%		**25,2**	23,5	24,2	25,0	19,2
Effective tax rate	%		**32,7**	29,7	32,7	27,7	22,8
Solvency and liquidity							
Debt : total equity ratio	%		**18,4**	28,4	24,0	62,5	118,8
Financing cost cover	times		**24,8**	8,8	8,6	6,3	2,9

*Relates to dividend declared after the year-end (Refer Directors' Report).
[†]Comparative figures have been restated to conform with changes in presentation in the current year.
[#]Comparative figures have been restated to conform with changes in presentation and accounting policies.

Corporate governance

The directors of Aspen endorse the values set out in the King II Report on Corporate Governance (King II) and are committed to ensuring that the principles incorporated in its Code of Corporate Practices and Conduct are observed. This reflects the directors' underlying commitment to execute their responsibilities in an ethical, transparent and responsible manner.

The directors of Aspen further recognise that responsible corporate citizenship is a business imperative. Accordingly the directors review and enhance the Group's systems of control and governance in order to ensure conformity with South African accepted standards of best practice.

The Group currently complies with the provisions of the JSE Listings Requirements and with the King II Code of Corporate Practices and Conduct to the extent and in the manner set out below:

Board of directors

At year-end Aspen's unitary Board of directors balanced nine non-executive directors, four of whom are independent, with three executive directors. One independent non-executive director, OBW Greeff, has been on extended leave of absence and has resigned subsequent to the year-end.

The Board meets at least quarterly with more frequent meetings should circumstances require, to review the strategic direction of the Group, monitor legal and regulatory compliance, evaluate key performance indicators, assess risk, consider material investment decisions and financial matters, evaluate management performance against budgets, key performance criteria and industry standards and ensure effective communication with all stakeholders.

A formal Board Charter has been approved and adopted by Aspen's directors. The Board Charter is a detailed framework document covering the spectrum of Board processes, responsibilities and duties, examples of which are set out below.

The strict separation of the offices of Chairman and Group Chief Executive reflects the Board's policy to maintain an appropriate balance of power and authority, such that no single individual or block of individuals may dominate the Board's decision-making. The Board Charter clearly stipulates the distinct nature of the roles of Chairman and Group Chief Executive by setting out the responsibilities and duties of each.

There is a parallel distinction between the roles of the remaining non-executive and the executive directors. The Chairman, AJ Aaron, and other non-executive directors are high calibre, credible commercial and professional leaders who contribute a broad range of skills and experience. They represent the interests of shareholders and provide objectivity and independence in all Board deliberations including resources, transformation, diversity, employment equity, standards of conduct and performance evaluation. Executive directors implement operational decisions through management in order to control the day-to-day business affairs of the Group.

The Board Charter reserves specific matters for Board approval. Non-specified matters are delegated to specific executive directors in keeping with their roles and functions in the Group, subject to Board regulation through a pre-determined approvals framework including reporting procedures. The approvals framework has recently been updated.

Non-executive directors have access to management after advising the Group Chief Executive or Deputy Group Chief Executive in order to ensure an effective, co-ordinated process.

All directors have unrestricted access to the advice and services of the company secretary whose appointment is in accordance with the South African Companies Act, and to company records, information, documents and property. The role and responsibilities of the company secretary are clearly delineated in the Board Charter. In addition to ensuring the statutory compliance by the Group with the relevant regulatory frameworks, the company secretary is a central source of guidance to the Board on matters including the proper discharge of responsibilities by directors, ethics and corporate governance. The company secretary further bears the responsibility of informing the Board of any other information required by the Board to effectively discharge its duties, for instance in respect of major legislative or best practice developments. Where necessary the company secretary will engage the services of an independent expert. The company secretary is also responsible for preparing a timely, comprehensive agenda and Board pack in advance of Board meetings to ensure that directors are adequately prepared.

All directors are entitled, at Aspen's expense, to seek independent professional advice on any matters pertaining to the Group where they deem this to be necessary. The definition of and procedure for obtaining such advice is set out in the Board Charter.

Board processes

New appointments

The Board has delegated to the Remuneration and Nomination Committee the authority to assess the skills required on the Board. The committee bears the responsibility of recommending the appointment of suitable candidates when it deems this to be necessary, and in any event of considering a possible new appointment on the retirement of a non-executive director. Should circumstances warrant, the committee is mandated by the Board Charter to appoint an independent third party to conduct the search for an appropriate candidate in accordance with a skills brief.

In principle, appointments are based on a blend of professional skills, industry expertise and experience taking into account overarching considerations such as diversity.

As stipulated in the Board Charter, all new appointees will be subject to an induction programme including legislative requirements in respect of directors, industry-specific orientation which encompasses site visits and meetings with senior management and Board processes and procedures. In accordance with Aspen's Articles of Association, the appointment of new non-executive directors is confirmed by shareholders at the next annual general meeting following the appointment.

Current Board

In accordance with Aspen's Articles of Association, one third of non-executive directors retire by rotation each year and may stand for re-election subject to shareholder approval at the Group's annual general meeting.

Both the Group Chief Executive and the Deputy Group Chief Executive have renewed their respective three-year service contracts with effect from 1 July 2003. The Chief Operating Officer's contract, which expired during the year, has not been renewed due to her decision to pursue personal interests. Subsequent to the year-end, a Group Operations Director has been employed on an indefinite period contract with a three-month notice period. All executive directors are mandated to retire from their executive capacities at 65 years of age.

Non-executive directors are encouraged to attend all annual and special general meetings of the company, other than committee chairmen or their nominees who must attend all such meetings. Executive directors' attendance at these meetings is also compulsory.

Evaluation

The Board Charter stipulates the compulsory annual evaluation of the:

- Board through a process of self-evaluation;
- Board's sub-committees by the Board;
- Chairman by the Board;
- Group Chief Executive by the Chairman in conjunction with the Remuneration and Nomination Committee;
- the executive directors (other than the Group Chief Executive) by the Remuneration and Nomination Committee in consultation with the Group Chief Executive; and
- the non-executive directors by the Group Chief Executive in conjunction with the chairman of the Remuneration and Nomination Committee.

During the year the Board performed a self-evaluation exercise. A formal procedure followed in terms of which the company secretary assimilated the information received and presented recommendations to the Board. The Audit and Risk Committee performed a similar self-evaluation exercise, reporting its results to the Board. The Remuneration and Nomination Committee executed its evaluation of executive directors' performance, and will in the year ahead perform its own self-evaluation.

Aspen's Board was publicly recognised during the year as one of the finalists in the Deloitte Good Governance Awards (Board Effectiveness Category), which rated the Board as highly effective and praised its distinctive excellence in complying with strict standards of corporate governance.

Succession planning review

The responsibility to develop and implement a Group strategy for succession planning in respect of directors and senior management has been delegated to the Remuneration and Nomination Committee in terms of its Charter. The committee will report to the Board on its recommended strategy.

Conflicts of interest and share dealings

The process for mandatory disclosure by directors of interests and other directorships is set out in the Board Charter, to prevent conflicts of interests impacting on Board decisions.

Directors are also required to disclose their shareholdings in Aspen. The Group operates 'closed periods' prior to the publication of interim and annual financial results and/or of any other price-sensitive information during which all directors and other company officers likely to have access to the information in question are prohibited from dealing in Aspen's shares. When intending to deal in Aspen's shares directors are instructed to immediately advise the Chairman and company secretary. The Chairman, if appropriate, must then issue written clearance. The relevant procedure is detailed in the Board Charter.

Directors' interests and shareholdings are set out in the Directors' Report on pages 63 and 64.

Board committees

Audit and Risk and Remuneration and Nomination Committee Charters have been updated recently and incorporated into the Board Charter. The committees have satisfied their responsibilities during the year in compliance with these written terms of reference. The Charters will be updated annually in order to reflect ongoing legislative and best-practice developments.

Audit and Risk Committee

The Audit and Risk Committee, comprising of three non-executive directors and chaired by an independent non-executive director with significant financial expertise, meets quarterly. This is considered to be adequate to discharge the committee's responsibilities. Special meetings are convened as dictated by circumstances. The committee met four times during the year.

The relevant executive directors, members of management including the Group Chief Risk Officer (CRO) and the Group's external auditors are invited to attend every meeting. Reports of the committee's activities and deliberations are tabled at Board meetings.

The Audit and Risk Committee is responsible for reviewing the interim and preliminary annual Group results and the annual financial statements prior to approval by the Board and publication to ensure that these are accurate and comply with South African Statements of Generally Accepted Accounting Practice. The committee is also charged with reviewing the non-financial information included in the Group's Annual Report to ensure that this is consistent with their knowledge and understanding of the Group's operations. The committee is responsible for consulting to the Board on the facts and assumptions on which the Board will rely in considering whether the business will continue as a going concern in the financial year ahead. The committee also monitors changes in accounting policies and reports to the Board when these are likely to impact significantly on Group operations. The committee advises the Board on the accounting implications of major transactions.

The committee further assesses the internal systems of financial and operational control to ensure that an effective control environment is retained. The committee also assess the major business and operational risks faced by the Group and recommends and monitors the implementation of appropriate risk management strategies.

The committee is tasked with evaluating the internal audit strategy, function and effectiveness. In order to facilitate this there is a direct line of reporting between the committee and the Group CRO. The committee reviews the audit scope and performance and recommends to the Board the appointment of external auditors for approval by shareholders in general meeting. The Group's regulatory compliance, including the area of corporate governance, also falls within the committee's ambit of duties.

Remuneration and Nomination Committee

The committee currently comprises of three non-executive directors, two of whom are independent. During the course of the past year, L Boyd replaced DM Nurek on the committee and was appointed as committee chairman. On 14 June 2004, JF Buchanan joined the committee ensuring compliance with the requirement of a majority of independent non-executive directors.

The committee is responsible for determining the remuneration of executive directors and senior management and for recommending the remuneration strategy for the Group for adoption by the Board. In ensuring that executive directors and senior management are fairly rewarded for their contribution to the Group's performance, the committee takes into account industry and local benchmarks and trends, the interests of stakeholders and the financial and commercial welfare of the Group. Executive directors and management are incentivised from year to year by means of performance related bonuses. In addition, the Group's share incentive scheme provides a medium term incentive, encouraging an identity with shareholder interests and contributing to the retention of key executives.

Directors' shareholdings are included in the Directors' Report and directors emoluments are fully disclosed in note 3.2 to the annual financial statements.

Executive directors evaluate the committee's recommendations in respect of remuneration of non-executive directors taking into account their expertise and contribution to the Group's performance. Non-executive directors receive no benefits other than the directors' fees disclosed in note 3.2 to the annual financial statements.

The committee is further responsible for recommending the nomination of appropriate candidates to the Board, for succession planning and for the retention of key executives (as explained in detail on page 53 under 'Board processes').

Board attendance

The directors' attendance at Board and committee meetings from 1 July 2003 to 30 June 2004 is set out below. The number in brackets indicates the total number of meetings held during the year.

Director	Board meetings	Audit and Risk Committee	Remuneration and Nomination Committee
AJ Aaron* (Chairman)	5(5)	4(4)	—
MG Attridge	5(5)	—	—
R Bagus*#	3(5)	—	—
L Boyd*#^	4(5)	—	2(3) (appointed 17 February 2004)
JF Buchanan*#~	5(5)	4(4)	—
ME Buthelezi*	5(5)	—	—
OBW Greef*§#	0(5)	—	—
M Krok*	5(5)	—	—
SK Mapetla (resigned 31 August 2003)	1(5)	—	—
CN Mortimer	5(5)	4(4)	3(3)
DM Nurek*	5(5)	—	1(3) (resigned 17 February 2004)
ML Philip (resigned 31 July 2004)	4(5)	—	—
SB Saad	5(5)	—	—

**Non-executive*
#Independent
~Audit and Risk Committee Chairman
^Remuneration and Nomination Committee Chairman
§Extended leave of absence. Resigned subsequent to year-end

Accounting and auditing

External audit

Aspen's external auditors are responsible for reporting on whether the financial statements are fairly presented in compliance with South African Statements of Generally Accepted Accounting Practice. They perform an assessment of internal controls as part of the audit, to the extent that they believe it will assist them in reaching their opinion. The preparation of the financial statements remains the responsibility of the directors.

The Group appoints external consultants independent of the Group's current external auditors for non-audit purposes where appropriate.

Internal audit

Internal audit is an objective function that assists the Board and management in accomplishing their objectives by assessing the company's risk management and governance processes.

The Group's internal audit function is managed by the Group CRO, appointed early in the 2004 financial year. He is assisted by a team of internal auditors recently increased from two to three. The Audit and Risk Committee has approved the Group CRO's three-year internal audit strategy and plan covering strategic, financial, compliance, operational and industry concerns, subject to regular evaluation to assess effectiveness and refine measures where necessary. The internal audit approach is based on a comprehensive review of the risk environment facing the Group encompassing both internal and external risks. The internal audit plan is tailored according to this risk review, focusing on high impact risk areas with a review of the controls in place to mitigate the identified risks. The Group CRO reports directly to the Audit and Risk Committee, which in turn reports on internal audit developments to the Board.

The internal audit function is regulated by an Internal Audit Charter that is updated annually to account for regulatory and best practice developments.

Internal control and risk management

Internal control

The Board is responsible for the Group's systems of internal control. These systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements and to safeguard and maintain accountability of the Group's assets. Specifically these systems provide reasonable but not absolute assurance regarding:

- the safeguarding of assets against unauthorised disposal or use;
- compliance with statutory laws and regulations; and
- the maintenance of proper accounting records and the adequacy and reliability of financial information.

The Group's systems of internal control are further designed to detect and minimise significant fraud, potential liability, loss and material misstatement. There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error, the circumvention or overriding of controls and changing circumstances. The system is therefore designed to manage rather than eliminate risk.

The Board assesses quarterly management reports against a comprehensive system of forecasts and budgets and any significant variances are explained and accounted for. The Board further defines authorisation limits in respect of financial investments and acquisitions.

During the year under review, eight internal audits were completed. All material findings and recommendations have been reported to the Audit and Risk Committee. Internal audit also conducts subsequent reviews to assess the implementation of its recommendations. With ultimate supervision by the Board and the Audit and Risk Committee, the Group CRO is immediately responsible for monitoring the adoption and practical implementation of any recommendations.

Through the Audit and Risk Committee under the ultimate supervision of the Board, the directors have satisfied themselves that adequate systems of internal control are in place to mitigate significant risks identified to an acceptable level, and that nothing has come to their attention to indicate that a material breakdown in the functioning of these systems within the Group has occurred during the year.

Risk management

The Group has established a Group risk management framework to protect Aspen's people, assets and earnings by avoiding or managing potential loss. This involves the consistent application of sound risk management to identify, measure and control risk exposure.

Divisional management has a clear responsibility framework which includes areas and lines of reporting, cost-effective risk mitigation and adequate insurance cover. Risk management strategies are communicated and monitored by the Group CRO and the internal audit department on an ongoing basis, supported by communication via the intranet and public notice Boards. Risk management also forms an integral component of new employee induction programmes.

Business

The major business risks faced by the Group and the steps taken to control these risks are set out below:

BUSINESS RISKS	INITIATIVES/SUCCESS FACTORS
Competitive market place	• Successful commercialisation of new pharmaceutical drugs • Cost effective supply to a growing generic pharmaceutical market • Diversification and increase of market share both locally and internationally through appropriate acquisitions
Capacity	• Increased production facilities in Port Elizabeth to handle high volume OSD products • Highly skilled and experienced personnel to oversee the production process • Control of production costs which is crucial to success in the generic pharmaceutical market • Integrated and effective sales and marketing teams
Dependence on third party manufacturers/suppliers	• Suppliers are registered with the MCC • Appropriate partnerships are developed • Vertical integration achieved through the Group's acquisition of FCC, a manufacturer of APIs • Registration of alternative supply sources with the MCC
Highly regulated environment	• Detailed procedures are in place for acceptance and lodging of drug dossiers • High level of quality control • Review of increasingly stringent and frequently changing MCC requirements and regulations
Innovation in the industry	• Lengthy pipeline of new pharmaceutical product development • Appropriate co-marketing agreements with leading ethical marketing companies
Legislative environment	• Constructive engagement with government in tackling the various issues facing the industry and business, for example SEP legislation. • Compliance with SHE matters • Company policy of compliance with all legislature and regulations
Sustainability	• BEE shareholdings continue to be reviewed • Employment equity targets substantially met • HIV/AIDS policy is in effect in the workplace • Ethics and values culture • Commitment to corporate social investment

Operational

An annual assessment of the Group's insurance risks is carried out in conjunction with the Group's insurance brokers. Assets are insured at current replacement values and all other insurance risks, including product liability and productivity disruptions, are considered to be adequately covered. Levels of cover are re-assessed annually in the light of claims experiences and changes within and outside the Group.

Since August 2003, GIB Insurance Brokers (GIB) has consulted to the Group on insurance, ensuring that the risk management demands of the divisions are met. GIB supports the efforts of the Group CRO and the internal audit department by providing risk assessment quantification and mitigation advice, keeping both local and international operations apprised of global policies and liaising with senior management on material issues.

The Group's Information Technology environment is assessed by management to ensure that control weaknesses are identified and adequately addressed. Business continuity programmes are being developed.

Further, annual risk control audits are carried out by health and safety personnel and the internal audit departments of both of the Group's manufacturing facilities to monitor compliance against written standards and the Occupational Health and Safety Act.

Financial

All material foreign currency denominated purchase transactions in respect of the Group's South African operations are covered by forward exchange contracts to mitigate against exchange rate fluctuations. Trade commitments in hard currencies in respect of Aspen's offshore operations are not covered forward.

As part of the process of managing the Group's borrowing profile, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

Material financial risks are set out in detail in note 34 to the annual financial statements.

Annual financial statements

The directors are responsible for the maintenance of adequate accounting records and the preparation of the annual financial statements and related information. They are satisfied that the annual financial statements fairly and accurately present the state of affairs and results of the Group's operations and subsidiaries in accordance with South African Statements of Generally Accepted Accounting Practice, which have been consistently applied unless otherwise disclosed, and in the manner required by the South African Companies Act. The directors are responsible for the accuracy and consistency of the other information included in the annual report with the annual financial statements.

The annual financial statements have been prepared on the going concern basis since the directors have every reason to believe that the Group has adequate resources to continue in operation for the foreseeable future. The annual financial statements, presented on pages 62 to 115, are supported by reasonable and prudent judgements and estimates and reflect the viability of the Group.

The external auditors are responsible for reporting on the fair presentation of the annual financial statements. Their report is presented on page 61.

group annual financial statements

(for the year ended 30 June 2004)

CONTENTS

APPROVAL OF THE GROUP ANNUAL FINANCIAL STATEMENTS

The directors of Aspen Pharmacare Holdings Limited are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the financial statements, Group annual financial statements and related financial information included in this report. The directors are also responsible for the preparation of the other information included in the annual report, and are responsible for both its accuracy and its consistency with the financial statements. The financial statements include amounts based on judgements and estimates made by management.

The directors are responsible for the Group's systems of internal control, which include internal financial controls that are designed to provide reasonable assurance against the risk facing the business, including material misstatement and loss. The Group maintains internal financial controls to provide assurance regarding:

- Safeguarding of assets against unauthorised use or disposition; and
- The maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

The financial statements presented on pages 62 to 115 are prepared in accordance with the South African Companies Act, 1973 as amended, and South African Statements of Generally Accepted Accounting Practice. They incorporate full and reasonable disclosure and are based on appropriate accounting policies which have been consistently applied. No event, other than that disclosed in the Directors' report under the heading of post-balance sheet events, material to the understanding of this annual report, has occurred between the financial year-end and date of this report.

The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the Group at year-end.

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 a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the company and the Group.

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

The financial statements have been examined by the external auditors in conformity with Statements of South African Auditing Standards. The auditor's report is set out on page 61.

The annual financial statements and Group annual financial statements have been approved by the Board of directors on 15 September 2004 and are signed on its behalf by:

AJ Aaron
Chairman

MG Attridge
Deputy Group Chief Executive

Woodmead
15 September 2004

REPORT OF THE INDEPENDENT AUDITORS

To the members of

Aspen Pharmacare Holdings Limited

We have audited the annual financial statements and Group annual financial statements of Aspen Pharmacare Holdings Limited set out on pages 62 to 115 for the year ended 30 June 2004. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the Group at 30 June 2004 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

PricewaterhouseCoopers Inc.

PRICEWATERHOUSECOOPERS

Chartered Accountants (SA)

Registered Accountants and Auditors

Woodmead

15 September 2004

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as the Company Secretary, I hereby confirm, in terms of the Companies Act of 1973, that for the year ended 30 June 2004, 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

HA Shapiro

Company Secretary

Woodmead

15 September 2004

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 2004.

Nature of business

The company, through its subsidiaries, is engaged in the manufacture, marketing and distribution of pharmaceutical, branded consumer and personal care products, operating primarily in the healthcare industry. It is the leading producer of affordable generic medicines in South Africa.

Financial results and review of operations

The financial results of the company and of the Group are set out on pages 62 to 115 of this report. The segmental analysis is included as note 36.

The consolidated earnings attributed to shareholders amounted to R355,6 million for the year, compared with R270,6 million for the previous year, an increase of 31%. Headline earnings per share increased by 31% from 79,1 cents to 103,7 cents. Full details of the financial results are disclosed in the financial statements.

A detailed analysis of the activities and performance of the Group and its various divisions is contained in the Group Chief Executive's Report on pages 13 to 17, the Business Unit Reviews on pages 18 to 33 and the Financial Review on pages 34 to 35.

Dividends and dividend declaration

Taking into account the earnings performance and strong cash flows, the directors have declared a dividend of 30 cents per share for the year ended 30 June 2004, payable to those shareholders recorded in the share register on Friday, 29 October 2004. This represents an increase of 50% over the previous year and is covered 3,33 times (prior year 3,84 times) by earnings per share.

Aspen's anticipated cash flow will enable it to fund the dividend and further growth.

In compliance with the Statement of Generally Accepted Accounting Practice AC 107 (events after balance sheet date), this dividend will only be accounted for in the financial statements in the year ended 30 June 2005. It remains the policy of Aspen to declare a final dividend after the preliminary results for each financial year have been released.

The last day to trade "cum" the dividend in order to participate in the dividend is Friday, 22 October 2004. The shares of Aspen will commence trading "ex" the dividend from the commencement of business on Monday, 25 October 2004 and the record date will be Friday, 29 October 2004. The dividend will be paid on Monday, 1 November 2004.

Share certificates may not be dematerialised or rematerialised between Monday, 25 October 2004 and Friday, 29 October 2004, both days inclusive.

Share capital

The authorised share capital remained unchanged during the year. The following changes to issued share capital and share premium were effected during the year:

	Number of shares ('000)	Share capital (R'000)	Share premium (R'000)
Shares issued on exercise of share options	3 562	496	13 442

Further details of the authorised and issued share capital of the company are given in note 21 to the financial statements.

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

Acquisition of businesses

The material acquisitions entered into by Aspen during the year are set out below:

- Aspen Resources, a wholly owned UK subsidiary of Aspen Pharmacare International Limited, acquired the intellectual property for two cephalosporin molecules from multinational Lilly for R56,8 million with effect from April 2004. Aspen Australia is contracted to distribute these products.
- In a related transaction Aspen Australia acquired the marketing authorisations for the same range of products from Lilly in Australia for R10,7 million.
- In accordance with the prior year commitment set out in note 7, the Group has acquired an additional 20% of the shareholding of Co-pharma for GBP 4,1 million (R50,3 million) with effect from 1 July 2003, bringing its total shareholding in this company to 100%. This amount was funded out of existing cash resources held offshore with South African Reserve Bank approval.

Directorate and Secretary

The following changes in the directorate occurred during the period under review:

Appointment:

Werner van Rensburg	– appointed 10 August 2004.

Resignations:

Shadrack Mapetla	– resigned 31 August 2003.
Linda Philip	– resigned 31 July 2004.
Oppel Greeff	– resigned 1 September 2004.

The names of the directors in office at the date of this report are set out on page 37. The name and address of the secretary of the company is set out on the administration page.

In terms of the company's articles of association, M Krok, AJ Aaron and ME Buthelezi retire at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

Directors' interest in Aspen shares

Shares under option offered to and accepted by executive directors in terms of the Aspen Pharmacare Share Incentive Scheme and the Medhold Share Incentive Scheme totalled 8 971 000 (2003: 7 800 000) as follows:

	Options outstanding on 30 June 2003 ('000)	Options granted during the year ('000)	Options lapsed/ cancelled ('000)	Options exercised during the year ('000)	Options outstanding on 30 June 2004 ('000)	Option price (cents)	Expiry date of exercise of option	Vested	Non-vested
SB Saad	2 500	—	—	—	2 500	358	Oct 2007	1 500	1 000
MG Attridge	2 500	—	—	—	2 500	358	Oct 2007	1 500	1 000
SB Saad	—	1 000	—	—	1 000	920	Aug 2011	—	1 000
MG Attridge	—	1 000	—	—	1 000	920	Aug 2011	—	1 000
M Krok	1 500	—	—	(196)*	1 304	358	Oct 2007	1 304#	—
M Krok	150	—	—	(83)*	67	38	Sept 2005	67	—
ML Philip	750	—	—	(150)	600	412	Apr 2009	150	450
SK Mapetla§	400	—	(240)	(160)	—	358	—	—	—
	7 800	2 000	(240)	(589)	8 971			4 521	4 450

** 279,500 share options were exercised to settle the strike price and fringe benefits tax pursuant to the pledge of share options as security for the outstanding purchase price in respect of the Twincare division disposed of in the 2001 financial year. (Refer note 16 to the financial statements for more information in this regard).*

§ Resigned 31 August 2003.

 # Vested in terms of sale of Twincare division in the 2001 financial year.

Directors' interest in Aspen shares (continued)

As at 30 June 2004, the direct and indirect interest of the directors in the ordinary shares of the company were:

	Beneficial ('000)				Non-beneficial ('000)	
	Direct		Indirect		Indirect	
	2004	2003	2004	2003	2004	2003
AJ Aaron	49	49	—	—	17 896	17 946
MG Attridge	—	—	18 832	18 832	—	—
SB Saad	—	—	53 926	53 926	—	—
ML Philip	50	—	—	—	—	—
CN Mortimer	50	50	—	—	—	—
M Krok	2 324	2 296	6 159	6 159	12 031#	12 081#
DM Nurek	—	—	—	—	—	—
JF Buchanan	—	—	—	—	—	—
ME Buthelezi	—	—	—	—	—	—
OBW Greeff	—	—	—	—	—	—
R Bagus	—	—	—	—	—	—
L Boyd	3	—	—	—	—	—
	2 476	2 395	78 917	78 917		

Included in shareholding held non-beneficially by AJ Aaron as a trustee.

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

No changes have taken place in interests of directors in the shares of the company since 30 June 2004 up to the date of this report.

It is Group policy that employees who have access to price sensitive information should not deal in shares or exercise share options of the company for the periods from half year-end and year-end to twenty-four hours after publication of the half-year and year-end results.

Post-balance sheet events

Dividend

A dividend of 30 cents per share was declared to shareholders as referred to on page 89.

Acquisition by Aspen of FCC and Nutricia

All conditions precedent relating to the acquisitions of FCC and Nutricia, including Competition Commission and Exchange Control approvals, have been fulfilled subsequent to 30 June 2004. Accordingly, the Group has acquired with effect from July 2004:

- 100% of the shares of and shareholder claims against FCC for approximately R278 million of which R253 million has been paid out of existing cash resources. The balance is payable on 30 August 2007 and is subject to adjustment based on performance of FCC for the year ending 30 June 2007.
- 100% of the shares of and shareholder claims against Nutricia for R17,2 million and related intellectual property from Numico BV for R4,7 million. Payment for the Nutricia shares, shareholder claims and intellectual property acquired has been made from existing cash resources.

Refer to note 7 for more details on these acquisitions.

Specific share repurchase

With effect from 30 July 2004, 21,3 million Aspen shares were acquired by Aspen from Peu in terms of a specific share repurchase for a purchase consideration of R234,3 million (1 100 cents per Aspen share).

2 677 450 ordinary shares have been cancelled and have 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 being held as treasury shares.

All conditions necessary for the completion of the specific share repurchase, including the passing of the requisite resolutions by shareholders in a general meeting and the granting of all regulatory approvals have been fulfilled. The purchase consideration has been paid from existing cash resources.

Special resolutions

At the annual general meeting of Aspen shareholders convened on 13 November 2003, the following special resolution was passed by the company:

- A general authority was granted to Aspen and its subsidiaries to acquire Aspen shares from time to time in terms of sections 85(2) and 85(3) of the Companies Act No 61 of 1973 as amended and of the Listings Requirements of the JSE. This authority is valid for a period of fifteen months from the date of passing of this resolution.

At the general meeting of Aspen shareholders convened on 27 July 2004, the following special resolutions were passed by the company:

- The adoption by the company of new articles of association.
- Specific approval for the company or a wholly owned subsidiary to purchase 21,3 million Aspen shares from Peu at a price of 1100 cents per share in terms of section 85(2) of the Companies Act No 61 of 1973 as amended and the JSE Listings Requirements.

All requisite special resolutions have been registered with the Registrar of Companies.

Auditors

The auditors of the company, PricewaterhouseCoopers Inc. will continue in office in accordance with section 270 (2) of the Companies Act of 1973.

Investments in subsidiaries

The financial information in respect of the company's interest in its subsidiaries is set out in note 15 on page 94 and note 35 on page 112 to the annual financial statements.

Contracts

None of the directors and officers of the company had an interest in any contract of significance during the financial year.

INCOME STATEMENTS (for the year ended 30 June 2004)

COMPANY 2003 R'000	COMPANY 2004 R'000		Notes	GROUP 2004 R'000	GROUP 2003 R'000
118 849	**124 794**	**Revenue**	1	**2 201 721**	1 900 805
118 849	**124 794**	Continuing operations		**2 201 721**	1 890 244
—	**—**	Discontinued operations	6	**—**	10 561
—	**—**	Cost of sales		**(1 143 614)**	(1 039 967)
118 849	**124 794**	**Gross profit**		**1 058 107**	860 838
15 254	**16 469**	Other operating income		**4 218**	7 586
—	**—**	Selling and distribution expenses		**(285 885)**	(246 839)
(13 545)	**(20 751)**	Administrative expenses		**(149 672)**	(118 753)
(5 853)	**(7 156)**	Other operating expenses		**(73 008)**	(55 979)
—	**—**	Loss on disposal of discontinued operations	6	**—**	(1 053)
40 760	**209 162**	Investment income	5	**—**	—
155 465	**322 518**	**Operating profit**	2	**553 760**	445 800
(23 244)	**(4 717)**	Net financing costs	4	**(25 292)**	(56 889)
132 221	**317 801**	**Net profit before taxation**		**528 468**	388 911
(32 056)	**(35 539)**	Taxation	8	**(172 888)**	(115 501)
100 165	**282 262**	**Net profit after taxation**		**355 580**	273 410
—	**—**	Minority interest		**—**	(2 765)
100 165	**282 262**	**Net profit attributable to shareholders**		**355 580**	270 645
		Earnings per share (cents)	9		
		Earnings per share - basic (cents)		**99,8**	76,7
		- diluted (cents)		**97,2**	74,8
		Headline earnings per share (cents)		**103,7**	79,1
		- diluted (cents)		**101,0**	77,1
		Dividend per share (cents) *	10	**30,0**	20,0

** Relates to dividend declared after year-end. The policy of Aspen is to declare a final dividend when the preliminary results for each financial year are released.*

COMPANY				GROUP	
2003	2004			2004	2003
R'000	R'000		Notes	R'000	R'000
		ASSETS			
		Non-current assets			
111	**2 249**	Property, plant and equipment	11	**313 001**	183 188
—	**—**	Investment property	12	**4 572**	4 022
—	**—**	Goodwill	13	**86 203**	67 478
61 680	**61 986**	Intangible assets	14	**437 164**	429 931
643 516	**591 101**	Investments in subsidiaries	15	**—**	—
—	**—**	Non-current receivables	16	**7 468**	19 422
133 215	**110 939**	Deferred taxation assets	17	**124 506**	149 686
838 522	**766 275**	Total non-current assets		**972 914**	853 727
		Current assets			
—	**—**	Inventories	18	**245 676**	213 527
64	**379**	Receivables and prepayments	19	**425 570**	414 105
471	**254 974**	Cash and cash equivalents	20	**465 496**	200 346
535	**255 353**	Total current assets		**1 136 742**	827 978
839 057	**1 021 628**	**Total assets**		**2 109 656**	1 681 705
		SHAREHOLDERS' EQUITY			
67 571	**81 509**	Share capital and share premium	21	**81 509**	67 571
—	**—**	Treasury shares	22	**(75 807)**	(75 807)
112 158	**91 882**	Non-distributable reserves	23	**111 788**	153 731
520 711	**748 435**	Retained income	24	**948 991**	642 116
700 440	**921 826**	Ordinary shareholders' equity		**1 066 481**	787 611
—	**—**	Minority interest	25	**—**	7 364
700 440	**921 826**	Total shareholders' equity		**1 066 481**	794 975
		LIABILITIES			
		Non-current liabilities			
—	**—**	Interest-bearing borrowings	26	**156 234**	144 711
—	**—**	Interest-bearing deferred-payables	27	**39 718**	81 199
—	**—**	Deferred taxation liabilities	17	**61 607**	42 289
—	**—**	Retirement benefit obligation	28	**10 820**	11 155
—	**—**	Total non-current liabilities		**268 379**	279 354
		Current liabilities			
88 051	**86 539**	Trade and other payables	29	**353 442**	336 380
50 566	**—**	Interest-bearing borrowings	26	**289 992**	151 498
—	**—**	Interest-bearing deferred-payables	27	**55 178**	66 120
—	**13 263**	Current taxation liabilities		**76 184**	51 148
—	**—**	Provisions	30	**—**	2 230
138 617	**99 802**	Total current liabilities		**774 796**	607 376
138 617	**99 802**	Total liabilities		**1 043 175**	886 730
839 057	**1 021 628**	**Total equity and liabilities**		**2 109 656**	1 681 705

			Non-distributable reserves						
	Share capital R'000	Share premium R'000	Hedging reserve R'000	Foreign currency translation R'000	Revaluation surplus R'000	Other non-distributable reserves R'000	Retained income R'000	Treasury shares R'000	Total R'000
GROUP									
Balance as at 1 July 2002	51 498	6 047	519	77 748	—	149 846	389 569	(75 807)	**599 420**
Currency translation differences	—	—	—	(43 190)	—	—	—	—	**(43 190)**
Net profit for the year	—	—	—	—	—	—	270 645	—	**270 645**
Dividend declared	—	—	—	—	—	—	(40 907)	—	**(40 907)**
Proportional release of deferred taxation asset	—	—	—	—	—	(23 156)	23 156	—	**—**
Deferred taxation asset adjustment	—	—	—	—	—	(565)	(347)	—	**(912)**
Cash flow hedges realised	—	—	(519)	—	—	—	—	—	**(519)**
Cash flow hedges recognised	—	—	(6 952)	—	—	—	—	—	**(6 952)**
Issue of share capital (share options exercised)	435	9 591	—	—	—	—	—	—	**10 026**
Balance at 30 June 2003	51 933	15 638	(6 952)	34 558	—	126 125	642 116	(75 807)	**787 611**
Surplus on revaluation of investments	—	—	—	—	5	—	—	—	**5**
Currency translation differences	—	—	—	(23 286)	—	—	—	—	**(23 286)**
Net profit for the year	—	—	—	—	—	—	355 580	—	**355 580**
Dividend declared	—	—	—	—	—	—	(71 887)	—	**(71 887)**
Proportional release of deferred taxation asset	—	—	—	—	—	(23 156)	23 156	—	**—**
Deferred taxation asset adjustment	—	—	—	(535)	—	535	—	—	**—**
Cash flow hedges realised	—	—	6 952	—	—	—	—	—	**6 952**
Cash flow hedges recognised	—	—	(2 432)	—	—	—	—	—	**(2 432)**
Issue of share capital (share options exercised)	496	13 442	—	—	—	—	—	—	**13 938**
Foreign currency translation reserve realised	—	—	—	(26)	—	—	26	—	**—**
Balance at 30 June 2004	**52 429**	**29 080**	**(2 432)**	**10 711**	**5**	**103 504**	**948 991**	**(75 807)**	**1 066 481**
COMPANY									
Balance as at 1 July 2002	51 498	6 047	—	26	—	132 382	441 053	—	**631 006**
Net profit for the year	—	—	—	—	—	—	100 165	—	**100 165**
Dividend declared	—	—	—	—	—	—	(40 757)	—	**(40 757)**
Proportional release of deferred taxation asset	—	—	—	—	—	(20 250)	20 250	—	**—**
Issue of share capital (share options exercised)	435	9 591	—	—	—	—	—	—	**10 026**
Balance at 30 June 2003	51 933	15 638	—	26	—	112 132	520 711	—	**700 440**
Net profit for the year	—	—	—	—	—	—	282 262	—	**282 262**
Dividend declared	—	—	—	—	—	—	(74 814)	—	**(74 814)**
Proportional release of deferred taxation asset	—	—	—	—	—	(20 250)	20 250	—	**—**
Issue of share capital (share options exercised)	496	13 442	—	—	—	—	—	—	**13 938**
Foreign currency translation reserve realised	—	—	—	(26)	—	—	26	—	**—**
Balance at 30 June 2004	**52 429**	**29 080**	**—**	**—**	**—**	**91 882**	**748 435**	**—**	**921 826**

CASH FLOW STATEMENTS (for the year ended 30 June 2004)

COMPANY				GROUP	
2003	**2004**			**2004**	2003
R'000	**R'000**		Notes	**R'000**	R'000
		Cash flows from operating activities			
135 936	**119 070**	**Cash generated from operations**	A	**626 354**	496 962
(23 244)	**(4 717)**	Net financing costs paid	B	**(25 292)**	(56 889)
40 760	**209 162**	Investment income received		**—**	—
(1 298)	**—**	Taxation paid	C	**(102 325)**	(54 127)
152 154	**323 515**	**Net cash from operating activities**		**498 737**	385 946
		Cash flows from investing activities			
(89)	**(2 521)**	Replacement capital expenditure		**(16 161)**	(31 019)
—	**—**	Expansion capital expenditure - oral solid dosage facility		**(130 942)**	(33 925)
—	**—**	Expansion capital expenditure - other		**(10 949)**	(304)
—	**—**	Proceeds on disposal of property, plant and equipment		**451**	1 374
(41 630)	**(7 462)**	Expansion capital expenditure - intangible assets	D	**(90 645)**	(196 330)
—	**—**	Acquisition of subsidiaries and businesses, net of cash acquired	E	**(45 287)**	(79 990)
—	**—**	Disposal of subsidiary companies and businesses	F	**—**	4 048
—	**—**	Decrease/(increase) in long-term receivables		**10 809**	(15 170)
(14 628)	**52 413**	Decrease/(increase) on loans to/investments in subsidiaries		**—**	—
(56 347)	**42 430**	**Net cash (used in)/from investing activities**		**(282 724)**	(351 316)
		Cash flows from financing activities			
—	**—**	Proceeds from interest-bearing borrowings		**234 085**	268 942
(57 623)	**(50 566)**	Repayment of interest-bearing borrowings		**(73 573)**	(184 827)
(7 000)	**—**	Repayment of interest-bearing deferred-payables		**(58 161)**	(59 482)
—	**—**	Proceeds from interest-bearing deferred-payables		**9 985**	27 257
(40 758)	**(74 814)**	Dividends paid		**(71 887)**	(40 907)
10 026	**13 938**	Proceeds from issue of ordinary shares		**13 938**	10 026
(95 355)	**(111 442)**	**Net cash from/(used in) financing activities**		**54 387**	21 009
—	**—**	**Effects of exchange rate changes**		**(5 250)**	(39 357)
		Cash and cash equivalents			
452	**254 503**	Movement in cash and cash equivalents		**265 150**	16 282
19	**471**	Cash and cash equivalents at the beginning of the year		**200 346**	184 064
471	**254 974**	**Cash and cash equivalents at the end of the year**		**465 496**	200 346

COMPANY 2003 R'000	COMPANY 2004 R'000		GROUP 2004 R'000	GROUP 2003 R'000
		A. Cash generated from operations		
155 465	**322 518**	Operating profit	**553 760**	445 800
—	**—**	Reversal of provision	**—**	(17 518)
—	**—**	Amortisation of goodwill – accelerated	**2 158**	17 518
—	**—**	– recurring	**11 616**	8 074
5 853	**7 156**	Amortisation of intangible assets	**59 119**	45 957
—	**—**	Loss on sale of discontinued operations	**—**	1 053
22	**383**	Depreciation	**27 489**	27 580
—	**—**	Impairment charge	**12 285**	(11 534)*
—	**—**	Profit on disposal of property, plant and equipment	**(115)**	(813)
(40 760)	**(209 161)**	Investment income	**—**	—
—	**—**	Fair value gains on investment property	**(550)**	—
—	**—**	Loss on disposal of intangibles	**296**	—
—	**—**	Cash flow hedges recognised in equity	**4 520**	(7 470)**
120 580	**120 896**	Cash operating profit	**670 578**	508 647
		Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):		
—	**—**	(Increase)/decrease in inventories	**(39 931)**	90 406
(64)	**(315)**	Increase in trade and other receivables	**(26 056)**	(74 729)
15 420	**(1 511)**	Increase/(decrease) in trade and other payables	**24 328**	(26 362)
—	**—**	Decrease in provisions and post-retirement benefit	**(2 565)**	(1 000)
15 356	**(1 826)**		**(44 224)**	(11 685)
135 936	**119 070**	**Cash generated from operations**	**626 354**	496 962
		** Previously this amount was shown as a part of changes in working capital*		
		*** Previously this amount was shown as a part of effects of exchange rate changes.*		
		B. Net financing costs paid		
(23 255)	**(5 689)**	Interest paid	**(36 951)**	(66 727)
11	**972**	Interest received	**27 252**	37 774
—	**—**	Net foreign exchange losses	**(10 233)**	(10 494)
		Fair value gains/(losses) on financial instruments:		
—	**—**	– Cross currency swaps	**6 461**	—
—	**—**	– Forward exchange contracts: transactions not qualifying as hedges	**180**	217
—	**—**	Net finance costs on interest-bearing deferred-payables and financial assets	**(12 001)**	(17 659)
(23 244)	**(4 717)**		**(25 292)**	(56 889)
		C. Taxation paid		
(1 691)	**—**	Amounts unpaid at the beginning of the year	**(51 148)**	(30 169)
393	**(13 263)**	Charge per income statement (excluding deferred taxation)	**(127 890)**	(76 984)
—	**—**	Exchange rate differences	**529**	1 878
—	**(13 263)**	Amounts unpaid at the end of the year	**76 184**	51 148
(1 298)	**—**		**(102 325)**	(54 127)
		D. Intangible assets acquired (Note 1)		
—	**—**	Development costs capitalised	**(9 802)**	(7 914)
(41 630)	**(7 462)**	Intellectual property acquired	**(80 843)**	(188 416)
(41 630)	**(7 462)**		**(90 645)**	(196 330)
		Note 1		
(41 630)	**(7 462)**	Gross acquisition of intangible assets	**(90 645)**	(221 774)
—	**—**	Increase in interest-bearing deferred-payables arising from product participation rights	**—**	25 444
(41 630)	**(7 462)**		**(90 645)**	(196 330)

			GROUP
			2004
			R'000

E. Acquisition of subsidiary companies and businesses

2004

	Co-pharma	Triomed	**Total**
Minority interest	8 135	—	**8 135**
Reduction in purchase price	—	(5 000)	**(5 000)**
Fair value of assets acquired	8 135	(5 000)	**3 135**
Goodwill acquired	42 152	—	**42 152**
Cash outflow on acquisition	50 287	(5 000)	**45 287**

			2003
			R'000
2003			
	Co-pharma	Triomed	**Total**
Property, plant and equipment	—	1 265	1 265
Intangible assets	—	35 038	35 038
Inventories	—	12 513	12 513
Trade and other receivables	—	12 718	12 718
Cash and cash equivalents at acquisition	—	2 091	2 091
Trade and other payables and provisions	—	(18 723)	(18 723)
Long-term borrowings	—	(8 671)	(8 671)
Deferred taxation	—	(9 248)	(9 248)
	—	26 983	26 983
Minority interest	12 477	—	12 477
Fair value of assets acquired	12 477	26 983	39 460
Goodwill acquired	19 192	23 429	42 621
Purchase consideration	31 669	50 412	82 081
Cash and cash equivalents in acquiree	—	(2 091)	(2 091)
Cash outflow on acquisition	31 669	48 321	79 990

F. Disposal of subsidiary companies and businesses

	2003
	R'000
2003	
Property, plant and equipment	1 029
Inventories	4 444
Trade and other receivables	2 247
Trade and other payables	(1 991)
Cash and cash equivalents at disposal	1 096
Long-term borrowings released	(628)
Fair value of assets disposed	6 197
Loss on sale	(1 053)
Disposal consideration	5 144
Cash and cash equivalents in disposed company	(1 096)
Cash inflow on disposal	4 048

The principal accounting policies, which are consistent with those of the previous year, adopted in the preparation of these financial statements are set out below:

BASIS OF PREPARATION

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements have been prepared under the historical cost convention, modified by the revaluation to fair value of investment property, available-for-sale investments, and financial assets and financial liabilities held-for-trading.

The preparation of financial statements in conformity with Generally Accepted Accounting Principles 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.

Comparative figures have been adjusted to conform with changes in presentation in the current year, where necessary.

GROUP ACCOUNTING

The annual financial statements include those of the holding company and all of its subsidiaries. A listing of the Group's principal subsidiaries is set out in note 35.

Subsidiaries

Subsidiaries, which are those entities (including Special Purpose Entities) in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are 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. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Where the Group's interest in subsidiary undertakings is less than 100%, the share attributable to outside shareholders is reflected in minority interests. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with policies adopted by the Group.

Associates

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Investments in associates are accounted for using the equity method of accounting. Under this method the company's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transactions provide evidence of impairment. The Group's investment in associates includes goodwill (net of accumulated amortisation) on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associate.

The Group did not have any associates during the year under review.

Joint ventures

The Group's interest in jointly controlled entities is accounted for by proportionate consolidation. 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. Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred. 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.

The Group did not have any interest in joint ventures during the year under review.

Acquisitions

The International Accounting Standards Board issued IFRS 3 (AC 140), Business Combinations, during 2004. The new statement is applicable to all acquisitions with agreement dates after 31 March 2004.

The main changes from the current version of the Business Combinations statement are:

- At acquisition provisions may no longer be made.
- The acquirer is required to recognise separately the acquiree's contingent liabilities.
- The probability recognition criterion relating to future economic benefits attributable to intangible assets is not included in IFRS 3.
- Goodwill is no longer amortised, but must be tested for impairment annually. Amortisation of all goodwill will cease on 1 July 2004.

FOREIGN CURRENCY TRANSLATION

Measurement currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The consolidated financial statements are presented in South African Rand, which is the measurement currency of the parent.

Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted to measurement currency at rates of exchange ruling at year-end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash-flow hedges.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as equities held-for-trading are reported as part of the fair value gain or loss. Translation differences on available-for-sale equities are included in the revaluation reserve in equity.

Foreign Entities

All foreign subsidiaries are classified as foreign entities for the purposes of foreign currency translation.

The financial statements of these companies are translated into the Group's reporting currency on the following basis:

- Income statements and cash flows of foreign entities are translated into the Group's reporting currency at the average exchange rates for the year.
- Balance sheets are translated at the exchange rates ruling at year-end.
- Exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign entity is sold, such exchange differences are recognised in the income statement as a part of the gain or loss on sale.

Goodwill and fair value adjustments on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation. Cost includes transfers from equity of any gains/losses on qualifying cash flow hedges of currency purchase costs. Depreciation is calculated to write-off the cost of assets to their residual values on the straight-line basis over the expected useful lives of the assets as follows:

Factory buildings	50 years
Office equipment and furniture	3 – 10 years
Computer equipment & software	3 years
Plant and equipment	10 years
Vehicles	4 years

Land is not depreciated. Leasehold improvements are depreciated over the lesser of the period of the lease and the useful life of the asset.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with 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 property, plant and equipment are 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.

Capitalisation of costs ceases once the testing phase for a commercially viable number of products has been finalised, and commercial production can begin. The asset is then transferred from capital work-in-progress to property, plant and equipment.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

INVESTMENT PROPERTY

Investment property, principally comprising office buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is treated as a long-term investment and is carried at fair value, representing open market value determined annually by the directors or external valuers as appropriate. Changes in fair values are recorded in the income statement in accordance with AC135 and are included in other operating income or cost.

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of acquired subsidiaries, businesses or associates at the date of acquisition. Goodwill on the acquisition of subsidiaries is capitalised and shown separately on the face of the balance sheet; Goodwill on the acquisition of associates is included in investments in associates. Goodwill is amortised on a straight-line basis over its estimated useful life, which ranges from five to twenty years.

Any excess of the Group's interest in the fair values of the assets and liabilities acquired over the cost of the acquisition is recognised as negative goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and that can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, the negative goodwill should be recognised as income in the income statement when the future losses and expenses are recognised. To the extent that negative goodwill does not relate to identifiable expected future losses and expenses, negative goodwill is recognised as income in the income statement as follows: The amount of negative goodwill not exceeding the fair value of the acquired identifiable non-monetary assets is recognised as income on a systematic basis over the remaining useful life of the identifiable acquired assets that are being amortised or depreciated. The amount of negative goodwill in excess of the fair value of acquired identifiable non-monetary assets is recognised as income immediately.

Management determines the estimated useful life of goodwill based on its evaluation of the respective companies at the time of the acquisition, considering such factors as existing market share, potential growth and other factors inherent in the acquired companies.

At each balance sheet date the Group assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. This analysis includes discounted cash flow projections. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

A gain or a loss on disposal of an entity includes the carrying amount of the goodwill relating to the entity sold.

INTANGIBLE ASSETS

Intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

Intellectual property

Expenditures on acquired patents, trademarks and dossiers are capitalised and amortised on a straight-line basis over their estimated useful lives which range from five to twelve years.

Research and development

Research expenditure is recognised as an expense as it is incurred. Development costs incurred, being costs relating to the design and testing of new or improved products, are recognised as intangible assets when it is probable that the project will be commercially and technically feasible and the costs can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs initially recognised as an expense are not recognised as an asset in a subsequent period.

Development costs that have been capitalised are amortised from the commencement of the commercial production of the product to which they relate on a straight-line basis over the period of their expected benefit, but not exceeding five years.

Product participation rights

Rights acquired to co-market certain third party products are capitalised to intangible assets and the corresponding liabilities are recognised as interest-bearing deferred-payables. 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 co-marketing 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.

INVESTMENTS

The Group classifies its investments in debt and equity securities into the following categories: trading, held-to-maturity and available-for-sale. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets; for the purpose of these financial statements short-term is defined as 3 months. Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the balance sheet date, which are classified as current assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transactions costs. Trading and available-for-sale investments are subsequently carried at fair value. Held-to-maturity investments are carried at amortised cost using the effective yield method. Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. The fair value of investments is based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios defined to reflect the specific circumstances of the issuer. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The Group did not have any held-to-maturity or held-for-trading investments during the year.

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 interest-bearing borrowings. The interest element is charged to the income statement. 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 as they are incurred.

FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include cash and bank balances, trade and other receivables, trade and other payables, borrowings and investments.

Financial assets are recognised when the company has rights or other access to economic benefits. Such assets consist of cash or a contractual right to receive cash or another financial asset.

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.

The recognition and measurement criteria for each of these financial instruments are separately disclosed under their respective accounting policies.

The face values of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair values of non-current financial assets and interest-bearing deferred-payables for disclosure purposes are estimated by discounting the future contractual cash flows at the interest rates available to the Group as prevailing at the inception of the respective transactions.

Accounting for derivative financial instruments and hedging activities

The company and the Group are also parties to financial instruments that reduce exposure to fluctuations in foreign currency exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured to fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as one of the following on the date the derivative contract is entered into:

- a hedge of the fair value of a recognised asset or liability (fair value hedge),
- a hedge of a forecasted transactions or a firm commitment (cash flow hedge),
- a hedge of a net investment in a foreign entity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, 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.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in equity. Where the forecasted transaction or firm commitment results in the recognition of an asset (for example property, plant and equipment or inventory) or of a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the hedged firm commitment or forecasted transaction affects the income statement.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in AC133. Changes in the fair value of any derivative instruments that to do not qualify for hedge accounting under AC133 are recognised immediately in the income statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under AC133, any cumulative gain or loss existing in equity at that time is recognised immediately in the income statement. When a committed or forecasted 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. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents its assessment, both at the hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in off-setting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 34 on page 109. Movements on the hedging reserves in shareholders equity are shown under non-distributable reserves in the Statement of Changes in Group Equity.

Fair value estimation

The fair value of publicly traded derivatives and available-for-sale securities is based on quoted market prices at the balance sheet date. 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 the balance sheet date.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long-term debt. 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.

Application of hedge accounting to foreign exchange risk

Contracts are designated as either fair value hedges or cash flow hedges, as appropriate. For hedge accounting purposes relating to transactions with suppliers that are denominated in foreign currency, the settlements of the Group's foreign currency denominated bank accounts are designated as the hedged items as opposed to the import transactions. Hedge accounting is applied for all settlements of foreign currency denominated bank accounts, except for the settlement of the USD accounts. As many USD denominated transactions are conducted with counter parties whose own functional currency is not USD and for which the product being purchased or sold is not routinely denominated in USD, an embedded derivative exists and therefore hedge accounting can not be applied to the USD account.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis. The 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 selling expenses. Cost of inventories includes the transfer from equity of gains/losses on qualifying cash flow hedges relating to inventory purchases.

Redundant and slow-moving inventories are identified and written down against income with regard to their estimated economic or realisable values and are expensed in the period in which the write-downs occur.

TRADE RECEIVABLES

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. 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. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of the future cash flow discounted at the market interest rate for similar borrowers.

DEFERRED TAXATION

Deferred taxation is provided at legislated taxation rates in operation at the year-end, using the balance sheet liability method. Full provision is made for all temporary differences between the taxation base of an asset or liability and its balance sheet carrying amount.

No deferred taxation liability is recognised in those circumstances where the initial recognition of an asset or liability has no impact on accounting profit or taxable income.

Deferred taxation assets are raised where it is probable that future taxable profits will be available against which the deferred taxation asset can be realised in the foreseeable future.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and other highly liquid investments with original maturities of three months or less.

SHARE CAPITAL

Incremental external costs directly attributable to the issue of new shares, other than in connection with business combinations, are shown in equity as a deduction, net of tax, from proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

TREASURY SHARES

Shares in Aspen held by a wholly owned Group company are classified as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. The cost price of the shares is deducted from Group equity. Dividends received on treasury shares are eliminated on consolidation.

BORROWINGS AND BORROWING COSTS

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

Borrowing costs directly attributable to major projects that necessarily take a substantial period of time to get ready for the intended use or sale, are capitalised up to the date the assets are brought into use. All other borrowing costs are dealt with in the income statement in the period in which they are incurred.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

RETIREMENT BENEFITS

Pension and provident fund obligations

It is the Group's policy to provide retirement benefits for its employees. Current contributions to retirement benefit plans together with contributions in respect of past services are charged against income in the year they become payable.

A defined benefit plan is a pension plan that determines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensations. The company does not have any employees belonging to this type of fund. 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 obligations 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. The payments made to provident funds are expensed as incurred and are included in staff costs. Refer to notes 3.1 and 28.

Post-retirement medical aid obligations

The Group policy is not to provide post-retirement medical aid benefits 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 reflected on the balance sheet as a liability. Valuations of these obligations are carried out by independent actuaries on an annual basis.

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 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 Statement of Generally Accepted Accounting Practice AC116 (employee benefits) and reduce the post-retirement medical aid obligation.

STAFF BENEFITS

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 balance sheet date are discounted to present value.

Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised in trade and other payables when there is no realistic alternative but 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/profit sharing and the amount can be determined before the time of issuing of the financial statements.

Liabilities for profit sharing and 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 are granted to management and key employees. Options are granted at the market price of the shares on the date of the grant and are exercisable at that price. When options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium. The Group does not make a charge to staff costs in connection with share options.

The Aspen Pharmacare share incentive trust regulates the operation of the share incentive scheme, and is consolidated into the Group financial statements. Refer to note 21.

IMPAIRMENT

At each balance sheet date, the Group reviews the carrying value of its tangible and intangible 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 net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

REVENUE RECOGNITION

Revenue, net of trade discounts and excluding value added tax, comprises the total invoice value of goods, services, co-marketing fees and royalties. In the determination of revenue, all inter-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. Revenue from services is recognised in the period when the service is rendered, based on the stage of completion of the service. Revenue arising from co-marketing and royalty agreements is recognised on the accrual basis. Services comprise revenue generated from third party contract manufacture agreements.

Interest 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. 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 ordinary shareholders; after excluding all items of a non-trading nature and amortisation of goodwill, divided by the weighted average number of ordinary shares in issue during the year.

An itemised reconciliation of the adjustments to earnings attributable to ordinary shareholders, for items of a non-trading nature and amortisation of goodwill, is provided in the notes to the financial statements.

DISCONTINUED OPERATIONS

Discontinued operations are significant components of the Group that have been sold, abandoned or are the subject of formal plans for disposal or discontinuance. The operations represent a separate major line of business or geographical area of operations, and can be distinguished operationally and for financial reporting purposes.

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.

SET-OFF

If a legally enforceable right exists to offset recognised amounts of financial assets and liabilities, which are determinable monetary amounts, and the Group intends to settle on a net basis, the relevant financial asset and liabilities are offset.

No items were offset during the current financial year.

SEGMENTAL REPORTING

Geographic segments comprise products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments. Business segments comprise products or services that are subject to risks and returns that are different from those of other business segments.

The principal segments of the Group, which are representative of the internal structure used for management purposes, have been identified as follows:

Primary basis

Geographic regions are identified by location of operations. The following segments have been identified:

- South African operations
- United Kingdom operations
- Australian operations

Secondary basis

- Consumer division, comprising over-the-counter products, and fast-moving consumer goods, personal care products, infant nutritionals and nutriceutical products.
- Pharmaceutical division, comprising prescription generic and ethical pharmaceutical products.

In the prior year, business segments were disclosed as the primary segments, and geographic segments as the secondary segments. This has been changed to reflect the basis on which the Group is currently managed.

DIVIDENDS

In compliance with the Statement of Generally Accepted Accounting Practice AC107 (events after balance sheet date), dividends are only accounted for in the financial statements in the year in which the dividends are actually declared.

FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of change in the debt and equity market prices, foreign currency exchange rates and interest rates. 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. The Group uses derivative financial instruments such as forward exchange contracts and cross currency swaps to hedge certain exposures.

Risk management is carried out by a central treasury department in close co-operation with operational units, using guidance provided by the Audit and Risk sub-committee of the Board of Directors. Some administration of foreign exchange risk management is outsourced. Group Treasury identifies, evaluates and hedges financial risks. The Audit and Risk sub-committee of the Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

Foreign currency risk management

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect of the following currencies: United States dollar; Sterling; Euro; Australian dollar.

It is the policy of the Group for its South African operations to hedge 100% of its purchases in foreign currencies using forward exchange contracts unless a natural hedge exists in the form of export revenue. Foreign operations do not make use of forward exchange contracts. The average length of forward exchange contracts during the year was 2.8 months.

The company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk.

Operational cash flow risk exists when loans are raised in one currency and repaid using cash generated in a different currency. This risk is mitigated by the use of cross currency swaps where appropriate.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets. It is the policy of the Group to limit its exposure to interest rate movements and where appropriate enter into arrangements to mitigate these risks.

Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Trade receivables comprise a wide customer base. Ongoing credit evaluations on the financial condition of customers are performed and where appropriate credit guarantee insurance cover is purchased.

Cash is placed with substantial financial institutions; derivatives are placed with high quality financial institutions.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash resources and ensuring the availability of funding through an adequate amount of credit facilities. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by negotiating committed credit lines for the Group.

The Group manages liquidity risk through forecasting and monitoring cash flow requirements on a daily basis.

COMPANY			GROUP	
2003	**2004**		**2004**	2003
R'000	**R'000**		**R'000**	R'000
		1. Revenue		
		Sale of goods		
—	**—**	Local	**1 659 723**	1 381 028
—	**—**	Offshore	**422 106**	397 168
—	**—**	Exports	**15 102**	28 063
—	**—**	Discontinued operations	**—**	10 561
		Other revenue		
118 849	**124 794**	Royalties	**215**	695
—	**—**	Co-marketing fees - local	**88 522**	76 457
—	**—**	- offshore	**16 053**	6 833
118 849	**124 794**	Per income statement	**2 201 721**	1 900 805
		2. Operating profit		
		Operating profit has been arrived at after crediting:		
—	**—**	Profit on disposal of property, plant and equipment	**115**	813
—	**—**	Rental received from investment properties	**197**	162
—	**—**	Fair value gains on investment property – included in other operating income	**550**	—
		After charging:		
798	**653**	Auditors' remuneration	**4 325**	3 889
338	**462**	- Audit fees	**2 612**	2 551
460	**191**	- Other services	**1 713**	1 338
22	**383**	Depreciation (note 11)	**27 489**	27 580
—	**4**	- Freehold/leasehold land and buildings	**1 882**	1 709
—	**—**	- Plant, equipment and vehicles	**13 233**	13 363
17	**340**	- Computer equipment and software	**7 954**	7 678
5	**39**	- Office equipment and furniture	**1 828**	1 492
—	**—**	- Leased assets under finance leases	**2 592**	3 338
42	**134**	Repairs and maintenance expenditure on property, plant and equipment	**20 516**	16 693
—	**—**	Investment property operating expenses	**258**	164
—	**—**	Impairment of intangible assets (note 14)	**2 709**	3 322
—	**—**	Loss on disposal of intangible asset	**296**	—
—	**—**	Reversal of provisions – included in other operating expenses	**—**	(17 518)
—	**—**	Amortisation of goodwill – accelerated (note 13) – included in other operating expenses	**2 158**	17 518
—	**—**	Amortisation of goodwill – recurring (note 13) – included in other operating expenses	**11 616**	8 074
5 853	**7 156**	Amortisation of intangible assets (note 14) – included in other operating expenses	**59 119**	45 957
5 853	**7 156**	- Intellectual property	**32 684**	18 833
—	**—**	- Development costs	**1 746**	1 356
—	**—**	- Product participation rights	**24 689**	25 768
—	**—**	Research and development costs	**3 502**	9 237
—	**—**	Impairment losses on available-for-sale investments	**100**	—
		Inventory costs		
—	**—**	- cost of inventories recognised as expense – included in cost of sales	**746 001**	526 464
—	**—**	- impairment charge	**4 630**	(11 943)
—	**—**	Embedded derivative – included in cost of sales*	**5 293**	—
—	**—**	Trade receivables – impairment charge for bad and doubtful debts	**4 847**	(2 913)
6 615	**6 943**	Staff costs (note 3.1)	**276 377**	233 902
773	**905**	Operating lease rentals	**12 689**	11 243
773	**905**	- Land and buildings	**7 863**	6 095
—	**—**	- Plant, equipment and vehicles	**3 487**	2 952
—	**—**	- Computer equipment and software	**432**	1 295
—	**—**	- Office equipment and furniture	**907**	901
—	**—**	Managerial fees	**1 148**	1 727
—	**—**	Technical fees	**1 906**	855
—	**—**	Administrative fees	**4 063**	1 979
179	**107**	Secretarial fees	**107**	179

** In the prior year, the embedded derivative was included in net financing costs.*

COMPANY 2003 R'000	COMPANY 2004 R'000		GROUP 2004 R'000	GROUP 2003 R'000
		3. Directors and employees		
		3.1 Staff costs		
6 290	5 887	Wages and salaries	238 952	190 925
—	—	Termination benefits	133	461
218	781	Provident fund contributions - defined contribution plans	21 920	23 588
—	—	Post-retirement medical aid benefits (note 28)	1 773	2 831
107	275	Other company contributions	13 599	16 097
6 615	6 943		276 377	233 902
—	—	Amount included in cost of sales:	106 806	102 509
—	—	Wages and salaries	96 678	84 402
—	—	Benefits	10 128	18 107
—	—	Amount included in selling and distribution costs:	82 971	65 754
—	—	Wages and salaries	69 610	53 738
—	—	Benefits	13 361	12 016
6 615	6 943	Amount included in administration expenses:	86 600	65 639
6 290	5 887	Wages and salaries	72 665	52 785
325	1 056	Benefits	13 935	12 854
		Number of persons employed by the Group at year-end	1 484	1 588

3.2 Directors' emoluments

Name	Fees R'000	Remuneration R'000	Retirement and medical aid benefits R'000	Performance bonus R'000	Gain on exercise of share options R'000	COMPANY 2004 Total R'000	COMPANY 2003 Total R'000
Non-executive directors							
A J Aaron	135	—	—	—	—	135	130
C N Mortimer	110	—	—	—	—	110	110
M Krok	75	—	—	—	722	797	634
J F Buchanan	125	—	—	—	—	125	122
D M Nurek	100	—	—	—	—	100	67
M Buthelezi	75	—	—	—	—	75	71
M R Bagus	75	—	—	—	—	75	31
L Boyd	75	—	—	—	—	75	20
					Total (A)	1 492	1 185
Executive directors							
S B Saad	—	2 110	279	1 361	—	3 750	2 420
M G Attridge	—	1 770	222	1 223	—	3 215	2 008
S K Mapetla	—	139	22	—	570	731	844
M L Philip	—	882	155	727	12	1 776	1 036
					Total (B)	9 472	6 308
					Total Emoluments (A + B)	10 964	7 493
Less paid by subsidiary companies					Total (C)	(3 475)	(2 442)
					Total Emoluments (A + B - C)	7 489	5 051

COMPANY			GROUP	
2003 R'000	**2004 R'000**		**2004 R'000**	2003 R'000
		4. Net financing costs		
(23 255)	**(5 689)**	Interest paid	**(36 951)**	(66 727)
—	**—**	- Long-term borrowings	**(7 641)**	(1 825)
(19 062)	**(5 689)**	- Bank overdraft and short-term borrowings	**(27 299)**	(63 984)
—	**—**	- Finance leases	**(287)**	(491)
(4 193)	**—**	- Subsidiary companies	**—**	—
—	**—**	- Other	**(1 724)**	(427)
11	**972**	Interest received	**27 252**	37 774
—	**—**	- Interest on bank balances and short-term deposits	**27 051**	26 896
—	**972**	- Subsidiary companies	**—**	—
11	**—**	- Other	**201**	10 878
—	**—**	Net foreign exchange losses	**(10 233)**	(10 494)
—	**—**	Fair value gains on financial instruments	**6 641**	217
—	**—**	- Cross currency swaps	**6 461**	—
—	**—**	- Embedded derivative	**—**	2 001
—	**—**	- Forward exchange contracts: instruments where hedge accounting is not applied (note 34)	**180**	(1 784)
—	**—**	Net finance costs on interest-bearing deferred-payables and financial assets	**(12 001)**	(17 659)
(23 244)	**(4 717)**		**(25 292)**	(56 889)
		Financing costs of R10,6 million have been capitalised during 2004 (2003: R2,4 million)		
		5. Investment income		
40 760	**209 162**	Dividends from subsidiaries	**—**	—
		6. Discontinued operations		
—	**—**	Loss on sale of discontinued operations	**—**	(1 053)
—	**—**	Taxation	**—**	—
—	**—**	Net effect on attributable earnings	**—**	(1 053)

COMPANY			GROUP	
2003 R'000	**2004 R'000**		**2004 R'000**	2003 R'000
		The following operation was discontinued during the year ended 30 June 2003:		
		Krok Brothers Holdings (Pty) Ltd, a wholly owned subsidiary of Aspen, disposed of its Watkins Valeur personal care division for a consideration of R5,1 million with effect from 1 March 2003.		
		6.1 The revenue, operating profit, finance costs and attributable profit of the discontinued operations for the Group to date of disposal were as follows and are reflected in the income statement for the year ended 30 June 2003:		
—	**—**	Revenue	**—**	10 561
—	**—**	Cost of sales	**—**	(4 790)
—	**—**	Gross profit	**—**	5 771
—	**—**	Operating expenses	**—**	(6 147)
—	**—**	Operating loss	**—**	(376)
—	**—**	Net financing income	**—**	112
—	**—**	Loss before taxation	**—**	(264)
—	**—**	Taxation	**—**	173
—	**—**	Net loss attributable to shareholders	**—**	(91)
—	**—**	Operating cash flows *	**—**	(196)
—	**—**	Investment cash flows	**—**	(848)
—	**—**	Total cash flows	**—**	(1 044)
		*Operating profit plus depreciation		
		6.2 The assets and liabilities on the disposal of Watkins Valeur were as follows:		
—	**—**	Property, plant and equipment	**—**	1 029
—	**—**	Net working capital	**—**	4 700
—	**—**	Long and short-term borrowings	**—**	(628)
—	**—**	Cash and cash equivalents	**—**	1 096
—	**—**	Net assets disposed	**—**	6 197
—	**—**	Proceeds from sale *#	**—**	(5 144)
—	**—**	Loss on disposal of discontinued operations	**—**	1 053

** Total proceeds on disposal of subsidiary companies and joint ventures per note F to the Cash Flow Statement*

 # Gross proceeds of R5,5 million have been discounted by R0,4 million to present value.

	GROUP 2004 R'000	GROUP 2004 R'000

7. Acquisitions

7.1 Current year acquisition

On 1 July 2003, the Group acquired the remaining 20% of the shares and shareholders' loan accounts against Co-pharma Ltd for the amount of GBP 4,1 million (R50,3 million). The acquisition was funded out of cash resources held offshore with South African Reserve Bank approval. This acquisition was accounted for under AC131. Refer to note E to the cash flow statement for additional details on the assets and liabilities arising from the acquisitions.

7.2 Acquisitions subsequent to year-end

7.2.1 On 9 July 2004, the Group acquired 100% of the shares and shareholders loans against Fine Chemicals Corporation (Pty) Limited, a manufacturer of active pharmaceutical ingredients. The acquisition was funded from existing cash resources.

This acquisition will be accounted for under AC131 as the agreement date was before 31 March 2004.

Details of the net assets acquired and goodwill are as follows:

	2004 R'000
Cost of the acquisition:	
– Cash paid	**253 204**
– Estimate of deferred amount *	**25 000**
Total cost of the acquisition	**278 204**
Fair value of assets acquired	**(95 378)**
Goodwill	**182 826**

** A deferred amount is payable to management after the audited results for the year ending 30 June 2007 are finalised.*

	Fair value recognised	Carrying amounts before acquisition
Property, plant and equipment	**69 415**	35 381
Intangible assets	**50 566**	44 396
Goodwill	**—**	7 643
Inventories	**47 577**	47 577
Trade and other receivables	**12 990**	12 990
Cash and cash equivalents at acquisition	**7 090**	7 090
Trade and other payables and provisions	**(38 680)**	(37 908)
Post-retirement benefit	**(1 462)**	—
Taxation provision	**(2 911)**	770
Long-term borrowings	**(25 693)**	(25 693)
Short-term borrowings	**(9 625)**	(9 625)
Deferred taxation	**(13 889)**	(2 266)
	95 378	80 355
Minority interest	**—**	
Fair value of assets acquired	**95 378**	
Goodwill acquired	**182 826**	
Purchase consideration	**278 204**	

	GROUP 2004 R'000	GROUP 2003 R'000

7.2 Acquisitions subsequent to year-end (continued)

The following factors contributed to the recognition of goodwill:

- The potential for manufacture of APIs for ARV products.
- FCC's export capabilities provide for further impetus to Aspen's stated objective of expanding offshore.
- The potential for vertical integration with Aspen's existing business.

7.2.2 On 9 July 2004, the Group acquired 100% of the shares and shareholders loans against Nutricia (Pty) Limited, a manufacturer of infant nutritional products. The acquisition was funded from existing cash resources.

In a related transaction, the Infacare trademark was acquired from Numico B.V. for a purchase consideration of R4,7 million with effect from the same date .

This acquisition will be accounted for under IFRS 3 (AC140) as the agreement date was after 31 March 2004.

Details of the net assets acquired and goodwill are as follows:

	2004 R'000	2003 R'000
Cost of the acquisition:		
– Cash paid	**17 241**	
Total cost of the acquisition	**17 241**	
Fair value of assets acquired	**(2 471)**	
Goodwill	**14 770**	

	Fair value recognised	Carrying amounts before acquisition
Property, plant and equipment	**32 554**	29 276
Inventories	**13 338**	13 338
Trade and other receivables	**21 934**	21 934
Cash and cash equivalents at acquisition	**1 394**	1 394
Trade and other payables and provisions	**(29 384)**	(29 384)
Short-term borrowings	**(36 381)**	(36 381)
Deferred taxation	**(984)**	—
	2 471	177
Minority interest	**—**	
Fair value of assets acquired	**2 471**	
Goodwill acquired	**14 770**	
Purchase consideration	**17 241**	

The following factors contributed to the recognition of goodwill:

- Aspen has recently entered the infant nutritional market through securing a licence agreement with Wyeth.
- The combination of the Wyeth and the Nutricia businesses will create a business capable of competing successfully and profitably in the infant nutritional market.
- Through the acquisition of Nutricia, Aspen has acquired a manufacturing facility that can be used for the new combined business.

Except for the intangible assets acquired from Numico B.V. referred to above, there are no other separately recognisable intangible assets in Nutricia.

Refer to the accounting policies for more details on IFRS 3 (AC140).

COMPANY 2003 R'000	COMPANY 2004 R'000		GROUP 2004 R'000	GROUP 2003 R'000
		8. Taxation		
		South African normal taxation:		
—	**13 392**	Current tax - current year	**105 184**	68 607
—	**—**	- prior year	**(345)**	(7 934)
29 958	**22 785**	Deferred tax - current year	**45 220**	36 514
2 491	**(509)**	- prior year	**(222)**	2 003
—	**—**	Secondary tax on companies	**8 814**	5 095
—	**(129)**	Withholding tax on interest	**61**	—
—	**—**	Foreign taxation	**14 171**	11 609
(393)	**—**	Capital gains tax	**5**	(393)
32 056	**35 539**	Total taxation charge	**172 888**	115 501
%	**%**	Reconciliation of the taxation rate:	**%**	%
24,2	**11,2**	Effective taxation rate	**32,7**	29,7
9,2	**19,7**	Capital and exempt income	**0,2**	0,7
—	**—**	Assessed losses utilised	**0,6**	0,9
(1,6)	**0,2**	Prior year adjustments	**0,3**	1,9
(0,1)	**(0,4)**	Disallowable expenses	**(0,5)**	(0,1)
(1,3)	**(0,7)**	Amortisation of intangible assets	**(1,4)**	(1,3)
(0,4)	**—**	Other	**(0,2)**	(0,5)
—	**—**	Secondary tax on companies	**(1,7)**	(1,3)
30,0	**30,0**	Statutory taxation rate	**30,0**	30,0
		Unutilised taxation benefits		
8 323	**—**	Total estimated tax losses	**—**	8 323
(8 323)	**—**	Applied to increase deferred taxation asset	**—**	(8 323)
—	**—**	Tax losses available to reduce future taxable income	**—**	—

	GROUP	
	2004	2003
	R'000	R'000
9. Earnings per share		
9.1 Earnings per share		
Basic earnings per share		
Basic earnings per share are calculated by dividing the net profit attributable to shareholders 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.		
Net profit attributable to shareholders	**355 580**	270 645
Weighted average number of shares in issue ('000) *	**356 223**	353 079
Earnings per share (cents)	**99,8**	76,7
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 one category of dilutive potential ordinary shares, namely share options. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined at the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings.		
Net profit attributable to shareholders	**355 580**	270 645
Weighted average number of shares for diluted earnings per share ('000)	**365 788**	361 824
Adjustment for share options ('000)	**9 565**	8 745
Weighted number of shares in issue ('000) *	**356 223**	353 079
Diluted earnings per share (cents)	**97,2**	74,8

	GROUP 2004 R'000	GROUP 2003 R'000
9.2 Headline earnings per share		
Reconciliation of headline earnings		
Net profit attributable to ordinary shareholders	**355 580**	270 645
Adjusted for:		
- Reversal of provision	**—**	(17 518)
- Amortisation of goodwill - accelerated	**2 158**	17 518
- recurring	**11 616**	8 074
- Loss on sale of discontinued operations	**—**	1 053
- Profit on disposal of property, plant and equipment	**(115)**	(813)
- Taxation effect of profit on disposal of property, plant and equipment	**31**	243
Headline earnings	**369 270**	279 202
Weighted number of shares in issue ('000)*	**356 223**	353 079
Headline earnings per share (cents)	**103,7**	79,1
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	**369 270**	279 202
Weighted average number of shares for diluted headline earnings per share ('000)	**365 788**	361 824
Adjustment for share options ('000)	**9 565**	8 745
Weighted number of shares in issue ('000) *	**356 223**	353 079
Diluted earnings per share (cents)	**101,0**	77,1
** after deduction of 18 811 649 treasury shares*		

10. Dividend per share

The dividend per share of 30 cents was declared at the board meeting of the company held on 17 August 2004. In compliance with the Statement of Generally Accepted Accounting Practice AC 107 (Events after Balance Sheet date), the annual financial statements do not reflect this dividend. The dividend will only be accounted for in the financial statements for the year ending 30 June 2005.

The dividends declared for the 2003 and 2002 financial years were 20 cents per share and 11 cents per share, respectively.

COMPANY								GROUP
	11. Property, plant and equipment							
TOTAL 2004 R'000	**2004**	Land and buildings R'000	Plant, equipment and vehicles R'000	Computer equipment and software R'000	Office equipment and furniture R'000	Capital work-in-progress R'000	**TOTAL 2004 R'000**
	OWNED						
	11.1 Net carrying value						
2 460	Cost	74 760	156 878	60 750	18 428	173 373	**484 189**
(423)	Accumulated depreciation	(18 081)	(92 321)	(53 014)	(10 125)	—	**(173 541)**
2 037*		56 679	64 557	7 736	8 303	173 373	**310 648**
	11.2 Movement in fixed assets						
111	Net book value at the beginning of the year	56 606	67 919	11 295	5 776	37 838	**179 434**
—	Reclassification	(86)	(1 845)	(12)	96	1 847	**—**
—	Additions – expansion	1 764	3 073	2 421	971	133 662	**141 891**
2 305	Additions – replacement	564	8 797	2 082	3 496	26	**14 965**
—	Disposals	—	(154)	(68)	(113)	—	**(335)**
(379)	Depreciation	(1 878)	(13 233)	(7 954)	(1 828)	—	**(24 893)**
—	Effects of exchange rate changes	(291)	—	(28)	(95)	—	**(414)**
2 037	Net book value at the end of the year	56 679	64 557	7 736	8 303	173 373	**310 648**
	LEASED						
	11.1 Net carrying value						
216	Cost	216	—	7 997	—	—	**8 213**
(4)	Accumulated depreciation	(4)	—	(5 856)	—	—	**(5 860)**
212**		212	—	2 141	—	—	**2 353**
	11.2 Movement in fixed assets						
—	Net book value at the beginning of the year	—	—	3 753	—	—	**3 753**
216	Additions – replacement	216	—	980	—	—	**1 196**
(4)	Depreciation	(4)	—	(2 592)	—	—	**(2 596)**
212	Net book value at the end of the year	212	—	2 141	—	—	**2 353**
2 249	**TOTAL OWNED AND LEASED**	56 891	64 557	9 877	8 303	173 373	**313 001**

**Comprises computer equipment, software, office equipment and furniture.*

***Comprises leasehold improvements.*

COMPANY | **GROUP**

11. Property, plant and equipment continued

TOTAL 2003 R'000	2003	Land and buildings R'000	Plant, equipment and vehicles R'000	Computer equipment and software R'000	Office equipment and furniture R'000	Capital work-in-progress R'000	TOTAL 2003 R'000
	OWNED						
	11.1 Net carrying value						
155	Cost	72 814	149 112	61 362	15 056	37 838	336 182
(44)	Accumulated depreciation	(16 208)	(81 193)	(50 067)	(9 280)	—	(156 748)
111*		56 606	67 919	11 295	5 776	37 838	179 434
	11.2 Movement in fixed assets						
43	Net book value at the beginning of the year	58 024	68 780	10 252	6 416	3 609	147 081
—	Acquisition of subsidiaries	—	—	775	454	—	1 229
—	Disposal of subsidiaries or businesses	—	(9)	(187)	(203)	—	(399)
—	Reclassification	(98)	(82)	1	197	—	18
—	Additions – expansion	—	—	195	119	34 229	34 543
90	Additions – replacement	1 549	12 809	7 993	689	—	23 040
—	Disposals	(21)	(216)	(28)	(238)	—	(503)
(22)	Depreciation	(1 709)	(13 363)	(7 678)	(1 492)	—	(24 242)
—	Effects of exchange rate changes	(1 139)	—	(28)	(166)	—	(1 333)
111	Net book value at the end of the year	56 606	67 919	11 295	5 776	37 838	179 434
	LEASED						
	11.1 Net carrying value						
—	Cost	—	—	7 016	—	—	7 016
—	Accumulated depreciation	—	—	(3 263)	—	—	(3 263)
—		—	—	3 753	—	—	3 753
	11.2 Movement in fixed assets						
—	Net book value at the beginning of the year	—	76	—	—	—	76
—	Acquisition of subsidiaries	36	—	—	—	—	36
—	Disposal of subsidiaries or businesses	—	(630)	—	—	—	(630)
—	Reclassification	—	(19)	—	—	—	(19)
—	Additions – expansion	—	—	7 016	—	—	7 016
—	Additions – replacement	—	650	—	—	—	650
—	Disposals	(36)	(2)	—	—	—	(38)
—	Depreciation	—	(75)	(3 263)	—	—	(3 338)
—	Net book value at the end of the year	—	—	3 753	—	—	3 753
111	**TOTAL OWNED AND LEASED**	56 606	67 919	15 048	5 776	37 838	183 188

**Comprises computer equipment, software, office equipment and furniture.*

The information required by Schedule 4 of the Companies Act in respect of land and buildings is contained in the register of fixed property which 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.

Assets with a net book value of R2,1 million (2003: R3,8 million) have been pledged as security as set out in note 26 for loans obtained in terms of finance lease and instalment credit agreements.

Borrowing costs of R10,6 million (2003: R2,4 million), arising on financing specifically entered into for the construction of the new OSD facility, were capitalised during the year and are included in "Additions". The average effective interest rate for the year was 10,66% (2003: 14,1%).

COMPANY			GROUP	
2003 R'000	**2004 R'000**		**2004 R'000**	2003 R'000
		12. Investment property		
—	—	At the beginning of the year	**4 022**	4 022
—	—	Net gain from fair value adjustments	**550**	—
—	—	At the end of the year	**4 572**	4 022
		Investment properties are valued annually at year-end to fair value comprising open market value by either directors or an independent professionally qualified valuer as appropriate.		
		In the prior year investment properties were disclosed in property, plant and equipment.		
		13. Goodwill		
		13.1 Net carrying value		
—	—	Cost	**191 971**	162 533
—	—	Accumulated amortisation	**(105 768)**	(95 055)
—	—	Net carrying value	**86 203**	67 478
		13.2 Movement in goodwill		
—	—	Opening carrying amount	**67 478**	49 981
—	—	Acquisitions of subsidiary companies and businesses	**42 152**	42 621
—	—	Reduction in purchase price of subsidiary acquired in prior year	**(5 000)**	—
—	—	Amortisation – accelerated	**(2 158)**	(17 518)
—	—	– recurring	**(11 616)**	(8 074)
—	—	Effects of exchange rate changes	**(4 653)**	468
—	—	Closing carrying amount	**86 203**	67 478

14. Intangible assets

COMPANY Total 2004 R'000	GROUP 2004	Intellectual property R'000	Development costs R'000	Product participation rights R'000	Total 2004 R'000
	14.1 Net carrying value				
79,555	Cost	379,786	26,716	180,490	**586,992**
(17,569)	Accumulated amortisation	(73,885)	(4,361)	(71,582)	**(149,828)**
61,986	Net carrying value	305,901	22,355	108,908	**437,164**
	14.2 Movement in intangible assets				
61,680	Opening carrying amount	277,124	16,345	136,462	**429,931**
7,462	Additions	80,843	–	–	**80,843**
–	Development costs capitalised	–	9,802	–	**9,802**
–	Disposals	(296)	–	–	**(296)**
(7,156)	Amortisation	(32,684)	(1,746)	(24,689)	**(59,119)**
–	Impairment	(663)	(2,046)	–	**(2,709)**
–	Effects of exchange rate changes	(18,423)	–	(2,865)	**(21,288)**
61,986	Closing carrying amount	305,901	22,355	108,908	**437,164**

Company Total	2003	Intellectual property	Development costs	Product participation rights	Total
	14.1 Net carrying value				
72,093	Cost	323,491	18,960	183,819	526,270
(10,413)	Accumulated amortisation	(46,367)	(2,615)	(47,357)	(96,339)
61,680*	Net carrying value	277,124	16,345	136,462	429,931
	14.2 Movement in intangible assets				
25,903	Opening carrying amount	86,503	11,311	136,427	234,241
–	Development costs capitalised	–	7,914	–	7,914
–	Acquisitions of subsidiary companies and businesses	35,038	–	–	35,038
41,630	Acquisitions of products	188,416	–	–	188,416
–	Impairment of intangible assets	(1,798)	(1,524)	–	(3,322)
–	Co-marketing agreements	–	–	25,444	25,444
(5,853)	Amortisation	(18,833)	(1,356)	(25,768)	(45,957)
–	Effects of exchange rate changes	(12,202)	–	359	(11,843)
61,680	Closing carrying amount	277,124	16,345	136,462	429,931

Comprises intellectual property.

Intellectual property comprises of patents, trademarks and dossiers.

Development costs comprise of internally generated expenditure on development projects where it is probable that the cost will be recovered through future commercial activity.

Product participation rights comprise of rights to co-market certain third party products.

COMPANY 2003 R'000	COMPANY 2004 R'000		GROUP 2004 R'000	GROUP 2003 R'000
		14. Intangible assets (continued)		
		Product participation rights can be split into the following categories for the purposes of amortisation:		
		– amortised on a straight-line basis		
		Carrying amount	**18 968**	24 540
		Amortisation for the year	**(2 704)**	(1 266)
		– amortised using the reverse sum of the digits method		
		Carrying amount	**89 940**	111 922
		Amortisation for the year	**(21 985)**	(24 502)
		15. Investments in subsidiaries		
		Investments in subsidiaries comprise:		
783 591	**783 591**			
644 666	**644 666**	Shares at cost less appropriate provisions		
138 925	**138 925**	Amounts due by subsidiary companies at acquisition		
814	**808**	Amounts due by subsidiary companies		
(140 889)	**(193 298)**	Amounts due to subsidiary companies		
643 516	**591 101**	Total (note 35)		
		The amounts due to/by subsidiaries other than R7,6 million (2003: R11,6 million) owed to Pharmacare Ltd are interest free. The interest payable on the outstanding balance with Pharmacare Ltd is linked to Pharmacare Ltd's cost of borrowings. An amount of R22,7 million owing by Garec (Pty) Ltd was subordinated in 2003 in favour of all other creditors until the assets of that subsidiary, fairly valued, exceeded its liabilities. As the assets of Garec (Pty) Ltd now exceed its liabilities, the subordination agreement is no longer in place.		
		Aggregate attributable after-tax profits / (losses) of subsidiaries		
		– profits	**460 854**	212 855
		– losses	**—**	(1 616)
		16. Non-current receivables		
—	**—**	Long-term receivables – Jaristan Investments (Pty) Ltd (1)	**3 460**	8 083
		– Salon Business Solutions (Pty) Ltd (2)	**1 159**	1 718
—	**—**	– GSK Australia (3)	**18 973**	32 265
—	**—**	Current portion included in trade and other receivables (note 19)	**(16 168)**	(22 783)
—	**—**	Available-for-sale investments (4)	**44**	139
—	**—**		**7 468**	19 422

	GROUP 2004 R'000	2003 R'000
(1) During the year ended 30 June 2001 the Group disposed of its Twincare division at a value of R8,9 million (discounted to net present value). Capital amounts of R5,4 million have been repaid to 30 June 2004. The balance of R3,5 million is repayable by a maximum of 2 annual instalments.		
(2) With effect from 1 March 2003 the Group disposed of its Watkins Valeur personal care division for a gross consideration of R5,5 million (R5,1 million on a discounted basis). Capital amounts of R4,4 million have been received in respect of the disposal consideration.		
(3) An agreement with GSK Australia was entered into with effect from 1 January 2003 to market a range of products. In terms of the agreement R32,3 million is due and payable by GSK Australia over a 3-year period ending 31 July 2006.		
Fair values:		
– Jaristan Investments (Pty) Ltd	**3 847**	6 280
– Salon Business Solutions (Pty) Ltd	**1 272**	2 313
– GSK Australia	**18 973**	32 265
The fair values are based on discounted cash flows using a discount rate based upon the interest rate which the directors expect would be applicable at the balance sheet date.		
The effective interest rates on receivables were as follows:		
– Jaristan Investments (Pty) Ltd	**15,5%**	15,5%
– Salon Business Solutions (Pty) Ltd	**15,5%**	15,5%
– GSK Australia	**5,7%**	5,3%
(4) Available-for-sale investments		
At the beginning of the year	**139**	139
Impairment losses	**(100)**	—
Revaluation surplus recognised in equity	**5**	—
At the end of the year	**44**	139
Non-current	**44**	139

Available-for-sale investments, comprising principally marketable equity securities, are fair valued annually on the close of business on 30 June. For investments traded in active markets, fair value is determined by reference to stock exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets.

Available-for-sale investments are classified as non-current assets, unless they are expected to be realised within 12 months of the balance sheet date or unless they will need to be sold to raise operating capital.

COMPANY 2003 R'000	COMPANY 2004 R'000		GROUP 2004 R'000	GROUP 2003 R'000
		17. Deferred taxation		
		Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 30% (2003: 30%)		
		17.1 Deferred taxation asset		
		Reconciliation of movement:		
165,664	**133 215**	Balance at the beginning of the year	**149 686**	185 649
—	**—**	Change in intellectual property taxation write-off	**—**	(911)
(32 449)	**(22 276)**	Income statement charge	**(25 180)**	(35 052)
133 215	**110 939**	Balance at the end of the year	**124 506**	149 686
		The income statement charge comprises:		
(20 250)	**(20 250)**	– Intellectual property taxation write-off	**(23 154)**	(22 853)
—	**(18)**	– Prepayments	**(18)**	—
26	**73**	– Leave pay	**73**	26
1 188	**415**	– Royalties received in advance	**415**	1 188
(13 413)	**(2 496)**	– Taxation losses	**(2 496)**	(13 413)
(32 449)	**(22 276)**	Total income statement charge relating to deferred taxation asset	**(25 180)**	(35 052)
		The deferred taxation asset comprises:		
112 132	**91 882**	– Intellectual property taxation write-off	**103 504**	126 660
(11)	**(29)**	– Prepayments	**(29)**	(11)
165	**238**	– Leave pay	**238**	165
18 433	**18 848**	– Royalties received in advance	**21 310**	20 893
—	**—**	– Other	**(517)**	(517)
2 496	**—**	– Taxation losses	**—**	2 496
133 215	**110 939**	Total deferred taxation asset	**124 506**	149 686
		Deferred taxation assets are recognised for taxation losses to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has no unrecognised taxation losses to carry forward against future taxable income.		

COMPANY			GROUP	
2003	**2004**		**2004**	2003
R'000	**R'000**		**R'000**	R'000
		17. Deferred taxation (continued)		
		17.2 Deferred taxation liability		
		Reconciliation of movement:		
—	**—**	Balance at the beginning of the year	**42 289**	29 055
—	**—**	Prior year adjustment	**287**	(143)
—	**—**	Acquisition of subsidiary	**—**	9 248
—	**—**	Income statement charge	**19 530**	3 465
—	**—**	Effects of exchange rate changes	**(499)**	664
—	**—**	Balance at the end of the year	**61 607**	42 289
		The income statement charge comprises:		
—	**—**	– Property, plant and equipment	**3 982**	(1 224)
—	**—**	– Intellectual property taxation write-off	**1 698**	(462)
—	**—**	– Product participation fee	**2 055**	1 100
—	**—**	– Receivables	**(1 297)**	776
—	**—**	– Inventories	**675**	1 155
—	**—**	– Prepayments	**18**	(1 392)
—	**—**	– Interest-bearing borrowings (SA GAAP vs UK GAAP treatment)	**2 840**	—
—	**—**	– Interest-bearing deferred-payables	**2 513**	2 751
—	**—**	– Retirement benefit obligation	**101**	(551)
—	**—**	– Provisions	**1 307**	73
—	**—**	– Leave pay	**(1 426)**	(455)
—	**—**	– Development costs	**3 261**	1 068
—	**—**	– Section 11(bA) interest	**2 982**	—
—	**—**	– Embedded derivative	**1 588**	—
—	**—**	– Other	**(480)**	483
—	**—**	Total income statement charge relating to deferred taxation liability	**19 817**	3 322
		The deferred taxation liability comprises:		
—	**—**	– Property, plant and equipment	**17 266**	12 595
—	**—**	– Intellectual property taxation write-off	**12 228**	11 242
—	**—**	– Product participation fee	**2 736**	1 040
—	**—**	– Receivables	**(2 849)**	(1 552)
—	**—**	– Prepayments	**22 418**	22 400
—	**—**	– Interest-bearing borrowings (SA GAAP vs UK GAAP treatment)	**2 723**	—
—	**—**	– Interest-bearing deferred-payables	**2 513**	—
—	**—**	– Retirement benefit obligation	**(3 246)**	(3 347)
—	**—**	– Provisions	**(83)**	(1 837)
—	**—**	– Leave pay	**(3 338)**	(1 465)
—	**—**	– Development costs	**7 132**	3 871
—	**—**	– Section 11(bA) interest	**2 982**	—
—	**—**	– Embedded derivative	**1 588**	—
—	**—**	– Other	**(463)**	(658)
—	**—**	Total deferred taxation liability	**61 607**	42 289

COMPANY 2003 R'000	COMPANY 2004 R'000		GROUP 2004 R'000	GROUP 2003 R'000
		18. Inventories		
—	—	Raw materials	**85 507**	79 191
—	—	Work-in-progress	**36 667**	34 973
—	—	Finished goods	**174 105**	146 299
—	—	Consumables	**1 914**	1 004
—	—	Provision for impairment	**(52 517)**	(47 940)
—	—		**245 676**	213 527
		Inventories above are at cost, except for finished goods of R2,1 million (2003: R nil) carried at net realisable value.		
		19. Receivables and prepayments		
—	—	Trade receivables	**353 677**	347 447
—	—	Provision for impairment of receivables	**(12 590)**	(7 724)
—	—	Trade receivables – net	**341 087**	339 723
—	—	Current portion of long-term receivables (note 16)	**16 168**	22 783
—	—	Indirect taxes	**3 629**	2 646
—	—	Co-marketing fees due	**—**	12 564
—	—	Interest accrued	**1 461**	5 712
64	**121**	Prepayments	**46 103**	21 838
—	—	Cross currency swap	**6 461**	—
—	—	Embedded derivative financial asset	**1 623**	2 001
—	**258**	Other	**9 038**	6 838
64	**379**		**425 570**	414 105
		Trade and other receivables have been ceded as security for loans referred to in note 26(1)(a). Subsequent to the year-end, the security has been released.		
		20. Cash and cash equivalents		
471	**254 504**	Bank balances	**366 527**	134 363
—	—	Short-term bank deposits	**75 515**	63 648
—	**470**	Cash in transit*	**23 454**	2 335
471	**254 974**		**465 496**	200 346

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

The average effective interest rate on short-term bank deposits was 9% (2003: 14,1%) and these deposits have an average maturity of between zero and two months.

COMPANY 2003 R'000	COMPANY 2004 R'000		GROUP 2004 R'000	GROUP 2003 R'000
		21. Share capital		
		Authorised		
69 530	**69 530**	500 000 000 (2003: 500 000 000) ordinary shares of 13.90607 cents each	**69 530**	69 530
		Issued		
51 933	**52 429**	377 019 446 (2003: 373 458 146) ordinary shares of 13.90607 cents each	**52 429**	51 933
15 638	**29 080**	Share premium	**29 080**	15 638
67 571	**81 509**		**81 509**	67 571

The unissued shares have been placed under the control of the directors until the forthcoming annual general meeting.

Share options:
The Group operates two share option schemes for the benefit of the middle and senior management, including executive directors:

Medhold Share Incentive Scheme:
In terms of this scheme adopted in 1993, share options offered and taken up are released in four equal tranches commencing on the third anniversary of an offer date, and expire after eight years. No new options have been issued in terms of the Medhold Share Incentive Scheme since September 1997 and this scheme is in the process of being wound down.

Aspen Pharmacare Share Incentive Scheme:
This 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 Pharmacare Share Incentive Scheme, the aggregate number of shares and share options is limited to 15% of the company's issued share capital. Share options currently granted represent 5% of the company's issued share capital.

Medhold Share Incentive Scheme	Option price (cents)	**2004 Number of shares ('000)**	2003 Number of shares ('000)
At the beginning of the year	38	**396**	872
Exercised & shares released	38	**(327)**	(434)
Lapsed or cancelled	38	**(5)**	(42)
At the end of the year		**64**	396

21. Share capital (continued)

Aspen Pharmacare Share Incentive Scheme

Excercise price (cents)	Expiry date	**Options out-standing on 30 June 2003 ('000)**	Vested ('000)	Non vested ('000)	Options granted during the year ('000)	Options exercised & shares released ('000)	Options lapsed or cancelled ('000)	**Options out-standing on 30 June 2004 ('000)**	Vested ('000)	Non vested ('000)
358	Feb 2008	**12 132**	3 032	9 100	—	(2 045)	(440)	**9 647**	4 094	5 553
412	Mar 2009	**750**	150	600	—	(150)	—	**600**	150	450
428	Apr 2009	**160**	—	160	—	(40)	—	**120**	—	120
447	Apr 2009	**500**	—	500	—	—	—	**500**	100	400
500	Apr 2009	**100**	20	80	—	—	—	**100**	40	60
505	Jan 2009	**1 580**	320	1 260	—	(400)	(240)	**940**	100	840
572	Jan 2009	**100**	20	80	—	—	—	**100**	40	60
590	Dec 2009	**300**	—	300	—	(60)	—	**240**	—	240
600	Jul 2009	**400**	—	400	—	(80)	—	**320**	—	320
607	Aug 2009	**1 000**	—	1 000	—	(420)	(240)	**340**	—	340
609	Jan 2009	**100**	—	100	—	—	—	**100**	40	60
613	May 2009	**100**	20	80	—	(40)	—	**60**	—	60
650	Jan 2011	**1 245**	—	1 245	—	—	(135)	**1 110**	—	1 110
657	Oct 2010	**7**	—	7	—	—	—	**7**	—	7
659	Mar 2011	**23**	—	23	—	—	—	**23**	—	23
701	Nov 2010	**100**	—	100	—	—	—	**100**	—	100
705	May 2011	**33**	—	33	—	—	(33)	—	—	—
749	Feb 2011	**7**	—	7	—	—	—	**7**	—	7
752	Dec 2010	**60**	—	60	—	—	(60)	—	—	—
757	Feb 2011	**30**	—	30	—	—	—	**30**	—	30
768	Feb 2011	**100**	—	100	—	—	—	**100**	—	100
777	Jul 2011	**—**	—	—	468	—	—	**468**	—	468
828	Aug 2011	**—**	—	—	183	—	—	**183**	—	183
901	Oct 2011	**—**	—	—	65	—	—	**65**	—	65
920	Aug 2 011	**—**	—	—	2 000	—	—	**2 000**	—	2 000
946	Sep 2011	**—**	—	—	23	—	(8)	**15**	—	15
985	Nov 2011	**—**	—	—	120	—	—	**120**	—	120
1111	Feb 2012	**—**	—	—	83	—	—	**83**	—	83
1120	Jan 2012	**—**	—	—	1 045	—	(21)	**1 024**	—	1 024
1142	Feb 2012	**—**	—	—	29	—	—	**29**	—	29
1146	Feb 2012	**—**	—	—	8	—	—	**8**	—	8
1150	Feb 2012	**—**	—	—	8	—	—	**8**	—	8
1200	Dec 2011	**—**	—	—	8	—	—	**8**	—	8
1207	Mar 2012	**—**	—	—	45	—	—	**45**	—	45
1210	Feb 2012	**—**	—	—	8	—	—	**8**	—	8
1223	May 2012	**—**	—	—	38	—	—	**38**	—	38
1240	Mar 2012	**—**	—	—	30	—	—	**30**	—	30
1246	Apr 2012	**—**	—	—	75	—	—	**75**	—	75
1248	Dec 2011	**—**	—	—	70	—	(70)	—	—	—
		18 827	3 562	15 265	4 306	(3 235)	(1 247)	**18 651**	4 564	14 087

COMPANY 2003 R'000	COMPANY 2004 R'000		GROUP 2004 R'000	GROUP 2003 R'000
		21. Share capital (continued)		
		Share options are granted at market price. Options exercised during the year resulted in 3 561 300 shares (2003: 3 129 200) being issued, yielding proceeds of R13,9 million (2003: R10,0 million).		
		Ordinary share capital	**496**	435
		Share premium	**13 442**	9 591
		Proceeds	**13 938**	10 026
		Fair value, at exercise date, of shares issued during the 2004 financial year was R34,5 million.		
		The following reflects the number of shares that will be issued on the assumption that all options are exercised on the earliest possible date:		

	Number of options '000	Option consider-ation R'000
2005	8 345	32 479
2006	4 835	25 289
2007	2 020	15 212
2008	1 470	12 550
2009	1 170	10 541
2010	875	8 586
	18 715	104 657

There were no loans or guarantees granted by the Group to the Share Incentive Trust during the year. The Share Incentive Trust did not hold any shares in the company during the year under review.

COMPANY 2003 R'000	COMPANY 2004 R'000		GROUP 2004 R'000	GROUP 2003 R'000
		22. Treasury Shares		
—	**—**	At the beginning and the end of the year (18 811 649 shares)	**(75 807)**	(75 807)
		The treasury shares are held by Pharmacare Limited.		
		23. Non-distributable reserves		
—	**—**	Hedging reserve	**(2 432)**	(6 952)
26	**—**	Foreign currency translation reserve	**10 711**	34 558
—	**—**	Revaluation surplus	**5**	—
112 132	**91 882**	Deferred taxation asset recognised	**103 504**	126 125
112 158	**91 882**		**111 788**	153 731

COMPANY 2003 R'000	COMPANY 2004 R'000			GROUP 2004 R'000	GROUP 2003 R'000
		24. Retained income			
441 053	**520 711**	Retained income at the beginning of the year		**642 116**	389 569
100 165	**282 262**	Net profit attributable to shareholders per income statement		**355 580**	270 645
20 250	**20 250**	Release of deferred taxation asset		**23 156**	23 156
—	**—**	Deferred taxation asset adjustment		**—**	(347)
(40 757)	**(74 814)**	Dividend declared		**(71 887)**	(40 907)
—	**26**	Transfer from foreign currency translation reserve		**26**	—
520 711	**748 435**			**948 991**	642 116
		25. Minority interests			
		At beginning of year		**7 364**	17 118
		Share of profits		**—**	2 765
		Share of foreign exchange fluctuations		**771**	(42)
		Reduction in shareholder's loan		**—**	(430)
		Acquisition of 29% interest in Co-pharma		**—**	(12 047)
		Acquisition of 20% interest in Co-pharma		**(8 135)**	—
				—	7 364
		26. Interest-bearing borrowings			
		26.1 Long-term borrowings			
—	**—**	Secured loans – local	(1)(a)	**—**	—
—	**—**	Secured loans – offshore	(1)(b)	**99 145**	128 090
—	**—**	Finance lease and instalment credit liabilities	(2)	**1 765**	3 440
—	**—**	Unsecured loans – local	(3)(a)	**151 275**	37 056
—	**—**			**252 185**	168 586
—	**—**	Current portion of secured loans		**(19 826)**	(21 348)
—	**—**	Current portion of finance lease and instalment credit liabilities		**(1 125)**	(2 527)
—	**—**	Current portion of unsecured loans		**(75 000)**	—
—	**—**	Long-term interest-bearing borrowings		**156 234**	144 711
		26.2 Short-term borrowings			
—	**—**	Current portion of secured loans	(1)(b)	**19 826**	21 348
—	**—**	Current portion of finance lease and instalment credit liabilities	(2)	**1 125**	2 527
—	**—**	Current portion of long-term unsecured loans	(3)(a)	**75 000**	—
50 566	**—**	Other unsecured loans – local	(3)(b)	**156 007**	127 623
—	**—**	Other unsecured loans – offshore	(3)(c)	**38 034**	—
50 566	**—**	Short-term interest-bearing borrowings		**289 992**	151 498

	GROUP 2004 R'000	GROUP 2003 R'000
26. Interest-bearing borrowings (continued)		
Terms of repayment		
(1)(a) Secured loans amounting to R166,3 million were settled during the year ended 30 June 2003.		
(1)(b) Secured loans amounting to R20,7 million have been settled during the year ended 30 June 2004. The balance is repayable over the period to 10 April 2009, in 12 equal semi-annual instalments as follows:		
year ended 30 June 2004	**—**	21 349
year ending 30 June 2005	**19 826**	21 349
year ending 30 June 2006	**19 827**	21 348
year ending 30 June 2007	**19 827**	21 348
year ending 30 June 2008	**19 838**	21 348
year ending 30 June 2009	**19 827**	21 348
The interest rate charged is linked to movements in the 6-month London Inter Bank Offered Rate (LIBOR).		
(2) Finance leases and instalment credit agreements amounting to R1,8 million are repayable as follows:		
year ended 30 June 2004	**—**	2 473
year ending 30 June 2005	**1 125**	967
year ending 30 June 2006	**640**	—

(3)(a) The unsecured loan of R151,3 million (2003: R37,1 million) is repayable in six equal instalments, quarterly in arrears, commencing October 2004, and bears interest at 1,75% per annum above the 3-month Johannesburg Inter Bank Acceptance Rate (JIBAR).

(3)(b) The unsecured loans of R156,0 million (2003: R127,6 million) have no fixed terms of repayment, and bear interest at overnight call rates prevailing.

(3)(c) R30,5 million (2003: R nil) of the offshore unsecured loans is repayable in full in April 2005, with an option to renew the loan at the borrower's request. The loan bears interest at 12-month LIBOR +2%.

The remainder of the borrowings have no fixed term of repayment and bear interest at overnight call rates prevailing.

Security given

(1)(a) – Cession and pledge of all shares in all companies acquired by Aspen Pharmacare Holdings Ltd from South African Druggists Ltd (marked # in note 35) and cession of all shareholders' claims against such companies.

– Cession and pledge of shares in Co-pharma.

– Cession and pledge of all book and other debts of the Group.

The above securities have been released subsequent to year-end.

(1)(b) – Cession and pledge of shares in Aspen Resource and Aspen Australia.

– The company has guaranteed the indebtedness of Aspen Resources to the Group's bankers to a value of R99,1 million (2003: R128,1 million).

(2) Amounts due in respect of finance lease agreements are secured by computer equipment with a net book value of R2,1 million (2003: R3,7 million). Refer to note 11.

(3) The company has guaranteed the indebtedness of subsidiary companies to the Group's bankers to a value of R345,3 million (2003: R112 million).

COMPANY			GROUP	
2003 R'000	**2004 R'000**		**2004 R'000**	2003 R'000
		26. Interest-bearing borrowings (continued)		
		The carrying amounts of long-term loans were not materially different from the fair values of those loans at year-end.		
		Maturity of non-current borrowings (excluding finance lease liabilities):		
—	**—**	Between 1 and 2 years	**94 827**	21 348
—	**—**	Between 2 and 5 years	**155 593**	122 450
—	**—**	Over 5 years	**—**	21 348
—	**—**		**250 420**	165 146
		Finance lease liabilities: minimum lease payments		
—	**—**	Not later than 1 year	**1 215**	2 740
—	**—**	Later than 1 year but not later than 5 years	**662**	777
—	**—**	Later than 5 years	**—**	236
—	**—**		**1 877**	3 753
—	**—**	Future finance charges on finance leases	**(112)**	(313)
—	**—**	Present value of finance lease liabilities	**1 765**	3 440
		The present value of finance lease liabilities is as follows:		
—	**—**	Not later than 1 year	**1 125**	2 500
—	**—**	Later than 1 year but not later than 5 years	**640**	940
—	**—**		**1 765**	3 440

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

– Local facilities of R216,0 million.

– An offshore facility of AUD 3,3 million.

Subsequent to year-end, the Group has negotiated additional unsecured facilities of R380,0 million.
All facilities negotiated are reviewed annually and are subject to interest at floating rates.
Refer to note 34 for further details.

COMPANY 2003 R'000	COMPANY 2004 R'000			GROUP 2004 R'000	GROUP 2003 R'000
		27. Interest-bearing deferred-payables			
		27.1 Long-term interest-bearing deferred-payables			
7 000	—	Trademark	(1)	—	7 000
(7 000)	—	Less: transferred to trade and other payables (note 29)		—	(7 000)
—	—	Product participation rights	(2)	**94 896**	147 319
—	—			**94 896**	147 319
—	—	Current portion of product participation rights		**(55 178)**	(66 120)
—	—	Long-term interest-bearing deferred-payables		**39 718**	81 199
		27.2 Short-term interest-bearing deferred-payables			
—	—	Current portion of product participation rights	(2)	**55 178**	66 120
—	—	Short-term interest-bearing deferred-payables		**55 178**	66 120

27.3 Terms of repayment

(1) The deferred payment of R7,0 million in respect of the Formule Naturelle trademark is unsecured and was due on 31 July 2003.

(2) The amount initially recognised in respect of the product participation rights 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 product participation rights in respect of the AstraZeneca, Novartis and GSK Australia co-marketing agreements are unsecured and repayable over the period to 30 June 2006 as follows:

COMPANY 2003 R'000	COMPANY 2004 R'000		GROUP 2004 R'000	GROUP 2003 R'000
—	—	year ended 30 June 2004	—	66 120
—	—	year ending 30 June 2005	**55 178**	41 123
—	—	year ending 30 June 2006	**39 718**	40 076
—	—		**94 896**	147 319

The carrying amounts and fair values of interest-bearing deferred-payables were as follows:	Carrying amounts 2004	Carrying amounts 2003	Fair values 2004	Fair values 2003
AstraZeneca	**13 258**	27 254	**13 978**	27 254
Novartis	**54 264**	78 064	**59 112**	78 064
GSK Australia	**27 374**	52 240	**27 374**	52 240
	94 896	157 558	**100 464**	157 558

COMPANY 2003 R'000	COMPANY 2004 R'000		GROUP 2004 R'000	GROUP 2003 R'000
		28. Retirement benefit obligation		
		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 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 to the total assets of the funds on termination of membership.		
		In line with the company's policy of accounting for post-retirement medical obligations, an independent actuarial valuation has been performed and provision made in the balance sheet. Principal assumptions used incorporate the following:		
		– a discount rate of 11,5% per annum		
		– a medical inflation rate of 10,5% per annum		
		– expected return on plan assets of 11,5%, versus the actual return achieved of 6,4%.		
		This valuation has been performed, using the projected unit credit funding method to determine the past service liabilities at valuation date.		
		Amounts recognised in the balance sheet:		
—	**—**	Post-retirement medical obligation	**10 820**	11 155
—	**—**	Deferred taxation effect (note 17)	**(3 246)**	(3 347)
—	**—**		**7 574**	7 808
		The post-retirement medical obligation comprises the following:		
—	**—**	Present value of unfunded obligations	**13 429**	12 094
—	**—**	Fair value of plan assets	**(2 609)**	(939)
—	**—**	Balance sheet liability	**10 820**	11 155
		The plan asset comprises an insurance policy with a fair value equal to the book value. The actual return on plan assets was 6,4% (2003: 12,2%)		
		The amounts recognised in the income statement were as follows:		
—	**—**	Current service cost	**580**	635
—	**—**	Interest cost	**1 382**	1 148
—	**—**	Expected return on plan assets	**(194)**	(43)
—	**—**	Net actuarial losses recognised in the year	**5**	1 091
—	**—**	Total included in staff costs (note 3.1)	**1 773**	2 831
		Movements in the liability as recognised in the balance sheet:		
—	**—**	At the beginning of the year	**11 155**	9 501
—	**—**	Interest cost	**1 382**	1 148
—	**—**	Service cost	**580**	635
—	**—**	Contributions paid to the scheme on behalf of pensioners	**(2 108)**	(1 177)
—	**—**	Actuarial losses	**5**	1 091
—	**—**	Expected returns	**(194)**	(43)
—	**—**		**10 820**	11 155

COMPANY 2003 R'000	COMPANY 2004 R'000		GROUP 2004 R'000	GROUP 2003 R'000
		29. Trade and other payables		
—	—	Trade payables	188 092	181 830
2 254	6 619	Accrued expenses	46 729	34 425
9 171	7 821	Indirect taxes	11 129	15 604
550	792	Leave pay	12 158	13 489
1 563	1 502	Bonuses	19 399	12 883
—	—	Forward exchange contract liability (note 34)	4 036	8 736
7 000	—	Trademark	—	7 000
61 444	62 828	Royalties received in advance	—	—
6 069	6 977	Other	71 899	62 413
88 051	86 539		353 442	336 380

30. Provisions

Company 2004		Discontinued operations R'000	Other R'000	Total 2004 R'000
	2004			
—	At the beginning of the year	601	1 629	2 230
—	Unused amount reversed	(601)	(1 629)	(2 230)
—	Total provisions at the end of the year	—	—	—
	2003			
—	At the beginning of the year	601	20 147	20 748
—	Unused amount reversed	—	(17 518)	(17 518)
—	Utilised during the year	—	(1 000)	(1 000)
—	Total provisions at the end of the year	601	1 629	2 230
	All the provisions at the end of 2003 were classified as current.			

COMPANY 2003 R'000	COMPANY 2004 R'000		GROUP 2004 R'000	GROUP 2003 R'000
		31. Commitments		
		31.1 Capital expenditure:		
		Contracted:		
—	—	– Increase in Co-pharma shareholding*	—	50 263
—	—	– OSD facility**	4 117	96 348
—	—	– Other	5 980	6 946
		Authorised but not contracted for:		
—	—	– OSD facility**	11 184	20 049
—	—	– Other	7 461	421
—	—		28 742	174 027

* *With effect from 1 July 2003, the remaining 20% of the shares and loan accounts against Co-pharma have been purchased for a consideration of GBP 4,1 million. The funds required to meet this obligation were held offshore with South African Reserve Bank approval.*

** *Excludes interest to be capitalised to the cost of the project.*

COMPANY			GROUP	
2003 R'000	**2004 R'000**		**2004 R'000**	2003 R'000
		31.2 Lease commitments:		
		Operating lease commitments		
1 007	**6 051**	Land and buildings*	**34 301**	28 120
—	**—**	Plant and equipment	**565**	359
—	**—**	Other	**610**	—
1 007	**6 051**		**35 476**	28 479
		The future minimum lease payments are as follows:		
1 007	**1 033**	Less than 1 year	**8 284**	7 879
—	**5 018**	Between 1 and 5 years	**27 192**	20 600
1 007	**6 051**		**35 476**	28 479
		*– The lease for the Durban head office has a 5-year term with a 5-year renewal option. – The lease for the Woodmead offices has a remaining term of 4 years with no renewal option, although renewal can be negotiated. – Both leases are subject to 9% escalation.		
		Finance lease commitments		
—	**—**	Computer equipment	**1 877**	3 753
		The future minimum lease payments are as follows:		
—	**—**	Less than 1 year	**1 214**	2 940
—	**—**	Between 1 and 5 years	**663**	1 514
—	**—**		**1 877**	4 454
		31.3 Other commitments:		
		During the 2003 financial year Aspen entered into a 12-year agreement with GSK South Africa to distribute and market a range of their products. At 30 June 2004, 10 years and 9 months of this agreement remain. In terms of this agreement Aspen is committed to pay the following amounts to GSK South Africa:		
		– payable within one year	**39 547**	52 727
		– payable thereafter	**128 964**	161 267

COMPANY			GROUP	
2003	**2004**		**2004**	2003
R'000	**R'000**		**R'000**	R'000
		32. Contingent liabilities		
		There are contingent liabilities in respect of:		
—	**—**	Additional payments in respect of the Quit worldwide intellectual property rights.	**5 679**	6 768
—	**—**	Guarantees covering loan and other obligations to third parties	**1 750**	1 662
—	**—**	Guarantee covering potential rental default relating to sale of discontinued operations. (This guarantee expires in March 2008.)	**5 048**	7 520

In June 2000, a number of pharmaceutical wholesalers lodged a complaint with the Competition Commission against a number of pharmaceutical manufacturers, including Pharmacare Limited. In the complaint they alleged that the manufacturers had engaged in a number of prohibited practices. The pharmaceutical wholesalers also instigated interim proceedings before the Competition Tribunal in respect of the matters set out in the complaint. On 18 June 2003, the Competition Tribunal dismissed with costs this application for interim relief and ruled in favour of the manufacturers. The pharmaceutical wholesalers have subsequently appealed against this decision. No further developments have taken place since this appeal. Aspen continues to hold the view that this action is unlikely to have a material adverse impact on Aspen's business in the future.

Tibbett and Britten Africa (Pty) Limited have instituted an action against Pharmacare Limited for a claim of approximately R39 million for additional distribution fees. This claim has been disputed and is being defended on the basis of the distribution agreement with Tibbett and Britten. This action now replaces the claim referred for independant adjudication, which was reported to shareholders in Aspen's annual financial statements for the year ended 30 June 2003. Aspen's advisers continue to hold the view that this claim is unlikely to have a material adverse impact on Aspen's business in the future.

33. Related third party transactions

Other than disclosed in the Director's report and note 3, no significant related party transactions were entered into during the year under review.

34. Financial risk management

Foreign currency risk management

In order to manage the risks arising from fluctuations in currency exchange rates, Group policy provides that all material import transactions entered into by South African-based Group companies should be covered forward at the time the risk arises.

There were, accordingly, no significant foreign currency import transactions which were not covered by forward exchange contracts at the end of the year, nor were there any significant forward exchange contracts at the year-end which did not relate to specific commitments.

Export sales with a value of R2,8 million (2003: R8,7 million) were not covered at year-end.

For financial reporting purposes, forward exchange contracts are designated as fair value hedges or cash flow hedges as appropriate.

Foreign currency risk management (continued)

The table below reflects the revaluation of outstanding forward exchange contracts at 30 June 2004:

	Foreign amount '000	Forward cover Rand value R'000	Marked to market value R'000	Fair value gain/(loss) recognised in equity R'000	Fair value gain/(loss) recognised in the Income statement R'000
2004					
Imports					
Swiss francs	169	959	862	(97)	—
Euro	3 228	27 193	25 180	(2 013)	—
British pound	308	3 740	3 546	(194)	—
Japanese yen	16 509	1 081	978	(103)	—
United States dollar	4 274	29 017	27 413	—	(1 604)
Danish kronen	263	299	274	(25)	—
		62 289	**58 253**	**(2 432)**	**(1 604)**
2003					
Imports					
Australian dollar	24	(2)	121	123	—
Swiss francs	202	1 238	1 149	(89)	—
Euro	3 657	35 082	32 431	(1 927)	(724)
British pound	799	10 549	10 105	(444)	—
Japanese yen	17 820	1 261	1 160	(101)	—
United States dollar	4 858	43 123	37 549	(4 514)	(1 060)
		91 251	82 515	(6 952)	(1 784)

The maturity profiles of the financial instruments at 30 June 2004 (including those financial instruments for which the underlying transactions were recorded but payment not reflected by year-end) are summarised as follows:

	2004 Marked to Market value R'000	2003 Marked to Market value R'000
July	**18 185**	16 328
August	**12 221**	16 042
September	**6 394**	18 812
October	**8 646**	11 399
November	**4 672**	8 525
December	**3 136**	5 825
January	**2 056**	634
February	**792**	3 012
March	**1 037**	970
April	**582**	441
May	**461**	527
June	**71**	—
Total	**58 253**	82 515

Fair value

The carrying amounts of the following financial assets and financial liabilities approximate to their fair value: cash, trade receivables and payables, short-term borrowings, long-term borrowings and dividends payable.

Information on the fair values of interest-bearing deferred-payables and forward exchange contracts is included above.

Interest rate risk

As disclosed under risk management in Corporate Governance on page 56 and the accounting policies, the Group continuously assesses its exposure to movements in interest rates and where considered appropriate enters into arrangements that are intended to mitigate these risks.

The interest rate profile of total interest-bearing borrowings is as follows:

2004	Floating rate R'000	Fixed rate (1 to 6 months) R'000	Fixed rate (longer than 6 months) R'000	Interest rate %	Average effective interest rate %	**Total 2004 R'000**
South African Rand						
Loans linked to South African money market	156 007	—	—	overnight call	9%	**156 007**
Loans linked to 3-month JIBAR*	—	151 275	—	3 month JIBAR + 1,75%	10,66%	**151 275**
				JIBAR + 1,75%		
Liabilities under capitalised finance leases and instalment sale agreements	—	—	1 765	11,00%	11,00%	**1 765**
	156 007	151 275	1 765			**309 047**
UK Pounds						
Loans linked to 6-month LIBOR**#	—	99 145	—	6-month LIBOR + 2,75%	6,74%	**99 145**
Australian Dollars						
Loans linked to 3-month BBSY***	—	7 500	—	90-day BBSY + 1,2%	6,82%	**7 500**
Loans linked to 12-month LIBOR**	—	—	30 534	12-month LIBOR + 2%	7,93%	**30 534**
Total at 30 June 2004	**156 007**	**257 920**	**32 299**			**446 226**
% of total borowings	**35**	**58**	**7**			**100**

**Johannesburg Interbank Acceptance Rate*

*** London Interbank Offered Rate*

**** Bank Bills Swap Yield*

 # This loan is covered by a cross currency swap arrangement. The interest rate currently applicable on the swap amount of AUD 21,1 million is 8,62%.

2003	Floating rate R'000	Fixed rate (1 to 6 months) R'000	Interest rate %	Average effective interest rate %	Total 2003 R'000
South African Rand					
Loans linked to South African money market	127 623	—	overnight call	14,10%	127 623
Loans linked to 3-month JIBAR*	—	37 056	3-month JIBAR + 1,75%	14,10%	37 056
Liabilities under capitalised finance leases and instalment sale agreements	3 440	—	Prime -2%	11,00%	3 440
	131 063	37 056			168 119
UK Pounds					
Loan linked to 6-month LIBOR**	—	128 090	6-month LIBOR + 2,75%	6,30%	128 090
Total at 30 June 2003	131 063	165 146			296 209
% of total borrowings	44	56			100

**Johannesburg Interbank Acceptance Rate*

*** London Interbank Offered Rate*

35. Principal subsidiaries

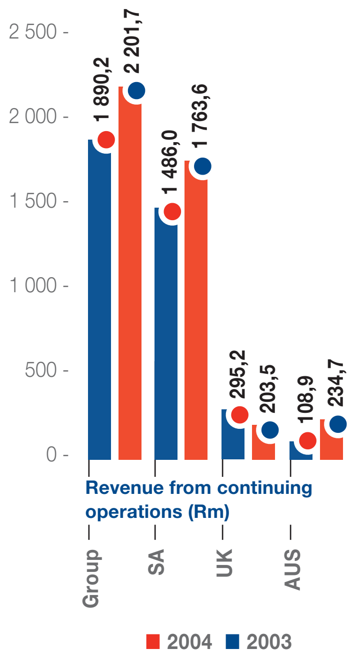
Country of Incorporation		Issued capital	Effective Group holding		Interest of company in shares / loan accounts at acquisition		Amounts (due to)/ due by subsidiaries	
			2004	2003	**2004**	2003	**2004**	2003
		R'000	**%**	%	**R'000**	R'000	**R'000**	R'000
Direct								
South Africa	Pharmacare Limited +#	1 285	**100**	100	**567 971**	567 971	**(90 396)**	(94 402)
South Africa	Aspen Pharmacare International (Pty) Ltd +#	—	**100**	100	**25 352**	25 352	**(29 061)**	—
South Africa	Garec (Pty) Ltd +#	—	**100**	100	**9 771**	9 771	**(27 066)**	(4 291)
Jersey, CI	SAD Overseas Limited +#	139	**100**	100	**97 385**	97 385	**—**	—
South Africa	Twincor Investments (Pty) Limited	260	**100**	100	**5 161**	5 161	**(1 359)**	(1 359)
United Kingdom	Aspen Pharmacare International Ltd	GBP 6184	**100**	100	**75 738**	75 738	**—**	—
Indirect								
South Africa	Aspen Pharmacare South Africa (Pty) Ltd	—	**100**	100	**—**	—	**808**	808
Australia	Aspen Pharmacare Australia Pty Ltd	—	**100**	100	**—**	—	**—**	—
South Africa	Krok Brothers Holdings (Pty) Ltd	—	**100**	100	**2 213**	2 213	**(45 416)**	(40 837)
United Kingdom	Co-pharma Ltd	—	**100**	80	**—**	—	**—**	—
United Kingdom	Aspen Pharmacare Resources Ltd	—	**100**	100	**—**	—	**—**	6
South Africa	Triomed (Pty) Ltd	1	**100**	100	**—**	—	**—**	—
South Africa	Aspen Pharmacare East London (Pty) Ltd	1	**100**	100	**—**	—	**—**	—
Total investments in subsidiary companies					**783 591**	783 591	**(192 490)**	(140 075)

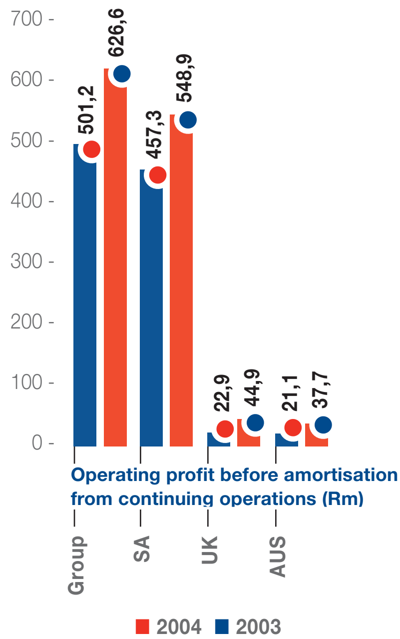
+ Acquired by Aspen from South African Druggists during the year ended 30 June 1999

 # Pledged as security for loans disclosed in note 26

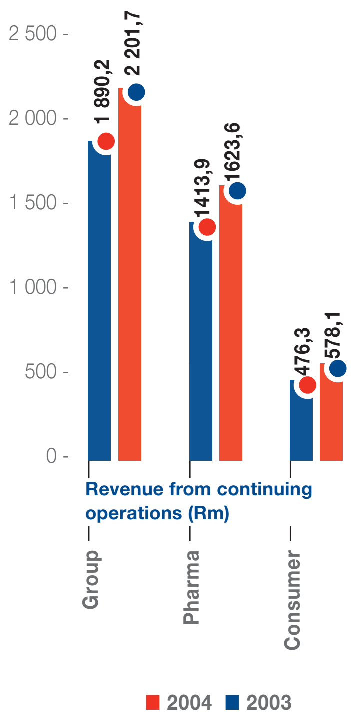
36. Segmental analysis

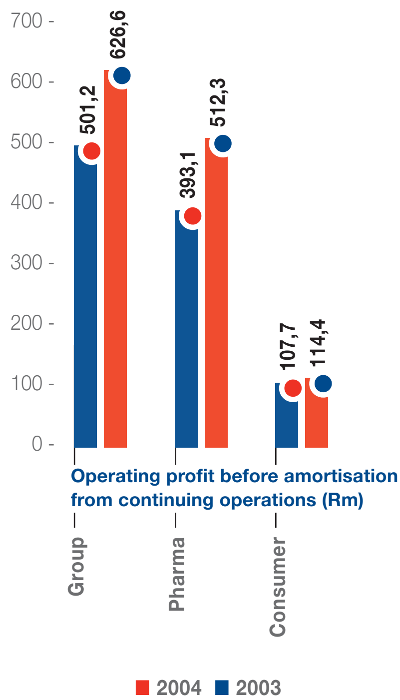
Primary segments: Geographic





Secondary segments: Business





36. Segmental analysis

	South Africa			
	2004 R'000	**% of total**	2003 R'000	% of total
Primary segments: Geographical				
Revenue – continuing operations	**1 763 563**	**80,1**	1 486 079	78,6
Revenue – discontinued operations	**—**		10 561	100,0
	1 763 563	**80,1**	1 496 640	78,8
Operating profit before amortisation – continuing operations	**548 861**	**87,6**	457 327	91,2
Operating profit before amortisation – discontinued operations	**—**		(376)	100,0
	548 861	**87,6**	456 951	91,2
Amortisation – Goodwill	**(1 973)**	**14,3**	(1 551)	19,2
Amortisation – Intangible assets	**(35 315)**	**59,8**	(33 833)	73,6
Loss on disposal of discontinued operations	**—**		(1 053)	100,0
Operating profit – continuing operations	**511 573**	**92,4**	420 890	94,3
Operating profit – discontinued operations	**—**		(376)	100,0
	511 573	**92,4**	420 514	94,3
Segment assets	**1 657 947**	**78,6**	1 234 055	73,4
Segment liabilities	**807 619**	**77,4**	609 449	68,7
Capital additions	**179 791**	**72,3**	121 453	46,6
Cashflow from operating activities	**477 765**	**95,8**	392 625	101,7
Cashflow from investing activities	**(151 716)**	**53,7**	(145 750)	41,5
Cashflow from financing activities	**55 160**	**101,5**	(185 395)	(882,4)
Number of employees	**1 449**	**97,6**	1 570	98,9

Secondary segments: Business

	Pharmaceutical			
	2004	**% of total**	2003	% of total
Revenue – continuing operations	**1 623 612**	**73,7**	1 413 944	74,8
Revenue – discontinued operations	**—**		—	
	1 623 612	**73,7**	1 413 944	74,4
Operating profit before amortisation – continuing operations	**512 255**	**81,7**	393 146	78,4
Operating profit before amortisation – discontinued operations	**—**		—	
	512 255	**81,7**	393 146	78,5
Amortisation – Goodwill	**(12 215)**	**88,7**	(6 523)	80,8
Amortisation – Intangible assets	**(52 850)**	**89,4**	(41 162)	89,6
Loss on disposal of discontinued operations	**—**		—	
Operating profit – continuing operations	**447 190**	**80,8**	345 461	77,4
Operating profit – discontinued operations	**—**		—	
	447 190	**80,8**	345 461	77,4
Segment assets	**1 602 960**	**76,0**	1 289 723	76,7
Capital additions	**195 475**	**78,6**	226 402	86,6

Balance sheet disclosure in respect of secondary segments has been prepared based on the best available estimates.

** Net of inter-segment sales to Aspen Australia of R54,1 million (2003 : R9,9 million)*

Australia				United Kingdom				Total			
2004 R'000	**% of total**	2003 R'000	% of total	**2004 R'000**	**% of total**	2003 R'000	% of total	**2004 R'000**	**%**	2003 R'000	%
234 689	**10,7**	108 953	5,8	**203 469***	**9,2**	295 212*	15,6	**2 201 721**	**100,0**	1 890 244	100,0
—		—		**—**		—		**—**		10 561	100,0
234 689	**10,7**	108 953	5,7	**203 469**	**9,2**	295 212	15,5	**2 201 721**	**100,0**	1 900 805	100,0
37 726	**6,0**	21 070	4,2	**40 058**	**6,4**	22 863	4,6	**626 645**	**100,0**	501 260	100,0
—		—		**—**		—		**—**		(376)	100,0
37 726	**6,0**	21 070	4,2	**40 058**	**6,4**	22 863	4,6	**626 645**	**100,0**	500 884	100,0
(406)	**2,9**	(434)	5,4	**(11 395)**	**82,8**	(6 089)	75,4	**(13 774)**	**100,0**	(8 074)	100,0
(8 938)	**15,1**	(6 093)	13,3	**(14 868)**	**25,1**	(6 031)	13,1	**(59 121)**	**100,0**	(45 957)	100,0
—		—		**—**		—		**—**		(1 053)	100,0
28 382	**5,1**	14 543	3,3	**13 795**	**2,5**	10 743	2,4	**553 750**	**100,0**	446 176	100,0
—		—		**—**		—		**—**		(376)	100,0
28 382	**5,1**	14 543	3,3	**13 795**	**2,5**	10 743	2,4	**553 750**	**100,0**	445 800	100,0
168 486	**8,0**	182 045	10,8	**283 223**	**13,4**	265 605	15,8	**2 109 656**	**100,0**	1 681 705	100,0
79 086	**7,6**	78 066	8,8	**156 470**	**15,0**	199 215	22,5	**1 043 175**	**100,0**	886 730	100,0
11 065	**4,4**	29 627	11,3	**57 840**	**23,3**	110 498	42,2	**248 696**	**100,0**	261 578	100,0
16 902	**3,4**	(11 616)	(3,0)	**4 070**	**0,8**	4 937	1,3	**498 737**	**100,0**	385 946	100,0
16 391	**(5,8)**	(70 512)	20,1	**(147 398)**	**52,1**	(135 054)	38,4	**(282 723)**	**100,0**	(351 316)	100,0
(11 941)	**(22,0)**	55 242	262,9	**11 168**	**20,5**	151 162	719,5	**54 387**	**100,0**	21 009	100,0
29	**2,0**	13	0,8	**6**	**0,4**	5	0,3	**1 484**	**100,0**	1 588	100,0

Consumer				Total			
2004	**% of total**	2003	% of total	**2004**	**%**	2003	%
578 109	**26,3**	476 300	25,2	**2 201 721**	**100,0**	1 890 244	100,0
—		10 561	100,0	**—**		10 561	100,0
578 109	**26,3**	486 861	25,6	**2 201 721**	**100,0**	1 900 805	100,0
114 390	**18,3**	108 114	21,6	**626 645**	**100,0**	501 260	100,0
—		(376)	100,0	**—**		(376)	100,0
114 390	**18,3**	107 738	21,5	**626 645**	**100,0**	500 884	100,0
(1 559)	**11,3**	(1 551)	19,2	**(13 774)**	**100,0**	(8 074)	100,0
(6 271)	**10,6**	(4 795)	10,4	**(59 121)**	**100,0**	(45 957)	100,0
—		(1 053)	100,0	**—**		(1 053)	100,0
106 560	**19,2**	100 715	22,6	**553 750**	**100,0**	446 176	100,0
—		(376)	100,0	**—**		(376)	100,0
106 560	**19,2**	100 339	22,6	**553 750**	**100,0**	445 800	100,0
506 696	**24,0**	391 982	23,3	**2 109 656**	**100,0**	1 681 705	100,0
53 221	**21,4**	35 176	13,4	**248 696**	**100,0**	261 578	100,0

UNAUDITED
ANNEXURE 1

	2004	2003
CURRENCY OF FINANCIAL STATEMENTS		
The financial statements are expressed in South African Rand (R).		
The exchange rates as at 30 June 2004 were as follows:		
United States dollar	**6,31**	7,52
Sterling	**11,41**	12,29
Euro	**7,66**	8,59
Australian dollar	**4,36**	5,00

SELECTED GROUP FINANCIAL DATA TRANSLATED INTO US DOLLARS FOR THE YEAR ENDED 30 JUNE 2004

Income statement and cash flow information were translated at an average rate of R6,85 (2003: R8,53)
Balance sheet information was translated at a closing rate of R6,31 (2003: R7,52)

	% Growth	2004 US$'000	2003 US$'000
INCOME STATEMENT			
Revenue	44,2	**321 419**	222 838
Cost of sales	36,9	**(166 951)**	(121 919)
Gross profit	53,1	**154 468**	100 919
Net operating expenses	49,3	**(62 986)**	(42 199)
Operating profit before amortisation of intangible assets	55,8	**91 482**	58 720
Amortisation	68,0	**(10 641)**	(6 334)
Operating profit	54,3	**80 841**	52 386
Finance costs	(45,6)	**(3 692)**	(6 793)
Net profit before taxation	69,2	**77 149**	45 593
Taxation	86,4	**(25 239)**	(13 540)
Net profit after taxation	62,0	**51 909**	32 053
Minority interest		**—**	(324)
Net profit attributable to shareholders	63,6	**51 909**	31 729
BALANCE SHEET			
ASSETS			
Non-current assets			
Property, plant and equipment		**49 604**	24 360
Investment property		**724**	535
Goodwill		**13 661**	8 973
Intangible assets		**69 281**	57 172
Available-for-sale investments		**7**	19
Receivables		**1 177**	2 564
Deferred taxation asset		**19 732**	19 905
Total non-current assets	35,8	**154 186**	113 528
Current assets			
Inventories		**38 934**	28 395
Receivables and prepayments		**67 444**	55 067
Cash and cash equivalents		**73 771**	26 642
Total current assets	63,6	**180 149**	110 104
Total assets	49,5	**334 335**	223 632

	% Growth	2004 US$'000	2003 US$'000
SHAREHOLDERS' EQUITY			
Share capital and share premium		**12 917**	8 986
Non-distributable reserves		**17 716**	20 443
Retained income		**150 395**	85 388
Treasury shares		**(12 014)**	(10 081)
Ordinary shareholders' equity	61,4	**169 014**	104 736
Minority interest		**—**	979
Total shareholders' equity	**59,9**	**169 014**	105 715
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings		**24 760**	19 243
Interest-bearing deferred-payables		**6 294**	10 798
Deferred taxation liabilities		**9 763**	5 624
Retirement benefit obligation		**1 715**	1 483
Total non-current liabilities	14,5	**42 532**	37 148
Current liabilities			
Trade and other payables		**56 013**	44 731
Interest-bearing borrowings		**45 958**	20 146
Interest-bearing deferred-payables		**8 744**	8 793
Current taxation liabilities		**12 074**	6 802
Provisions		**—**	297
Total current liabilities	52,0	**122 789**	80 769
Total liabilities	40,2	**165 321**	117 917
Total equity and liabilities	49,5	**334 335**	223 632
CASH FLOW STATEMENT			
Cash flows from operating activities	60,9	**72 808**	45 246
Cash used in investing activities		**(41 274)**	(41 186)
Cash inflow from financing activities		**7 940**	2 463
Effects of exchange rate movements		**7 655**	(1 459)
Movement in cash and cash equivalents		**47 129**	5 064
Cash and cash equivalents at the beginning of the year		**26 642**	21 578
Cash and cash equivalents at the end of the year		**73 771**	26 642

ANALYSIS OF SHAREHOLDERS AT 30 JUNE 2004

Ordinary shares:	Number of shareholders	% of total shareholding	Number of shares	% of total shareholding
Size of holding:				
1 – 2 500	1 867	57,4	1 887 751	0,5
2 501 – 12 500	805	24,7	4 611 929	1,2
12 501 – 25 000	146	4,5	2 690 821	0,7
25 001 – 50 000	92	2,8	3 498 972	0,9
50 001 and over	343	10,6	364 329 973	96,7
	3 253	100,0	377 019 446	100,0

Major shareholders

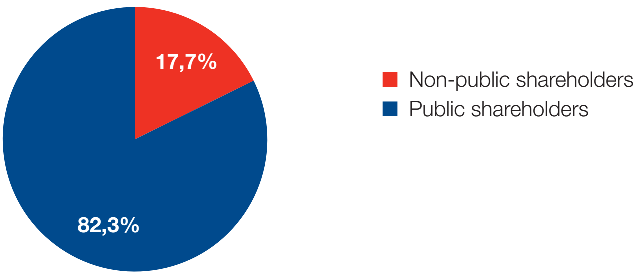
According to the register of shareholders as at 30 June 2004, the following are the only registered beneficial shareholders, other than directors of the company, who held in excess of 5% of the shareholding of the company at that date. The directors' shareholdings are disclosed on page 63.

	Number of shares	% of total shareholding
Shareholder:		
Allan Gray Unit Trusts	32 382 370	8,6
CEPPWAWU Investments (Pty) Ltd	26 666 667	7,1
Peu Health (Pty) Ltd	21 300 000	5,6
Investec Unit Trusts	19 803 378	5,3
Pharmacare Limited (treasury shares)	18 811 649	5,0
	118 964 064	31,6

Shareholders' spread

In terms of paragraph 4.29(e) of the JSE Securities Exchange South Africa Listings requirements, the spread of ordinary shareholding at the close of business 30 June 2004 was as follows:

	Number of shares	% of shareholding
Non-public shareholders	66 778 316	17,7
Empowerment group (CEPPWAWU Investments (Pty) Ltd)	26 666 667	7,1
Empowerment group (Peu Health (Pty) Ltd)	21 300 000	5,6
Treasury shares (Pharmacare Ltd)	18 811 649	5,0
Public shareholding	310 241 130	82,3
Total shareholding	377 019 446	100,0



NOTICE OF ANNUAL GENERAL MEETING

ASPEN PHARMACARE HOLDINGS LIMITED
Registration number 1985/002935/06
APN ISIN: ZAE 000023586

Notice is hereby given that the annual general meeting of the shareholders of Aspen Pharmacare Holdings Limited will be held at Building Number 8, Healthcare Park, Woodlands Drive, Woodmead on Wednesday, 17 November 2004 at 10:00 to transact the following business:

Ordinary resolutions

1. To receive, approve and adopt the annual financial statements of the company and of the Group for the year ended 30 June 2004.
2. To elect directors in place of those retiring in accordance with the company's articles of association:
   a) M Krok
   b) AJ Aaron
   c) ME Buthelezi
   All of whom are eligible and offer themselves for re-election. Abbreviated biographical details of the directors are set out on page 37.
3. To re-appoint the auditors, PricewaterhouseCoopers Inc.
4. To authorise the directors of the company to determine the remuneration of the auditors for the year ended 30 June 2004.
5. To approve the remuneration of non-executive directors for the year ending 30 June 2005 on the following basis:

a) Chairman of the Board	R150 000
b) Board member	R90 000
c) Chairman of Audit and Risk Committee	R75 000
d) Audit and Risk Committee member	R40 000
e) Chairman of the Remuneration and Nomination Committee	R28 000
f) Remuneration and Nomination Committee member	R15 000

To transact such other business as may be dealt with at the annual general meeting.

Special business

In addition, shareholders are requested to consider, and if deemed fit, pass the following special and ordinary resolutions with or without amendment:

Special resolution 1:

"Resolved that Aspen Pharmacare Holdings Limited (Aspen or the company) or any of its subsidiaries, be and are hereby authorised by way of a general authority, to acquire up to a further 20% of the company's ordinary 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 the JSE Securities Exchange South Africa (JSE). Such general approval shall be valid until the next annual general meeting of the company, provided that it shall not extend beyond fifteen 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 effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement.
- acquisitions in the aggregate in any one financial year by the company may not exceed 20% of Aspen'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 of 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 Aspen 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 has been given authority by its Articles of Association;
- at any point in time, the Company 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 the JSE before entering the market to proceed with the repurchase;
- the Company remaining in compliance with the minimum shareholder spread requirements of the JSE Listings Requirements; and
- the Company and/or its subsidiaries not repurchasing any shares during a prohibited period as defined by the JSE Listings Requirements.

The reason for proposing the special resolution is to permit and authorise Aspen to acquire its own shares. The effect will be to authorise the directors to purchase shares in Aspen."

Opinion of the directors

Should the authority be granted at the company's annual general meeting, it will provide the board of directors with the flexibility to repurchase such shares as and when the best interests of the company require it to do so.

The directors of Aspen, 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 twelve months after the date of the notice of this annual general meeting:

- the company and the Group will be able to pay their debts in the ordinary course of business;
- the assets of the company and the Group will be in excess of the liabilities, measured in accordance with the accounting policies used in the audited financial statements for the year ended 30 June 2004; and
- the working capital, the share capital and reserves of the company and the Group will be adequate.

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 the JSE Listings Requirements for purposes of the general authority:

- Directors and management page 37
- Major beneficial shareholders page 118
- Directors' interests in ordinary shares page 63 and 64
- Share capital of the company page 99

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on page 37 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 (twelve) months, a material effect on the Group's financial position. Refer to note 32 for details of pending legislation.

Directors' responsibility statement

The directors, whose names appear on page 37 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution 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 resolution contains all 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 entering the market to commence any share repurchases, in order to enable the sponsor to furnish the JSE with written confirmation of the company's working capital.

Ordinary resolution 1

"Resolved that all of the ordinary shares in the authorised but unissued share capital of the company be and are hereby placed at the disposal and under the control of the directors, and that the directors be and are hereby authorised and empowered, subject to the provisions of the Act, and the Listings Requirements of the JSE, 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."

Voting 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 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 registered office of the company, Building 8, Healthcare Park, Woodlands Drive, Woodmead, Johannesburg (PO Box 1587, Gallo Manor, 2052) to be received by them by no later than 10:00 on 10 November 2004.

Shareholders who have already dematerialised their shares, other than with "own name" registration, and who wish to attend the general meeting must instruct their CSDP or broker to issue them with the necessary authority to attend.

Shareholders who have already 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

H Shapiro

HA Shapiro

Company Secretary

Woodmead

15 September 2004

ADMINISTRATION

Secretary

Hymie Aaron Shapiro

BCom. 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 6111

Registration

1985/002935/06

Share code

APN ISIN: ZAE 000023586

Attorneys

Werksmans Inc Attorneys

Chris Mortimer & Associates

Webber Wentzel Bowens

Auditors

PricewaterhouseCoopers Inc.

Bankers

First National Bank of Southern Africa Limited

Investec Bank Limited

Citibank N.A., South Africa Branch

Sponsors

Investec Securities Limited

Transfer secretaries

Computershare Limited

Transfer office:

70 Marshall Street, Johannesburg

Postal address:

PO Box 1053, Johannesburg, 2000

Telephone (011) 370 5000

Telefax (011) 370 5271

Website address

http://www.aspenpharma.com

SHAREHOLDERS' DIARY

Financial year-end	30 June 2004
Dividend for the year ended 30 June 2004	1 November 2004
Annual general meeting	17 November 2004

Reports and Group results announcement for the 2005 financial year

Interim report	February 2005
Profit announcement for the year	August 2005
Annual financial statements	September 2005

FORM OF PROXY

ASPEN PHARMACARE HOLDINGS LIMITED
Registration number 1985/002935/06
APN ISIN: ZAE 000023586

I/We ____

of ____

being the holder(s) of ________________ ordinary 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 8, Healthcare Park, Woodlands Drive, Woodmead, on Wednesday, 17 November 2004, at 10:00 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 2004			
2. (a) to re-elect M Krok as a director of the company			
(b) to re-elect AJ Aaron as a director of the company			
(c) to re-elect ME Buthelezi 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 for the year ended 30 June 2004			
5. To approve the remuneration of non-executive directors as set out in the Notice of Annual General Meeting			
Special business Special resolution 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			
Ordinary resolution to: 1. Place unissued shares under the control of directors			

Signed this ______________________ day of ______________________ 2004

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. 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 Central Securities Depository Participant (CSDP) or broker). Such shareholder should provide their CSDP/broker with their voting instructions.
4. Proxy forms should be forwarded to the transfer secretaries to be received by no later than 10:00 on Monday, 15 November 2004.

To be completed and mailed to: Computershare Limited, Eleventh Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 1053, Johannesburg, 2000).

S2 Bronkese® Co Linctus

Each 5 ml contains:
Bromhexine hydrochloride 4 mg,
Orciprenaline sulphate 5 mg

Registration Number: L/10.1/0387

Applicant: Pharmacare® 1898/000252/06

S2 Thinz® Capsules

Each capsule contains:
d-Norpseudoephedrine hydrochloride 50 mg in a slow release form

Registration Number: M/11.3/50

Applicant: Pharmacare® 1898/000252/06

S2 Flusin® Effervescent Tablets

Each effervescent tablet contains:
Chlorphenamine maleate 4 mg, Paracetamol 500 mg, Pseudoephedrine hydrochloride 50 mg, Vitamin C 330 mg

Registration Number: 30/5.8/000

Applicant: Pharmacare® 1898/000252/06

S2 Lenadol® Tablets

Each tablet contains:
Paracetamol 400 mg, Diphenhydramine Hydrochloride 5 mg, Caffeine anhydrous 50 mg, Codeine phosphate 10 mg

Preservative: Nipastat 0,02% m/m

Registration Number: M/2.9/4

Applicant: Pharmacare® 1898/000252/06

S0 Scorbex® Tablets

Each tablet contains:
Scorbex® 100 – 100 mg ascorbic acid
Scorbex® 250 – 250 mg ascorbic acid
Scorbex® 500 – 500 mg ascorbic acid

Reference Numbers:
Scorbex® 100 – H2055 (Act 101/1965)
Scorbex® 250 – H2056 (Act 101/1965)
Scorbex® 500 – H2057 (Act 101/1965)

Applicant: Pharmacare® 1898/000252/06

S2 Lenapain® Tablets

Each tablet contains:
Doxylamine succinate 5 mg, Codeine phosphate 10 mg, Caffeine anhydrous 30 mg, Paracetamol 450 mg

Registration Number: Q/2.9/0301

Applicant: Pharmacare® 1898/000252/06

S3 Loxiflam® Tablets

Each tablet contains:
Loxiflam® 7,5 mg tablet – Meloxicam 7,5 mg
Loxiflam® 15 mg tablet – Meloxicam 15 mg

Registration Numbers:
Loxiflam® 7,5 mg tablet – 36/3.1/1010
Loxiflam® 15 mg tablet – 36/3.1/1012

Applicant: Pharmacare® 1898/000252/06

Nutrimmune® Syrup
(Complementary Medicine)

Each 5 ml contains:
Citrus honey 335 mg, Propolis extract 15 mg. Echinacea extract 15 mg

Applicant: Pharmacare® 1898/000252/06

Nutrimmune® Chewies
(Complementary Medicine)

Each tablet contains:

Vitamin A	506 iu
Vitamin D	3 30 iu
Vitamin E	2,26 iu
Vitamin C	29,45 mg
Vitamin B1	0,21 mg
Vitamin B2	0,24 mg
Nicotinamide	2,74 mg
Vitamin B6	0,3 mg
Folic acid	0,03 mg
Vitamin B12	0,15 mg
Biotin	0,015 mg
Pantothenic acid	0,91 mg
Calcium	2,6 mg
Magnesium	12,2 mg
Zinc	5 mg
Selenium	0,025 mg
Copper	0,5 mg
Manganese	1,25 mg
Chromium	0,025 mg
Molybdenum	0,025 mg
Boron	0,5 mg
Vanadium	0,0125 mg
Beta Sitosterol	10 mg
Grape seed extract (95% proanthocyanidins)	10 mg
Amino acid (from bovine collagen)	20 mg
Fruit & vegetable blend	650 mg
Plant enzyme (papain)	500 USP units
Canola oil complex	50 mg

Applicant: Pharmacare® 1898/000252/06

S4 Aspen® Didanosine Tablets

Each tablet contains:
Aspen® Didaosine 150 mg – 150 mg Didnosine
Aspen® Didaosine 100 mg – 100 mg Didnosine
Aspen® Didaosine 50 mg – 50 mg Didnosine
Aspen® Didaosine 25 mg – 25 mg Didnosine
Phenylketonurics: contains Aspartame (a phenylalanine)

Registration Numbers:
Aspen® Didaosine 150 mg – 37/20.2.8/0445
Aspen® Didaosine 100 mg – 37/20.2.8/0444
Aspen® Didaosine 50 mg – 37/20.2.8/0443
Aspen® Didaosine 25 mg – 37/20.2.8/0442

Applicant: Pharmacare® 1898/000252/06

S2 Venteze® Inhaler

Each metered dose contains:
Salbutamol 100 µg

Registration Numbers: R10.2.1/292

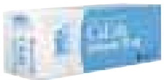
Applicant: Pharmacare® 1898/000252/06

S4 Aspen Stavudine Capsules

Each capsule contains:
Aspen Stavudine 15 mg – 15 mg Stavudine
Aspen Stavudine 20 mg – 20 mg Stavudine
Aspen Stavudine 30 mg – 30 mg Stavudine
Aspen Stavudine 40 mg – 40 mg Stavudine

Registration Numbers:
Aspen Stavudine 15 mg – 37/20.2.8/0110
Aspen Stavudine 20 mg – 37/20.2.8/0111
Aspen Stavudine 30 mg – 37/20.2.8/0112
Aspen Stavudine 40 mg – 37/20.2.8/0113

Applicant: Pharmacare® 1898/000252/06



S5 CiLift™ Tablets

Each tablet contains:
CiLift™ 20 mg – Citalopram hydrobromide equivalent to 20 mg Citalopram

Registration Number: 36/1.2/0092

Applicant: Pharmacare® 1898/000252/06

S4 Aspen Vancomycin

Aspen Vancomysin 500 Sterile Powder for Injection
Aspen Vancomysin 1 000 Sterile Powder for Injection

Each sterile vial contains:
Vancomycin hydrochloride equivalent to 500 mg of vancomycin base/10 ml of reconstituted solution. When reconstituted, it forms a clear solution with a pH range of 2,5 – 4,5.

Registration Numbers:
Aspen Vancomysin 500 – V/20.1.1/305
Aspen Vancomysin 1 000 – Y/20.1.1/164

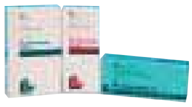
Applicant: Pharmacare® 1898/000252/06

S1 Filibon® Capsules

Each capsule contains:
Vitamin A Acetate 4 000 USP units (67%): Vitamin D 400 USP units (67%); Thiamine Mononitrate (B1) 3 mg (188%); Riboflavin (B2) 2 mg (111%); Pyridoxine HCl (B6) 1 mg (38%); Niacinamide 10 mg (50%); Vitamin B12 2 ug (50%); Ascorbic Acid (C) (as Calcium Ascorbate) 50 mg (50%); Folic Acid 1 mg (125%); Calcium (as CaCO3) 230 mg (14%); Elemental Iron (as Ferrous Fumarate) 30 mg (167%); Iodine (as KI) 0,01 mg (5%); Fluorine (as CaF2) 0,015 mg; Copper (as CuO) 0,15 mg (5%); Potassium (as K2SO4) 0,835 mg; Molybdenum (as Na2Mo042H2O) 0,025 mg; Zinc (as ZnO) 0,085 mg (0,34%); Manganese (as MnO2) 0,05 mg; Magnesium (as MgO) 0,15 mg (0,03%).

Reference Number: H2062 (Act 101/1965)

Applicant: Pharmacare® 1898/000252/06



S3 Pharmapress® Tablets

Each tablet contains:
Pharmapress® 10 mg – 10 mg enalapril maleate
Pharmapress® 20 mg – 20 mg enalapril maleate
Pharmapress® Co – 20 mg enalapril maleate
– 12,5 mg hydrochlorothiazide

Registration Numbers:
Pharmapress® 10 mg – 33/7.1.3/0479
Pharmapress® 20 mg – 33/7.1.3/0480
Pharmapress® Co 828 – 34/7.1.3/0190

Applicant: Pharmacare® 1898/000252/06

S3 Panamor® Tablets

Panamor® – 25
Panamor® – AT 50

Each tablet contains:
Film-coated tablets (which are also enteric coated) contains either 25 mg or 50 mg diclofenac sodium.

Registration Numbers:
25 mg Tablet – R/3.1/49
50 mg Tablet – R/3.1/50

Applicant: Pharmacare® 1898/000252/06

S5 Stilpane® Tablets and Capsules

Each tablet contains:
Paracetamol, 320 mg, Codeine Phosphate 8 mg, Caffeine Anhydrous 32 mg, Meprobamate 150 mg, Preserved with Nipastat 0,02% m/m

Each capsule contains:
Paracetamol 320 mg, Meprobamate150 mg, Codeine Phosphate 8 mg

Registration Numbers:
M/2.9/2
B624 (Act 101/1965)

Applicant: Pharmacare® 1898/000252/06

S2 Stilpane® Syrup

Each 5 ml contains:
Paracetamol 120 mg, Promethazine HCl 6,5 mg, Codeine Phosphate 5 mg

Preservatives: Methylparaben 0,090% m/v, Propylparaben 0,01% m/v

Reference Number: G968 (Act 101/1965)

Applicant: Pharmacare® 1898/000252/06

S2 Theophen Co Syrup

Each 15 ml contains:
Theophylline 50 mg, ß-hydroxyethyl theophylline 5 mg, Diphenylpyraline hydrochloride 4 mg, Ammonium chloride 360 mg, Alcohol 96% 20% v/v

Registration Numbers: N/10.1/98

Applicant: Pharmacare® 1898/000252/06

BASTION GRAPHICS

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HOLDINGS