Aspen Pharmacare Holdings Limited

Annual Report 2012

Content and scope of the report

The Annual Report of Aspen Pharmacare Holdings Limited ("the Company") and its subsidiaries (collectively "the Group") consists of the Group's Integrated Report, the Group's Sustainability Report and information for the attention of shareholders. The Summarised Group Annual Financial Statements are included as part of the Integrated Report and constitute a summarised version of the audited Annual Financial Statements. The complete audited Annual Financial Statements, which comply with International Financial Reporting Standards ("IFRS"), are included on the compact disc in the insert on the back inside cover of this Annual Report and are also available online at: www.aspenpharma.com or from the Company Secretary (rverster@aspenpharma.com).

The Aspen Annual Report covers all the businesses of the Group except where the scope is specifically stated as limited, for the financial year ended 30 June 2012.

Integrated Report

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

- how the Group operates;
- the Group's strategic objectives and the progress made in pursuit of these;
- challenges and risks to which Aspen is exposed;
- the key measures of the Group's performance; and
- the governance framework which regulates the conduct of the business.

All these aspects, interwoven, represent the fabric of the business that is Aspen.

The Integrated Report has been prepared in accordance with the King Report on Corporate Governance for South Africa, 2009 ("King III") and takes into account the principles set out in the Framework for Integrated Reporting.

Contents

Reading this Annual Report

For an electronic version visit our website at www.aspenpharma.com

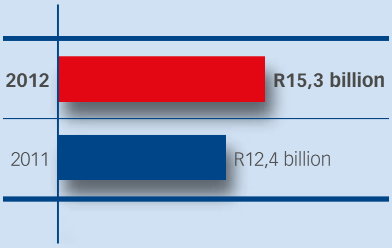
Reference to information in our Sustainability Report

Reference to information in our Annual Financial Statements

Reference to information elsewhere in our Annual Report

Company names and currencies have been abbreviated throughout the Annual Report. Full names can be referenced from the abbreviations bookmark.

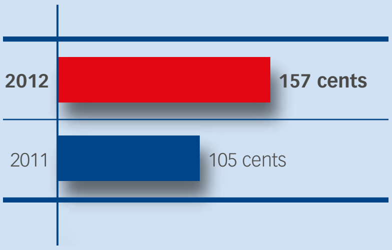
Performance highlights



Revenue from continuing operations increased by 23% to **R15,3 billion**

Revenue from Asia Pacific doubled to **R6 billion**

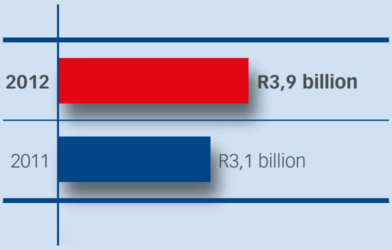
Market capitalisation increased to **R57,2 billion,** placing Aspen 25th on the JSE Top 40 Index



Capital distribution to shareholders increased by 50% to **157 cents**

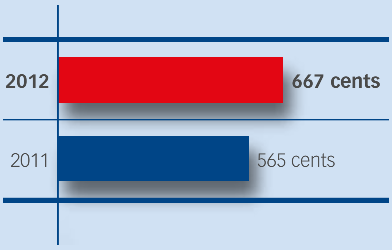
Aspen's 2011 Sustainability Report certified as **B-level** compliance by GRI Reporting Services

Social & Ethics Committee constituted and Group Ethics Programme formally implemented throughout the Group



Operating profit increased by 25% to **R3,9 billion**

Nelson Mandela International Day celebrated across the Group's businesses reached approximately **3 000** beneficiaries

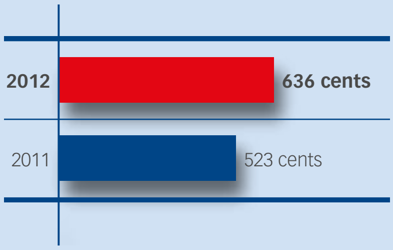


Operating cash flow per share increased by 18% to **667 cents**

Compound annual growth rate ("CAGR") in revenue and earnings exceeded **40%** over 14 years

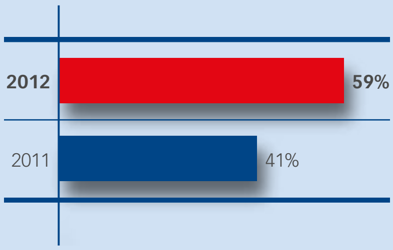
Level 3 BBBEE and value adding entity status retained

Leading supplier of generic medicines in South Africa and Australia



Normalised diluted headline earnings per share from continuing operations increased by 22% to **636 cents**

Aspen Philippines commenced trade



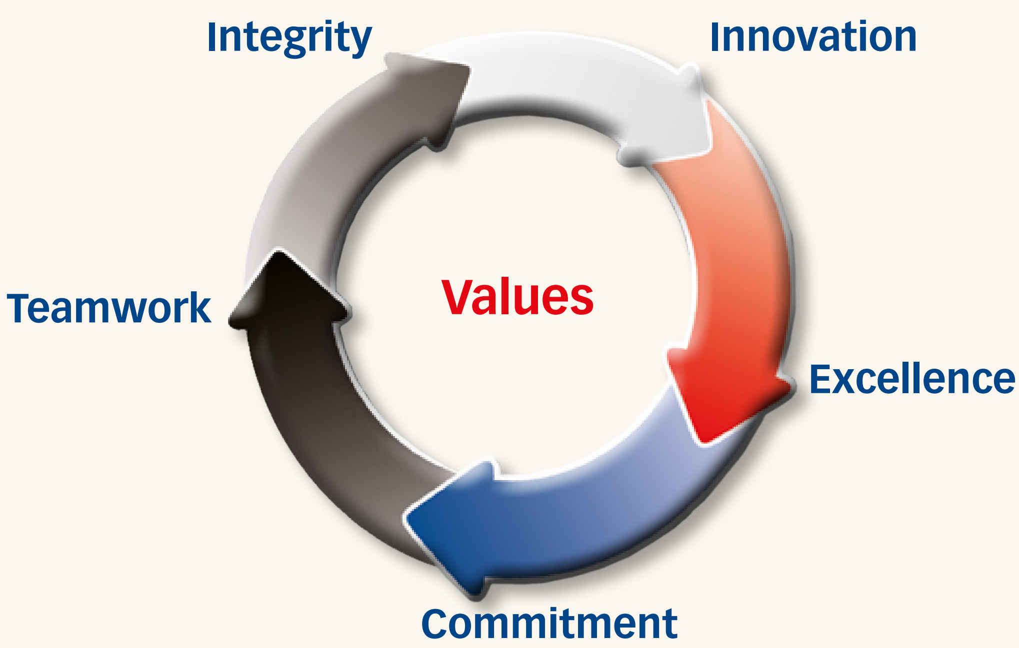
Operating profits from offshore business comprised **59%** of the Group, exceeding those of the South African business for the first time

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

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

Vision

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



Sustainability Report

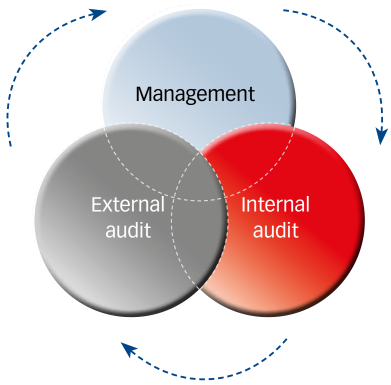
Aspen continues to focus on improving its sustainability reporting process and has, during the year under review, applied this process to reporting on the activities of its material operations. This has been undertaken to ensure that stakeholders are provided with a holistic view of the sustainability practices being undertaken throughout the Group.

The Sustainability Report has been prepared in accordance with Global Reporting Initiatives ("GRI") and is self-assessed at a GRI Level B compliance. The full analysis of Aspen's compliance with GRI guidelines appears on pages 165 to 169.

Directors' responsibility and assurance

The directors acknowledge that they are responsible for the content of the Aspen Annual Report. The Board has applied its mind to the report and believes that it addresses all material issues and fairly represents the financial, operational and sustainability performance of the Group.

Aspen's external auditors PricewaterhouseCoopers Incorporated provide assurance over the Annual Financial Statements and have provided an opinion over the Summarised Group Annual Financial Statements included in the Annual Report. This opinion can be found on page 119 of this report.



The Aspen Group Internal Audit function ("Internal Audit"), assisted by suitable external expert service providers, where appropriate, has provided assurance on the following material aspects of this report:

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

Other external assurance providers are also engaged to verify certain key aspects such as empowerment ratings and manufacturing standards. These are highlighted in the Sustainability Report.

Availability of the report and stakeholder feedback

Aspen's Annual Report and Annual Financial Statements can be requested from the Company Secretary (rverster@aspenpharma.com) and can also be accessed on the Group's website at www.aspenpharma.com.

Comments or feedback regarding this Annual Report are welcomed and stakeholders are requested to direct these to the Company Secretary at the e-mail address indicated above.

1850

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

1997

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

1998

Aspen was listed on the JSE Limited ("JSE") through the reverse listing of Medhold Limited.

1999

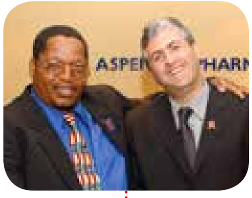
Aspen acquired the pharmaceutical business of South African Druggists for R2,4 billion in a hostile take-over.

2000

Aspen commenced construction of an Oral Contraceptive facility at its East London site.

2001

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

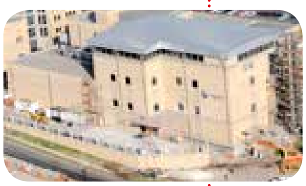


2002

- Aspen concluded a Broad-Based Black Economic Empowerment ("BBBEE") deal with CEPPWAWU Investments (Pty) Limited, the investment arm of the trade union representing the majority of Aspen's labour force in South Africa.
- Aspen's new corporate identity was launched symbolising energy, innovation and nurturing.

2003

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



2004

- Aspen acquired Fine Chemicals Corporation (Pty) Limited ("FCC"), the only South African manufacturer of Active Pharmaceutical Ingredients ("API").
- Aspen acquired Infacare, the infant nutritional brand, from Dutch-based Royal Numico.
- Aspen's multi-million Rand Port Elizabeth-based Unit 1 facility became operational.

R2,40* R5,10* R5,75* R5,95* R7,45* R7,75* R12,70*

*Closing share price at financial year-end.

2005

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

R23,80*

2006

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

R36,50*

2007

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

R37,00*

R31,80*

Shelys
Caring for all

2008

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

gsk GlaxoSmithKline

2009

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

R54,75*

2010

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

R76,10*

2011

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

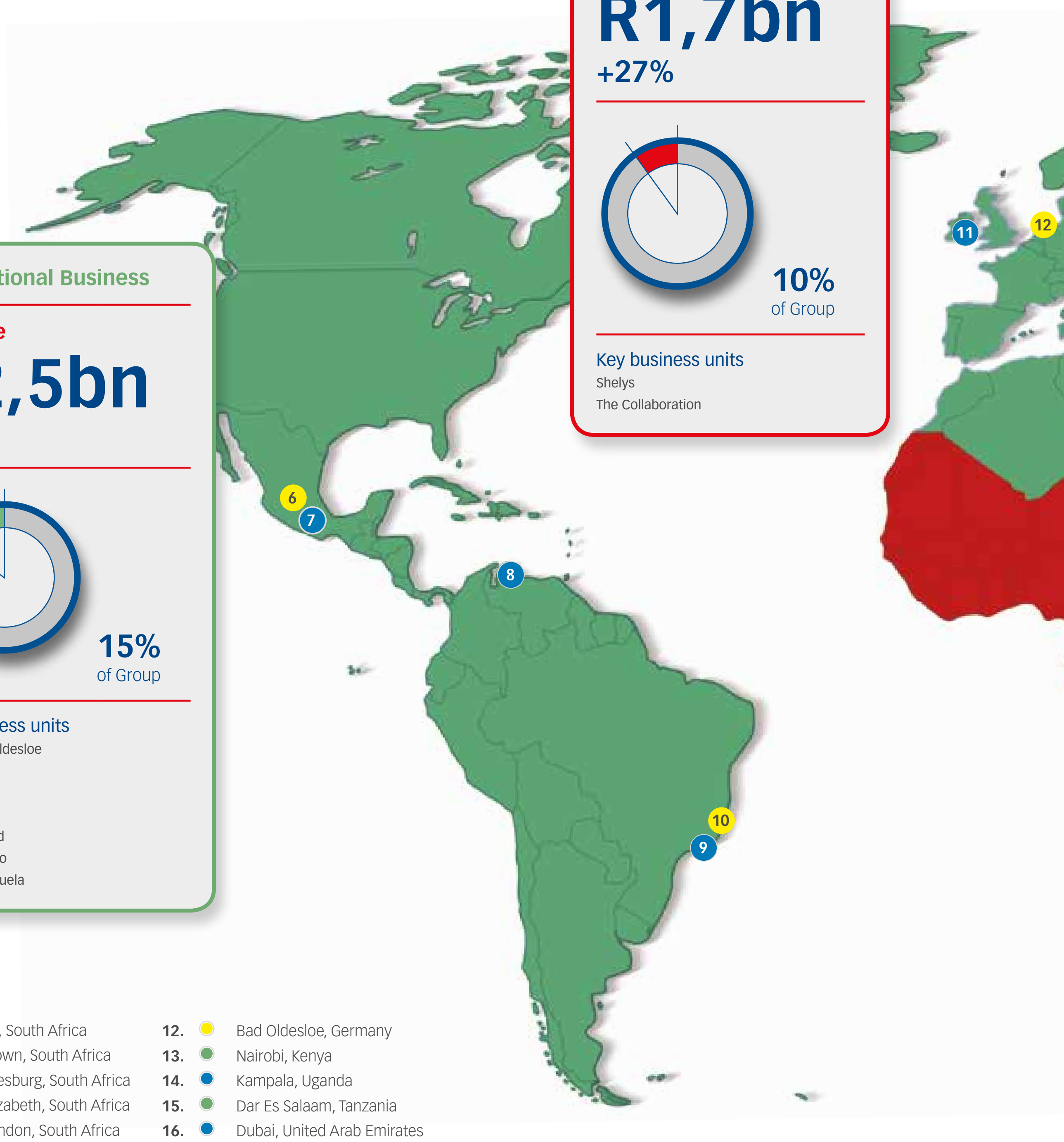
R84,00*

R125,85*

2012

- Aspen Philippines began trading in March 2012.
- Aspen acquired a portfolio of established GSK over-the-counter ("OTC") products in selected territories for R2,1 billion.

Overview
Business unit reviews
Governance
Summarised financial statements
Sustainability
Shareholders' information



International Business

Revenue

R2,5bn
-3%

15%
of Group

Key business units

Aspen Bad Oldesloe
Aspen Brazil
Aspen Dubai
Aspen Global
Aspen Ireland
Aspen Mexico
Aspen Venezuela

Sub-Saharan Africa Business

Revenue

R1,7bn
+27%

10%
of Group

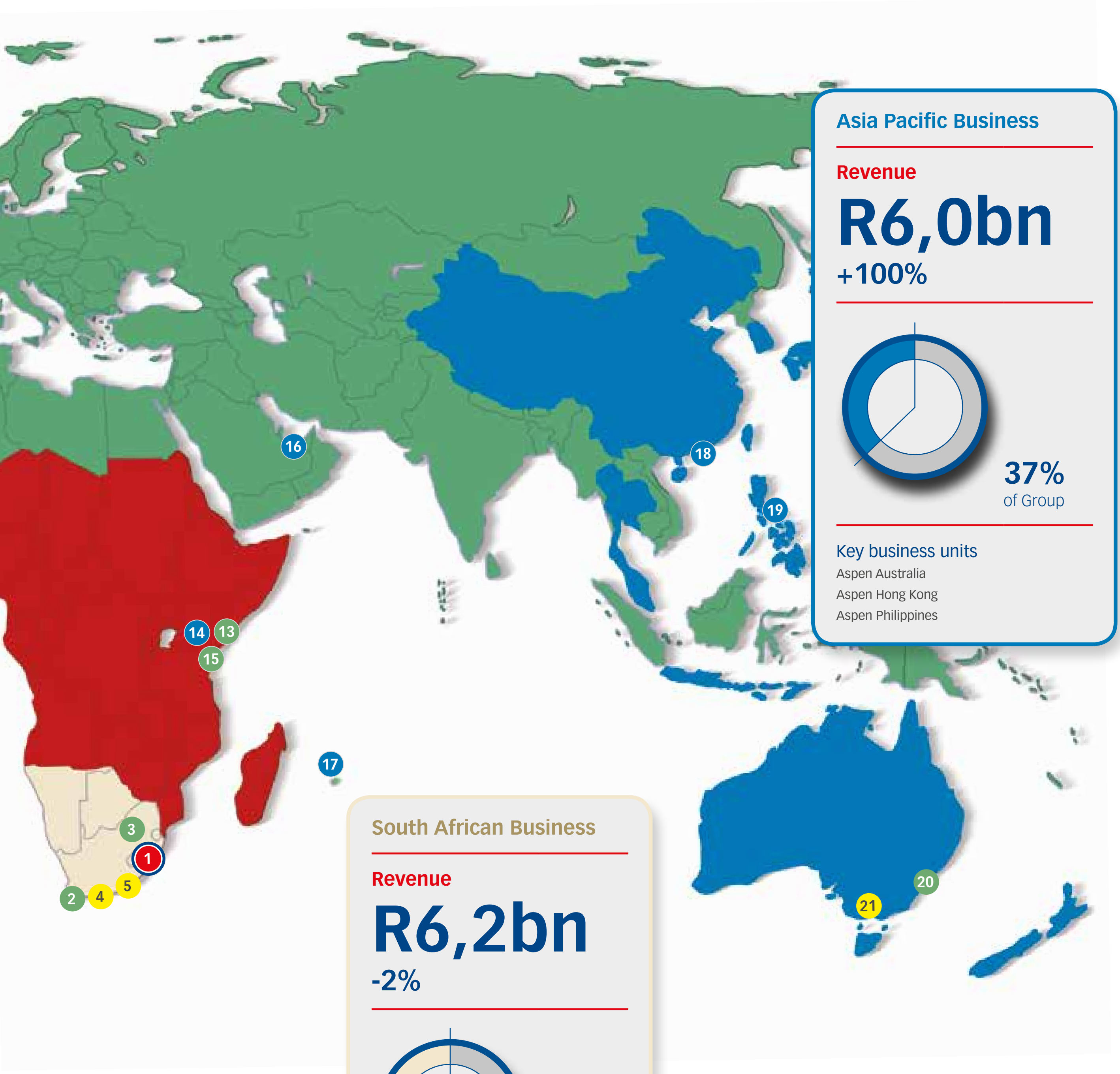
Key business units

Shelys
The Collaboration

1. Durban, South Africa
2. Cape Town, South Africa
3. Johannesburg, South Africa
4. Port Elizabeth, South Africa
5. East London, South Africa
6. Toluca, Mexico
7. Mexico City, Mexico
8. Caracas, Venezuela
9. Rio de Janeiro, Brazil
10. Vitória, Brazil
11. Dublin, Ireland
12. Bad Oldesloe, Germany
13. Nairobi, Kenya
14. Kampala, Uganda
15. Dar Es Salaam, Tanzania
16. Dubai, United Arab Emirates
17. Grand Bay, Mauritius
18. Quarry Bay, Hong Kong
19. Manila, Philippines
20. Sydney, Australia
21. Melbourne, Australia

Group headquarters *Combined sales, marketing, distribution and manufacturing centres*

Sales, marketing and distribution centres *Manufacturing sites*



Asia Pacific Business

Revenue

R6,0bn

+100%

37%
of Group

Key business units
Aspen Australia
Aspen Hong Kong
Aspen Philippines

South African Business

Revenue

R6,2bn

-2%

38%
of Group

Key business units
Aspen Pharmacare
FCC

Site	Accreditation
Port Elizabeth: Unit 1	MCC, PIC/S, MHRA, US FDA, WHO, ANVISA, GCC
Port Elizabeth: Unit 2	MCC, PIC/S (inspection pending)
Port Elizabeth: Unit 3	MCC, PIC/S
Port Elizabeth: Sterile facility Multi-product suite	MCC, PIC/S, MCC certificate for exports (MCC CPP), US FDA
Port Elizabeth: Sterile facility High-potency suite	MCC, PIC/S
East London: Multi-product facility	MCC, PIC/S
East London: Oral contraceptive facility	MCC, PIC/S
Johannesburg: Aspen Nutritionals	HACCP (SANS 10330), ISO 22000
Cape Town: FCC	MCC, PIC/S, US FDA
Melbourne: Dandenong	TGA, Republic of Yemen and United Arab Emirates regulatory authorities
Melbourne: Noble Park	TGA, PMDA
Sydney: Baulkham Hills	TGA, APVMA, Republic of Yemen regulatory authority
Bad Oldesloe	German regulatory authority, ANVISA, Saudi Arabia, Libyan and Israeli regulatory authorities
Dar Es Salaam: Shelys	TFDA (reinspection pending), PPB, GFDB (reinspection pending), PMPB (report pending), PRA, MOH – DRC, MOH – IC
Nairobi: Beta	PPB, NDA, PMPB, TFDA (reaudit pending), MOH – DRC (report pending), MCAZ (report pending)
Vitória	ANVISA, GMP Certificate
Toluca	COFEPRIS

Capability	Capacity
High volume solids manufacturing and packing for domestic and export markets	6 billion tablets
Small to medium volume solids manufacturing for domestic and export markets	4 billion tablets
End state packing for domestic market. Liquid manufacturing and packing until end 2013	1 000 kilolitres of liquids
Eye drops and lyophilised vials for domestic and export markets	42 million units of eyedrops 1,4 million units of liquid filled vials 2,9 million units of lyophilised vials
High potency injectables (including hormonal) for domestic and export markets	19,6 million units of ampoules 50 million units of vials
Solids, semi-solids and liquids manufacturing and packing for domestic market	0,8 billion tablets 1 000 kilolitres of liquids 390 tons semi-solids
High volume solid oral contraceptives manufacturing and packing for the domestic market	0,4 billion tablets
Infant milk formula manufacturing and packing for domestic and regional markets	6 555 metric tons of infant milk formula
API manufacturing for domestic and export markets	1 150 tons of specialised API
High volume solids, liquids and semi-solids	2,4 billion tablets
Low volume solids and toxic products Liquids and semi-solids manufacturing unit closed during the year	0,1 billion tablets
Small volume solids	0,8 billion tablets
Solids, semi-solids, liquids and form-fill seals manufacturing and packing for export markets	2,5 billion tablets 6 200 kilolitres of liquids 37 million units of blow-fill seals
Small to medium volume semi-solids, solids and large volume liquids	1,2 billion tablets 10 tons semi-solids 1 500 kilolitres of liquids
Small to medium volume solids and liquids	0,5 billion tablets 488 kilolitres of liquids
Small to medium volume and solids and semi-solids	0,2 billion tablets
Small to medium volume solids	0,9 billion tablets

Definitions of regulatory authorities

APVMA	Australian Pesticides and Veterinary Medicines Authority
ANVISA	Brazillian National Health Surveillance Agency
CPP	Certificate of Pharmaceutical Product
COFEPRIS	Mexican Federal Commission for Protection against Health Risk
GCC	Middle East and North African Gulf Cooperation Council
GFDB	Ghana Food and Drugs Board
GMP	Good Manufacturing Practice
HACCP (SANS 10330)	South African Hazardous Analysis and Critical Control Points
MCAZ	Medicines Control Agency of Zimbabwe
MCC	South African Medicines Control Council
MHRA	United Kingdom Medicines and Health Products Regulatory Agency
MOH – DRC	Ministry of Health – Democratic Republic of Congo
MOH – IC	Ministry of Health – Ivory Coast
NDA	Ugandan National Drug Authority
PIC/S	Pharmaceutical Inspection Convention and Pharmaceutical Cooperation Scheme
PMDA	Japanese Pharmaceutical and Medical Device Agency
PMPB	Malawian Pharmacy, Medicines and Poisons Board
PPB	Kenyan Pharmacy and Poisons Board
PRA	Zambian Pharmaceutical Regulatory Authority
TGA	Australian Therapeutic Goods Administration
TFDA	Tanzanian Food and Drug Authority
US FDA	United States Food and Drug Administration
WHO	World Health Organisation

Key performance indicator	Relevance of indicator to the business	Achievement			Implication of performance to the business
		2012	2011	2010	
Supplying customers with high quality and safe products					
Number of product recalls for quality-related reasons	Product recalls represent those products which the regulatory authorities determine to be potentially harmful to patients and consequently require to be recalled from all customers to which they were supplied. Product recalls are an indicator of the extent to which quality systems are effective.	**5**	3	Zero	Two products recalled were for direct quality-related reasons and a further three products were recalled owing to stability/shelf life issues. No adverse effects to patients have been reported. Remedial action is being taken to address the causes of these recalls.
Adding economic value to stakeholders					
Return on ordinary shareholders' equity	Provides a measure of the productivity of ordinary shareholders' equity which can be benchmarked against other potential investments by shareholders.	**17%**	18%	23%	The conversion of preference shares to ordinary shares by Aspen's empowerment shareholder, Imithi, in June 2012 resulted in some dilution of this ratio. Aspen's return on equity nonetheless represents a strong investment case for shareholders.
Return on total assets	Provides a measure of the productivity of the assets of the Group which can be benchmarked against other companies.	**17%**	17%	20%	The return on total assets remains favourable as a result of effective management of the Group's existing asset base and effective integration of acquired assets.
Growth in gross revenue from continuing operations	Revenue is the foundation of business performance. It is the product of the volume of products sold and the price at which they are sold. Change in revenue is a leading indicator of the growth or contraction of a business.	**+24%**	+31%	+20%	The Group continues to exhibit positive expansion in gross revenue through organic and inorganic means.
EBITA* margin %	Indicates the EBITA* margin relative to sales achieved by the Group. The margin percentage is influenced by relative selling price, relative cost of goods and operating expenses. EBITA* is the product of revenue and the EBITA* percentage. It is a leading indicator of the efficiency of profit generation.	**27%**	26%	27%	The improvement in EBITA* margin in 2012 reflects the benefits realised through the effective integration of the Sigma pharmaceutical business in Asia Pacific, improved cost of goods realised in global brands and through the implementation of Aspen's private market focused strategy in SSA and Latin America.
Growth in EBITA*	Is a leading indicator of operating profitability growth. In order to provide a more sustainable view of performance, once-off items of income or expense, which are not expected to recur in future, are eliminated.	**+27%**	+28%	+19%	The increase in EBITA* exceeds the increase in gross revenue. Continuous improvement in manufacturing efficiencies, the attainment of procurement savings and a greater weighting of higher margin products have largely contributed to this achievement.
Growth in normalised diluted headline earnings per share from continuing operations	The Group strives to continually improve its performance. Growth in normalised diluted headline earnings per share measures earnings performance per share year-to-year in relative terms on a consistent and comparable basis. It is the leading indicator of overall improvement in earnings performance.	**+22%**	+20%	+20%	The Group's organic and inorganic growth strategies have been effectively implemented and have resulted in improved earnings per share.

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Key performance indicator	Relevance of indicator to the business	Achievement 2012	2011	2010	Implication of performance to the business
Adding economic value to stakeholders continued					
IMS Health ("IMS") value of total product pipeline for the next five years	A leading indicator of the Group's potential organic revenue growth over the next five-year period. References the latest available IMS sales values for currently patented originator molecules which the Group is in the process of developing into generic equivalents of the originator product.	**USD9,1 billion**	USD8,9 billion	USD6,7 billion	The Group continues to expand its product pipeline, which should result in good support of organic growth in the next five years through new product launches in all regions.
Value added per employee	The leading indicator of the productivity of the Group's permanent employees in value creation.	**R1 258 000**	R1 029 000	R934 000	The increasing value added per employee suggests improved employee productivity.
Market penetration					
Market share and ranking for markets where this is recorded by IMS	Market share is an indicator of the relative participation of Aspen in a market. IMS provides an independent measure of private market share which enables Aspen to assess its share of measured markets, relative size and growth or declines in market share.	**South Africa: 16% (Ranked 1st)** **Australia: 4% (Ranked 7th)** **Brazil: 0,3% (Ranked 64th)** **Mexico: 0,3% (Ranked 51st)** **Venezuela: 0,2% (Ranked 69th)**	South Africa: 17% (Ranked 1st) Australia: 4% (Ranked 7th) Brazil: 0,3% (Ranked 54th) Mexico: 0,3% (Ranked 50th) Venezuela: 0,1% (Ranked 78th)	South Africa: 17% (Ranked 1st) Australia: 1% (Ranked 29th) Brazil: 0,3% (Ranked 52nd) Mexico: 0,3% (Ranked 50th) Venezuela: 0,1% (Ranked 78th)	Aspen's leadership positions in South Africa and Australia have been retained. Ranking in both these markets is stable despite increased competition and pricing pressures. Market share in Latin America has remained stable as a foundation is established from which to take advantage of good future potential growth prospects.
Effective debt service management					
Operating cash flow per share	The value per share of cash flows indicates the Group's ability to generate cash which is key to meeting cash outflow commitments.	**666,6 cents**	565,0 cents	505,7 cents	An effective business model yielding strong operating cash flows is evidenced by operating cash flow per share exceeding earnings per share, allowing the Group to increase distributions to shareholders while retaining the capacity to consider further growth opportunities.
Net interest cover	Represents the number of times by which the Group's EBITA* exceeds its interest obligation. This is the leading indicator of the headroom the Group has servicing its debt.	**9 times**	9 times	8 times	Earnings generated by the Group comfortably cover interest payment obligations and the ratio is well above the Group's medium-term minimum threshold of 5 times cover.
Providing a safe working environment					
Number of permanent disabling injuries	Aspen's occupational health and safety procedures are designed to provide a safe working environment for employees at all times and to limit the number of major injuries that could occur while on duty. Permanent disabling injuries highlight a potential weakness in safety systems.	**4**	2	Zero	Factors giving rise to the injuries have been identified and appropriate remedial steps taken. One work-related fatality occurred.
Lost work day frequency ratio ("LWDFR")	The LWDFR indicates the percentage of employees who had to be booked off due to work-related disabling injuries or illnesses over the last 12 months.	**0,87**	Not measured	Not measured	LWDFR has been calculated for the first time to improve comparability of Aspen's safety ratios against peer companies. Health and safety management systems are in the process of being assessed and improved across all business units.

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Key performance indicator	Relevance of indicator to the business	Achievement			Implication of performance to the business
		2012	2011	2010	
Supporting transformation in South Africa					
BBBEE accreditation	Measures Aspen's adherence to the BBBEE legislation in South Africa. Indicative of Aspen's success in contributing to transformation in South African society. Supports the credibility of the Group as a partner of choice in terms of South African preferential procurement criteria in the public and private sectors.	**AA-rating (Level 3)**	AA-rating (Level 3)	A-rating (Level 4)	Aspen remains committed to BBBEE initiatives. Customers of Aspen are able to claim 137,5% of the value of purchases from Aspen in determining their own BBBEE rating for preferential procurement purposes. Aspen retained its Level 3 status despite a more onerous scoring of the Department of Trade & Industry BBBEE Codes of Good Practice ("BBBEE Codes") introduced in 2012.
Developing human capital					
Average staff turnover	Aspen strives to retain the skills, experience and contribution of its employees in alignment with business objectives. This ratio indicates the percentage of Aspen's permanent employees who have left the Group during the year.	**18%**	16%	16%	The level of staff turnover has been impacted by facility rationalisation projects and natural attrition of employees. Employee development and retention programmes are being refined in the South African businesses and, once embedded, are scheduled to be replicated across the offshore businesses.
Training spend per employee#	To promote the contribution made by each employee, Aspen invests in the enhancement of employees' capabilities aligned to the short- and medium-term business objectives.	**R2 689**	R2 230	R2 144	Training spend per employee currently measures external training provided to employees. Across all businesses, internal training sessions have been conducted and systems to quantify this investment are under consideration. Investment in training spend has increased owing to the enhancement of skills development interventions in the South African business. More formalised training programmes are scheduled for implementation in the offshore businesses.
Providing primary healthcare support to communities					
Number of CSI beneficiaries reached	Aspen's CSI is driven by the philosophy, *"Healthcare. We Care"*. This initiative is focused on improving access to primary healthcare for a wide number of beneficiaries in underprivileged communities, mainly in South Africa, by so doing advancing the social well-being of those supported.	**490 210 direct beneficiaries**	879 000 direct and indirect beneficiaries	788 000 direct and indirect beneficiaries	Aspen continues to play a meaningful role in the upliftment of primary healthcare in the rural areas of South Africa. This year, steps were taken to verify the direct number of beneficiaries reached through CSI programmes whereas direct and indirect beneficiaries were previously recorded. In addition employees across the Group participated in the 2012 Nelson Mandela International Day initiative thereby extending Aspen's goodwill among communities, and reaching a further 3 000 beneficiaries.

Comparative information was required to be restated owing to refinement of measurement systems and standardisation of recording methodologies.

Key performance indicator	Relevance of indicator to the business	Achievement			Implication of performance to the business
		2012	2011	2010	
Conserving scarce resources					
Volume of electricity consumed[#]	Electricity provides the primary source of power to the Group's manufacturing sites. It is an increasingly expensive commodity. In many markets there is a risk of supply interruptions at times of excess loading on the source of supply. Efficient electricity utilisation supports lower costs of production and reduces demand, thereby prolonging energy sources.	**121 888MWh**	122 440MWh	76 853MWh	Electricity consumption has remained stable owing to the implementation of facility rationalisation projects and also as a result of successful energy conservation initiatives implemented at the South African facilities during the year despite increased production volumes. Conservation initiatives are intended to be formalised for the offshore facilities.
Volume of water used[#]	Water is essential for the manufacture of Aspen's products as an energy source (steam), as a lubricant in manufacture, as a delivery medium in liquid medicines, as a cooling agent in temperature control and as a cleaning material. As a limited resource in scarce supply, it is recognised that initiatives to curtail water utilisation will allow for more sustainable water availability.	**523 611kl**	484 168kl	418 321kl	Water consumption in South Africa increased owing to extended production hours at FCC and Aspen Nutritionals. Water recycling initiatives, implemented at the South African sites, have been effective. Such initiatives are being promoted at the offshore facilities.
Responsible management of the environment					
Volume of greenhouse gas emissions	Aspen recognises that greenhouse gas emissions are required to be controlled in order to prevent environmental damage which could threaten global environmental sustainability. The Group therefore seeks to go beyond mere regulatory compliance in responsibly managing its carbon footprint.	**Scope 1** emissions 18 969 tons CO_2e** **Scope 2 emissions 158 035 tons CO_2e**	Scope 1** emissions 15 012 tons CO_2e Scope 2 emissions 97 885 tons CO_2e	Scope 1** emissions 16 609 tons CO_2e Scope 2 emissions 37 278 tons CO_2e	Emissions information has been recorded for facilities in South Africa as well as in Germany. Aspen also participated in the Carbon Disclosure Projects ("CDP") in 2011 and 2012 in support of global initiatives promoting the reduction of the carbon footprint. The increase in emissions is as a result of the inclusion of data for FCC and Aspen Bad Oldesloe. Systems to record emissions in the offshore facilities are being considered.
Volume of waste recycled[#]	Waste recycling is undertaken to manage waste in an environmentally responsible and resourceful manner, extending utilisation of finite resources and limiting waste disposal.	**1 698 tons**	1 574 tons	1 349 tons	The Group is making excellent progress through effective implementation of waste recycling initiatives, particularly in South Africa and Germany.
Conducting our business					
Number of incidents of material non-compliance	Lawful compliance underpins an ordered and effective society. Aspen strives to conduct its business with due care and regard for all legislation relevant to the Group.	**Zero**	Zero	Zero	Aspen continues to implement effective compliance management practices and has maintained its objective of complying with all material legislation across all of the territories in which it conducts business.

[#] Comparative information was required to be restated owing to refinement of measurement systems and standardisation of recording methodologies.

*** Total Scope 1 and Scope 2 emissions have been reported for the Group representing emissions recorded at all facilities in South Africa and at Aspen Bad Oldesloe. Information reported in the 2011 Annual Report reflected Scope 1 and Scope 2 emissions in South Africa only, excluding FCC, as disclosed in the 2011 and 2010 CDP submissions. Aspen's 2012 emissions will be included in the May 2013 CDP submission.*

Delivering value to all our stakeholders

Performing in challenging market conditions

Aspen has again delivered a great performance in challenging global market conditions. Anaemic and uneven economic recovery, job losses and demand constraints continue in many parts of the world, especially in Europe. The pharmaceutical industry is not immune to these challenges and it is, therefore, all the more pleasing that Aspen continued to show strong profit growth in all of its offshore businesses under these conditions. It is a credit to the Group's strategy and those responsible for implementing it, that in addition to impressive year-on-year revenue and earnings growth, EBITA* margins have remained steady above the 26% level during the last five years, despite general downward pricing pressure. It has also been a feature of historic performance that the increased earnings have been accompanied by strong cash generation.

A focused management team has enabled the Group to be a leading supplier of medicines in both South Africa and Australia and to make inroads into emerging markets in SSA, Latin America and South East Asia. Aspen's competitiveness has been endorsed by the recent award of the largest portion of the Oral Solid Dose ("OSD") tender by the South African government. The recent policy statements by government in respect of supporting local production are very encouraging and bode well for Aspen. The Group has played a role in improving global access to medicines through the new products it brings to the market each year and by the increase in its territorial coverage, with Aspen products now reaching patients in more than 150 countries.

Capital expenditure by the Group has totalled more than R3 billion in the past six years and continued investment in

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

> "Value creation for shareholders has been evidenced by a phenomenal 17-fold growth in the share price over the last 10 years."

Aspen's South African and offshore manufacturing facilities is being planned. This will add to the enhancements in efficiencies which Aspen has already achieved and will support Aspen's continued competitiveness.

Value creation for shareholders has been evidenced by a phenomenal 17-fold growth in the share price over the last 10 years. CEPPWAWU, as one of Aspen's recognised trade unions, has been one of the beneficiaries of this value creation through two separate BBBEE investments in Aspen. It is pleasing to report that our BBBEE shareholders now collectively hold more than 23 million unencumbered shares in Aspen which is testimony to Aspen's commitment to transformation in South Africa.

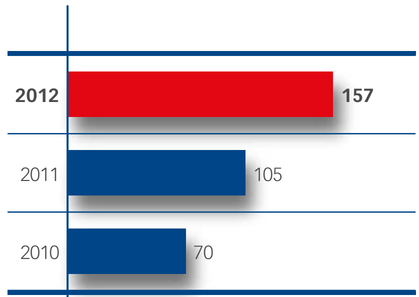
A loss for Aspen

On 28 May 2012 Rabson Papola, a 29-year-old contract worker from Polokwane, lost his life in a tragic work-related incident at the Aspen Nutritionals' facility in Johannesburg, South Africa. Although work-related fatalities at Aspen are rare, the Board considered this incident in a serious light – the resulting investigation and report to the Board has confirmed that, although Aspen's safety practices were not to blame for the incident, a number of additional safety measures have been implemented at this facility to ensure that similar incidents are avoided. The thoughts of the Board and management are with Rabson's family – may his soul rest in peace.

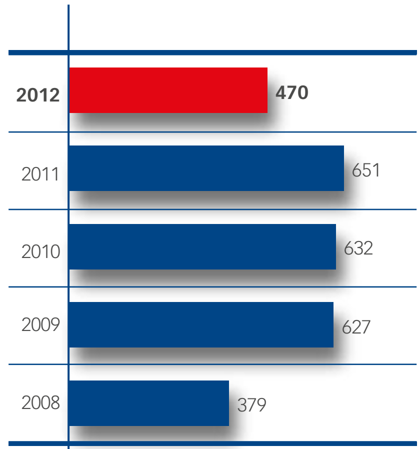
Making a difference to our communities

The Group has a keen appreciation of its role in society. Aspen continues to contribute to the health and education of previously disadvantaged communities with equal emphasis being placed on the building of clinics in rural communities and contributions to educational institutions. Aspen's contributions will enable the building of a library at the Malusi High School, which is situated in rural Limpopo and has approximately 1 300 pupils. These efforts are consistent with the South African government's call for corporate investments to improve educational facilities and an accord signed between business and government in respect of the development of such facilities. This is just one of the many educational development initiatives Aspen is involved with and which will go a long way in bringing development to rural South African communities by increasing their access to information and education. Some of the other more material initiatives undertaken in this respect include:

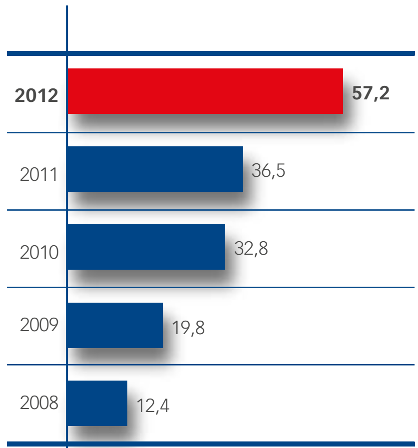
- Aspen's continued contribution to the Umthombo Youth Development Fund which focuses on the training of health professionals in rural communities; and



Capital distribution
(cents)



Capital expenditure on property, plant and equipment
(R'million)



Market capitalisation
(R'billion)

- Aspen's Diploma Course in Clinical Nursing Science, Health Assessment, Treatment and Care, and the Dispensing for Non-Pharmacist Healthcare Professionals course which delivered brilliant results in its tenth year. Nine graduates out of the 54 passed with honours. This course has, to date, produced more than 1 200 quality candidates from the provinces, municipalities and national Department of Defence.

International growth

The Group's successful transformation from being a predominantly South African business as recently as 2008 to being a diversified global business has contributed to Aspen's continued growth, enhanced its sustainability profile and created exciting new opportunities for the Group. Gross revenue from outside of South Africa made up 62% of the Group total in 2012 and the equivalent EBITA* was 60% of the Group total. These offshore businesses, led by the Asia Pacific region, carried the growth of the Group in 2012. The expansion of the Aspen business in Australia has been remarkable. Latin America and SSA also registered pleasing progress in the development strategies that have been set for these territories.

South Africa, nonetheless, remains the centre of the Group and is of critical importance to future growth strategies. The South African business is well positioned to return to growth in 2013 having overcome many of the challenges it faced in 2012. Aspen's primary manufacturing centre is situated in Port Elizabeth, South Africa and the importance of this production site to the Group will continue to increase as more capacity is added. However, with identified growth initiatives in geographies such as South East Asia and Latin America, the trend of a diminishing percentage contribution to the Group revenue and profits from South Africa is set to continue. This diversification of geographic contribution to Group performance ensures that Aspen is well hedged against currency and socio-political risk.

Governance

Kuseni Dlamini was welcomed to the Board as an independent non-executive director in April of 2012. His appointment has further boosted the Board's balance of skills, experience, proven business track record and corporate governance. The Board continues to protect the fine balance between entrepreneurialism and sound governance fundamentals which has contributed significantly to Aspen's record of sustained growth. The year under review has also seen the establishment of the Aspen Social & Ethics Committee. Its activities, which have already had an impact on the formalisation of the Group's ethics management programme and the achievement of the South African businesses' transformation targets, will undoubtedly assist to ensure that Aspen's reputation as a good and responsible corporate citizen is nurtured and enhanced. Sindi Zilwa has been appointed to chair this committee and the Board and I wish her the best in her endeavours to lead this committee. My gratitude goes to Stephen and Gus, who have continued to lead the Group with such success. Thanks must also go to each of the more than 6 000 dedicated employees globally for their individual contributions to the achievements of Aspen as well as to my colleagues on the Board whose support and guidance have, as always, been so valued.

On a personal note

The Aspen family, led by Stephen, who was assisted by Stavros Nicolaou, turned adversity into another selfless contribution to the health of South Africans. The Sifiso Nxasana Paediatric Fund for the Children of Africa, named after my late son, made my family's recent loss more bearable. I also thank the South African Minister of Health, Dr Aaron Motsoaledi, for supporting Stephen who cycled 240km through the Karoo to raise funds to make quality healthcare accessible to the children of Africa. My family and I thank you, *siyabonga. Kwande lapho nithathe khona.*

Dr Judy Dlamini
Chairman

22 October 2012

* *EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Achievements and accolades

- Aspen was ranked as the best performing stock among the JSE's blue-chip companies by Reuters in the six months to June 2012, having increased over 36%. Aspen was also ranked 25th in the JSE's Top 40 Index as at 30 June 2012, improving from 29th position as at 30 June 2011

- Based upon data published in EvaluatePharma World Preview in June 2012, Aspen is rated as the ninth largest generic company in the world

- In November 2011, Aspen qualified for inclusion in the JSE's Socially Responsible Investment ("SRI") Index for the second consecutive year

- Aspen is South Africa's leading pharmaceutical company in the private sector in accordance with IMS

- One in four prescriptions dispensed by pharmacists in South Africa continues to be for an Aspen product

- The 2012 Campbell Belman Confidence Predictor Survey ranks Aspen as *The Leading Pharmaceutical Company* in South Africa as voted for by managed healthcare providers

- Aspen retained its Level 3, value-added contributor BBBEE status as verified by Empowerdex in 2012

- In the Financial Mail Top Empowerment Companies 2012 survey, Aspen's ranking improved to second position in the Health and Pharmaceuticals Sector from fourth in 2011 and its overall ranking rose by 22 positions to 50th

- Shelys in Tanzania received the *Overall Best Performance Award* from the Confederation of Tanzania Industries at the President's Manufacturer of the Year awards

- In South Africa, Aspen was acknowledged as the Overall UPD *Supplier of the Year*, Dis-Chem – *Supplier of the Year* and Clicks – *Prescription Medicine Supplier of the Year*

- Aspen Nutritionals won the 2012 *Best Display Award* in the Fixed Shell Scheme category for Nutrikids at MamaMagic, The Baby Expo

- Aspen Australia's Herron Pharmaceuticals was voted the *Highly Commended – Trusted Brand* for 2012 by Australia's Reader's Digest

- Aspen is ranked as Australia's number one generic player in the pharmaceutical sector and one in seven scripts in Australia continues to be written for an Aspen distributed product

- Aspen Australia's recently developed Family First Aid mobile web application was one of the first such applications approved by Apple for the i-Phone 5

- Aspen's 2011 Annual Report was ranked 50th out of 363 company reports evaluated by Integrated Reporting and Assurance Services in South Africa

- Aspen was awarded a finalist certificate of excellence in the category *Top Gender Empowered Company: Science, Bio-technology and Healthcare* at the 9th annual Top Women Awards in South Africa

- Aspen was ranked 6th in the Nkonki Integrated Reporting Awards announced in July 2011

Strategic objectives *(As disclosed in the 2011 Annual Report. Amended and new objectives added in 2012)*	**Performance of the past year**
To maintain our position as the leading provider of pharmaceuticals in South Africa	Aspen has faced a challenging year having to endure a number of well-documented once-off headwinds. Mitigating actions which included the effective substitution of Seretide post patent with the authorised generic, Foxair, and the first to market generic entry of the once-a-day triple combination ARV, Tribuss, limited the impact of these headwinds. Inevitably these factors have resulted in a decline in market share. Nonetheless, Aspen remains the leading provider of pharmaceuticals in the private market with a 16% (2011: 17%) share and is also the leading provider of pharmaceuticals in the public sector. Following the negative growth in the first half of the year, the South African business returned to positive growth in the second half as the mitigating actions gained momentum.
To be the leading provider of pharmaceuticals in SSA	The GSK Aspen Healthcare for Africa brand is receiving good exposure and has strong support throughout SSA. The Collaboration is a leading provider of pharmaceuticals in all of the major markets in SSA. The Collaboration has successfully launched six products this year across Nigeria, Ghana and Kenya. 62 new products have been registered during the financial year in 15 countries. A further 53 products have been submitted for registration. The sales representatives, support functions and distribution channels are in place to support the products launched and those planned for launch. At Shelys, Aspen has bought out the minority (40%) shareholder and is now free to implement its business model focused on the private market.
To rapidly grow our market share in Latin America	Revenue in this region has grown by 11% to reach R1,0 billion in 2012. The focus of the businesses in Latin America has been successfully shifted from the public sector to the private sector which now represents more than 80% of the sales. Private market share (total market including OTC) in Aspen's three primary territories at June 2012 as reported by IMS were:
To realise synergy and growth opportunities from the acquisition of the Sigma pharmaceutical business in Australia (2012) ***Sustained growth in the Asia Pacific region (2013)***	Significant synergies have been realised by Aspen Australia from the acquisition of the Sigma pharmaceutical business in 2011. Areas where benefits have been gained include: • reduced cost of goods by conversion to the Aspen manufacturing and procurement network; • consolidation of manufacturing sites; • combination of sales forces; and • elimination of duplication in support services. Following the acquisition of the Sigma pharmaceutical business, Aspen Australia is one of the leading pharmaceutical businesses in the country. This has attracted further growth opportunities such as the co-marketing agreement with Lilly for Zyprexa and its generic. The harnessing of these synergies and growth opportunities has underpinned the increases in revenue (+100%) and EBITA* (+128%) in the Asia Pacific region.

	2012	2011
Brazil	**0,3%**	0,3%
Mexico	**0,3%**	0,3%
Venezuela	**0,2%**	0,1%

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Challenges	Outlook
The South African pharmaceutical industry is competitive with most global players active in the territory. Price increases in the private market are regulated by the Department of Health. There was no increase in the Single Exit Price ("SEP") awarded in 2011 and the increase in 2012 was a modest 2,1%. As a local manufacturer bearing wage increases and energy costs rising at considerably higher rates, there is pressure on profit margins which can only be relieved by seeking greater efficiencies in production and procurement. The South African regulator has tabled draft legislation which will impact Aspen if/when implemented, namely: • international benchmarking; and • capping of the logistics fees. Aspen is actively involved in dialogue with the regulator regarding the proposed legislation through industry representative bodies. It is not possible to gauge the potential impact of the legislation upon Aspen given the stage of the process reached.	The influence of the once-off headwinds will be over in 2013 and Aspen is well placed to take advantage of its excellent positioning in the South African pharmaceutical sector. The public sector ARV tender is due for award in December 2012. In terms of amended regulations to the Preferential Procurement Policy Framework Act, certain pharmaceuticals on these tenders are designated for domestic production. As South Africa's leading manufacturer of pharmaceuticals, this is a favourable development for Aspen.
The instability in the political and economic climate in SSA countries causes volatility in business performance. Regulatory bodies are becoming more stringent with registration requirements and changes are sometimes implemented without adequate notice. Changing regulations makes it more challenging to register products and affects commercialisation plans. Inconsistency in registration requirements between the regulatory bodies in the various countries adds a further challenge to the regulatory process. Counterfeit products are prevalent across some countries in SSA. Porous borders and unethical practices result in easy penetration of counterfeit products to certain markets. Aspen has developed anti-counterfeiting measures to combat this.	The business platform is in place to overlay more products emanating from the Aspen branded generics pipeline, increasing the offering by the Collaboration and underlining its leadership status. The GSK Aspen Healthcare for Africa brand equity should continue to grow as more products are launched. Patients and healthcare professionals understand that they are receiving high quality products from a trusted source.
Aspen's business is currently driven by established brands in limited therapeutic areas, concentrating on a niche segment of prescribing doctors and pharmacies. Aspen does not yet have the product range to provide the critical mass to support more expansive sales representation coverage. The launch of pipeline products has required extensive pre-marketing activities into new therapeutic areas which have created additional overheads without the immediately corresponding income being realised. Acquisitive growth opportunities have been actively explored, however, unrealistic valuations and issues identified in due diligence have prevented conclusion.	Aspen anticipates launching 25 new products in the region over the 12 months from July 2012, the beginning of the contribution from the pipeline of products developed by the Group for Latin America. The recently acquired OTC brands from GSK will add approximately R200 million in sales to the region, with a strong emphasis in Brazil. Acquisitive opportunities will continue to be actively investigated.
Pharmaceutical Benefits Scheme price disclosure with its potential for ongoing price cuts is now a feature of the regulatory environment, as the Australian government constantly strives for savings on its spend on medicines. The impact can be mitigated by further cost savings and by sales growth. The business continues to operate fragmented IT systems which limit efficiency in data processing. A plan is under development for the implementation of a single IT platform. Growth into Asia will be a challenge requiring new resources across the region. This is made more difficult by the many diverse economic, social, cultural, legal and political environments of the different Asian countries.	Additional savings in cost of goods will be realised as the manufacture of identified products is moved to lower-cost sites, including the Group's South African facilities. The target to double the earnings before interest and tax from the acquired Sigma pharmaceutical business came close to being achieved in 2012, a year ahead of schedule. This milestone should be easily achieved in 2013. Management will continue to seek opportunities to grow the business through alliances with companies who see the advantage of leveraging Aspen Australia's unique offering. More attention will be focused on the Asian markets. Aspen entities will be set up when revenue reaches the critical mass necessary to justify investment in a dedicated sales infrastructure. Countries under consideration include Thailand, Malaysia and Taiwan.

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<table>
<tr><th>Strategic objectives
(As disclosed in the 2011 Annual Report. Amended and new objectives added in 2012)</th><th>Performance of the past year</th></tr>
<tr><td>To strive for continuous improvement in every business</td><td>Performance of the Group's four business segments in 2012 is summarised as follows:

<table><tr><th></th><th>Gross revenue growth</th><th>EBITA* growth</th></tr>
<tr><td>South Africa</td><td>-2%</td><td>-9%</td></tr>
<tr><td>Sub-Saharan Africa</td><td>+27%</td><td>+40%</td></tr>
<tr><td>Asia Pacific</td><td>+100%</td><td>+128%</td></tr>
<tr><td>International</td><td>-3%</td><td>+28%</td></tr></table>

The South Africa business had to deal with the genericisation of its two leading branded products, the termination by Pfizer of its infant milk formula licence and a reduction in the value of the ARV tender. Under these circumstances the South Africa business has performed creditably and delivered positive growth in the second half of the year.

The International business faced a contraction in revenue as a result of the ongoing transition of global brands acquired from GSK to the Aspen distribution network where revenue is shared with third-party distributors.</td></tr>
<tr><td>To provide patients with high quality medicines at competitive prices</td><td>The Group's manufacturing sites have maintained their GMP accreditations without any major findings from reviews undertaken by various regulatory authorities.

The Quality Systems Management Review process is fully matured in all South African operations, and has been implemented in the Aspen Bad Oldesloe and Aspen Australian operations. The process has also been introduced in Aspen Brazil.

There were 12 product recalls in the past year. Two of the product recalls were quality related and appropriate remedial action has been taken. Three of the product recalls related to stability/shelf life issues which are being actively addressed. The remaining recalls were not related to product quality.

Aspen's South African manufacturing facilities have managed to successfully contain product cost increases despite inflationary pressures and rising energy costs. This has been achieved through continuous improvement projects generating production efficiency enhancements, with associated reductions in operating expenses, as well as through innovative material sourcing initiatives.</td></tr>
<tr><td>To achieve a strategic advantage through our production capabilities</td><td>Focus in the South African production facilities has been on establishing site specific centres of production excellence, as well as commencing a process to concentrate large volume tablet manufacture in South Africa to obtain the greatest benefit from the existing large-scale manufacturing capacities.

The homogenisation of production within the South African operations is making excellent progress:
• the realignment of solid dose manufacture from the Port Elizabeth Unit 3 facility to the Unit 2 facility has been completed;
• the realignment of semi-solid creams/ointments/suppositories and Dutch medicines from the Port Elizabeth site to the East London site has been completed; and
• the construction of the high volume liquids facility in East London has been completed and realignment of high volume liquid product from the Port Elizabeth site has commenced.

The transfer of international volumes into the Port Elizabeth site has commenced, with the transfer of Zyloric for major European Union markets and the first of the Australian products completed.

FCC has been strategically repositioned to a vertically integrated model. A capital project is underway to extend the high-potency API production capabilities of this facility.

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

The Bad Oldesloe manufacturing site continued to perform a valuable role in the production of a number of the global brands.</td></tr>
</table>

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Challenges	Outlook
Governments around the world are continuously looking to find ways of reducing the cost of medicines. Downward pressure on price is increased by robust competition in the pharmaceutical industry. Access to cost-effective production, efficiency in the supply chain, differentiation in product offering and compelling sales representation are all important factors in producing exceptional performance.	Continuous improvement programmes will continue to be run at each Aspen business in an effort to optimise performance. In South Africa there will be a strong focus on organic growth as the headwinds of the past year are overcome. In Asia Pacific and in the International business there is an emphasis on cost-saving projects. In SSA specific attention will be given to new product launches.
Regulatory requirements and product regulations continuously evolve, placing increased focus on maintaining and upgrading intellectual property. Common Technical Document format for submissions relating to existing registrations including analytical method validation to the latest requirements will continue to be addressed. The global economic recession has had a negative impact on material supply security and pricing, with marginal suppliers facing financial difficulties and rationalising materials.	The Group's quality assurance standards and controls are robust, meeting international standards. However, focus on intellectual property upgrades and regulatory processes will continue to be expanded to meet advanced requirements. The volume outlook is positive for operations, facilitating cost-effective volume-driven production and competitive material pricing. However, movements in exchange rates may impact on material pricing and will need to be closely monitored. Strategic operational implementation plans are well established with realignment of international and outsourced manufacture tracking to plan. A strong focus on proactive material sourcing will continue.
A considerable number of projects are in progress within Aspen's manufacturing operations. Dedicated project teams and experienced project leaders have been put in place to manage the complexity and the scale of projects. The systems and controls within the South African manufacturing operations will be extended to FCC. The completion of the construction of the high potency facility at FCC is receiving strong focus. Payroll and electricity costs are material contributors to conversion costs at the South African manufacturing facilities. Consequently, rising wage inflation and electricity rates have a negative impact on product costs. In addition, material fluctuations in offtake volumes from the South African public sector have an adverse effect on optimising production planning at the facilities, thereby compromising manufacturing efficiencies.	The manufacturing facilities in the Group are well positioned to produce high quality products at competitive costs. There are no capacity constraints despite increased volumes. The plan for the consolidation of manufacture in Aspen Australia will continue to be implemented with the Croydon site closure expected to be finalised in the next year and Noble Park site the following year. A phased plan for the closure of the Baulkham Hills site was announced in September 2012. Capital expansion projects will continue at the East London, FCC and Aspen Bad Oldesloe sites. Additional strategic capital expansion projects are under consideration. Product realignment projects should increase production efficiency and result in improved cost of goods.

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Strategic objectives *(As disclosed in the 2011 Annual Report. Amended and new objectives added in 2012)*	**Performance of the past year**
To continuously increase and improve our offering to healthcare professionals and patients through a prolific product pipeline	During the past year, the Group launched a total of 87 products in 19 countries, increasing access to high quality, affordable medicines.
To provide a safe, challenging and rewarding environment for our employees	The progress made in improving safety, health and environmental ("SHE") standards in the South African operations was evidenced by very successful external legal compliance audits. Regrettably a workplace fatality occurred at Aspen's Nutritionals site during the course of the year when a contract worker failed to comply with the safety regulations. Further safeguards have been implemented to prevent a recurrence. A global SHE conference was held in Port Elizabeth and was attended by the responsible SHE officers for all of the Aspen manufacturing sites worldwide. Significant progress has been made in the automated Human Resources Management system implementation in South Africa. A total of 3 715 employees, representing 60% of the workforce, attended training and development programmes during the year. Employee reward systems were reviewed and refined where considered appropriate. The Remuneration Policy was benchmarked against best practice.
To supply high quality medicines and products to our customers in an efficient and responsible manner	In South Africa, Aspen ranks first in terms of the number of script lines dispensed and in Australia, Aspen ranks first in terms of pharmaceutical prescriptions written. These indicators reflect customer satisfaction as well as customer confidence in the Aspen brand. Aspen's largest distributor in Europe encountered regulatory issues unrelated to the Aspen products. This necessitated extensive rearranging of product distribution across Europe. Working with the regulatory departments of several countries, this has been achieved with only isolated disruption to product supply. Aspen successfully assumed the supply obligations of co-suppliers for four products under the South African ARV tender thus ensuring patients continued to receive their life-sustaining medication. Transition of the global brands acquired from GSK under two transactions from the GSK distribution network to the Aspen distribution network has been materially completed.
To practise good corporate governance	Aspen continues to operate on an established foundation of strong corporate governance. The Group has applied King III. The few instances where the King III principles and recommendations have not been applied are reported on page 94 of this Annual Report. During the year under review, further incremental enhancements were made to the Group's governance processes, including the establishment of a Social & Ethics Committee and the implementation of an ethics management programme in all businesses across the Group.

Challenges	Outlook
Product registration time lines are long in certain key countries, notably South Africa and Brazil. Registration times are unpredictable, which affects the supply chain readiness to launch products rapidly following registration.	The IMS value of products currently in Aspen's five-year product pipeline (2012 to 2017 calendar years) is valued at USD9,1 billion with USD5,5 billion expected to be launched by the Group over the next two years (2013 and 2014) and the balance expected to be launched over the three-to-five-year horizon. Launch timing is dependent upon the speed of processing of the necessary registrations by the regulatory agencies in each country. The product pipeline covers a wide range of therapeutic categories for each region.
Human Resources practices and SHE standards are not consistent across all Group operations. Acquired businesses have established practices and differing standards. The SHE conference equipped SHE officers to perform a gap analysis against best practice. Considerable attention has been given to an assessment and updating of the South African Human Resources policies.	Action plans arising from the SHE gap analysis will be implemented at all manufacturing sites. Assessment of differences in Human Resources practices between the various territories will be undertaken with a view to identify areas where consistent application will be beneficial and areas where local practice should prevail. The Aspen business culture continues to challenge all employees with the maxim "To be the best we can be."
Market diversity across more than 150 countries increases the variability of customer expectations and intensifies supply chain complexities. The project to achieve greater automation of the supply chain has already delivered enhancements and remains ongoing. Demand from the South African public health sector is often erratic.	Aspen has established a platform of domestic and international distribution networks to serve its customer requirements across its territories both in the developed and emerging pharmaceutical markets. The supply chain automation project will continue to improve supply chain efficiencies as it progresses. Research is being undertaken to access the most effective stockholding policies for global brands distributed worldwide.
The Board and management remain aware of the importance to practise good corporate governance while retaining Aspen's entrepreneurial corporate culture and the associated agility of decision-making. This balance has been best achieved by embedding principles of good corporate governance in business practices at an operational level wherever practicable.	Aspen's corporate governance practices extend beyond legislative and regulatory compliance – good governance standards are upheld throughout the Group. Governance structures, practices and processes will continue to be monitored and revised from time-to-time, taking into account best practice as well as practicable and cost-effective implementation.

Strategic objectives *(As disclosed in the 2011 Annual Report. Amended and new objectives added in 2012)*	**Performance of the past year**
To achieve superior returns on investment for our shareholders over the long term	For the 14th consecutive year, Aspen has delivered double-digit earnings growth to its shareholders. Aspen's CAGR since listing exceeds 40% for revenue, operating profit and headline earnings per share. An investment in Aspen shares has yielded the following annual compound returns over the stated periods to 30 June 2012: Since listing = 29% Five years = 28% Three years = 32%
To achieve our strategic objectives as responsible corporate citizens (2012)	The constitution of the Social & Ethics Committee in accordance with the requirements of the Companies Act has provided additional impetus and focus on Aspen's profile as a responsible corporate citizen and the Group's efforts aimed at enhancing this profile. This Committee will be focusing its activities on the following key aspects: • ethics policies and practice – the implementation of the Group's ethics management programme; • human rights and non-discriminatory practices; • CSI initiatives/socio-economic development; • environment/public and occupational health and safety; • consumer responsibilities and relationships; • labour and employment practices; and • BBBEE and transformation. Successful implementation of initiatives in Socio-economic Development and Enterprise Development under the BBBEE Codes in South Africa has allowed Aspen to retain its Level 3 contributor status despite the implementation of more onerous measures this year.
To be alert to opportunities to enhance the value of the Group for its stakeholders	Aspen acquired a portfolio of established OTC products from GSK for R2,1 billion. The transaction was for selected territories with an excellent geographic fit with the Group's existing footprint, including South Africa, Australia and Brazil. The products have considerable established brand equity which Aspen intends to leverage through increased promotion and plans to expand through brand extension. Minority shareholders were bought out in Shelys, allowing the Group full control over the strategic direction of this business. In South Africa, Aspen continued its exit from personal care products with the disposal of its toothpaste brands. In Brazil, the divestiture of the Campos manufacturing site and related products was completed in alignment with Aspen's private sector focused business plan. Both of these transactions were concluded at a profit.

	Challenges	Outlook
	Worldwide pressure on medicine prices, ongoing reform of healthcare legislation, intense competition, currency volatility and market specific risks add to the task of delivering superior returns.	Strategic initiatives taken to diversify market risks, currency risks and product risks support sustainable growth prospects, particularly in emerging pharmaceutical markets ("pharmerging markets") where Aspen has a high level of focus. The Group's globally competitive production capabilities and economies of scale help to mitigate pricing pressure. Aspen's global distribution platform can be leveraged for the launch of its product pipeline and for innovative distribution partnerships with leading global pharmaceutical partners.
	The most effective methodology for the pragmatic monitoring by the Social & Ethics Committee of the implementation of the Group's policies aimed at enhancing and assuring good corporate citizenship throughout all Group businesses is receiving the Committee's concerted attentions.	Aspen will continually seek to achieve its strategic objectives in a manner which reflects its commitment to being a responsible corporate citizen. The Nelson Mandela International Day initiative in which each Aspen business unit worldwide adopts community upliftment projects and employees contribute time and resources to the projects, will continue to be developed.
	The competition for opportunities in the global pharmaceutical market is strongly influenced by: • the expansion of influence of low-cost Asian pharmaceutical businesses into global territories; and • many multinational pharmaceutical companies specialising in new chemical entities failing to replace patent-expired molecules with new innovation, leading to product lifecycle extension policies and entry into markets such as branded generics. The competition for quality assets in the pharmaceutical industry has also led to high valuations being placed on most acquisitive opportunities.	The Group will continue to assess acquisitive opportunities to supplement organic growth. Areas which will receive particular emphasis are those which provide Aspen with access to products, manufacturing technologies or markets which have high barriers to entry. Opportunities to build on existing areas of strength or strategic fit will also be actively pursued. Divestiture of non-core products/businesses will be considered based upon strategic considerations and value propositions.

Expanding geographic reach and product offering

A proud record extended

The Group has again extended its proud record of growth in the 2012 financial year with revenue increasing by 23% to R15,3 billion, operating profit increasing by 25% to R3,9 billion and earnings per share from continuing operations increasing by 23% to 609 cents. These are all indicators of a successful year. As predicted, performance across the Group was characterised by the remarkable growth of the Asia Pacific region and the considerable once-off challenges faced by the South African business during the year. The International and SSA businesses both advanced favourably. The Group's cash generation remained strong providing the support required to pursue Aspen's ongoing investment in production capabilities and the expansion of its product portfolio, while at the same time being able to increase the capital distribution to shareholders by 50%.

Commendable result from South African business

Under the circumstances, the South African business result for the year was commendable. In the first half of the year the business suffered the consequences of the genericisation of its two leading pharmaceutical products, failure by government to meet ARV tender volumes as it instead took advantage of donor-funded products and the non-renewal of the Pfizer infant milk formula licence. This period was further compromised by a sector wide strike over wages for most of July 2011. Mitigating actions were implemented and by the second half of the year the business had returned to growth. The Pharmaceutical division performed particularly well and a strong showing in the second half saw this division end the year with revenue flat at R5,2 billion.

The South African business is well positioned for the year ahead, having successfully weathered the challenges mentioned. One in four prescriptions dispensed in the country in the private sector is for an Aspen product. The Group's leadership position in the public sector was endorsed with the recent award of the OSD tender where Aspen once again received the largest allocation of 25%. The Group is the industry leader in a market where demographic factors and the need to improve accessibility to medicines will drive expansion. Elimination of the one-off events which affected the South African Pharmaceutical

"The Asia Pacific business was the stand out performer of the Group in 2012. The Australian business has an impressive record of unbroken growth for more than a decade."

Stephen Saad Group Chief Executive

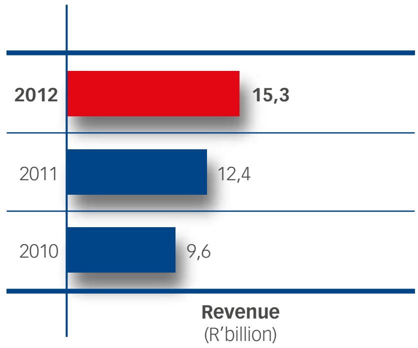
> "The Group's cash generation remained strong providing the support required to pursue the Group's ongoing investment in production capabilities and the expansion of its product portfolio."

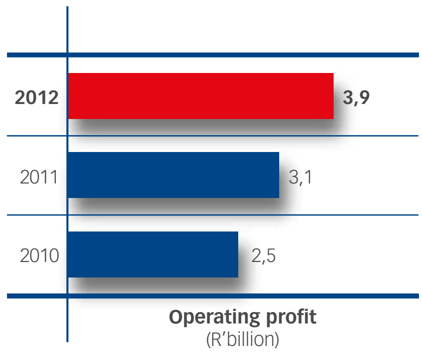
division in 2012 and the benefits of a strong product pipeline will see increased growth momentum in the 2013 financial year. A number of legislative changes remain under consideration by the regulator, including international benchmarking and the capping of logistics fees. The timing and consequences of the resolution of these matters remain uncertain. The South African government's policy decision to support domestic manufacturers in future public sector tenders is welcomed and is expected to be of assistance to Aspen in the upcoming ARV tender due for award in December 2012. The Consumer division is aiming to improve performance supported by innovation in the infant nutritionals range.

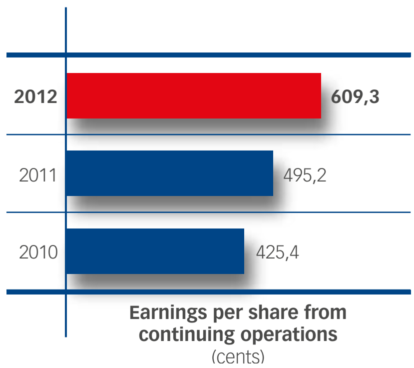
Asia Pacific business destined to be largest revenue contributor

The Asia Pacific business was the stand out performer of the Group in 2012. Revenue doubled to R6,0 billion and EBITA* increased by 128% to R1,5 billion. The Australian business has an impressive record of unbroken growth for more than a decade. It has been pleasing to see the acceleration in growth which has been achieved since the acquisition of the Sigma pharmaceutical business, particularly given the number of detractors at the time the Sigma transaction was announced. The Sigma pharmaceutical business has been fully integrated with the Aspen heritage business in Australia. Synergies have been gained in the establishment of a single business platform. However, the biggest benefits have come from the reduced cost of goods which has been realised by taking advantage of Aspen's competitive manufacturing and procurement competencies. Management in Australia are to be congratulated on the successful implementation of the Sigma pharmaceutical business acquisition plan ahead of schedule and the organic growth which has been achieved in this business.

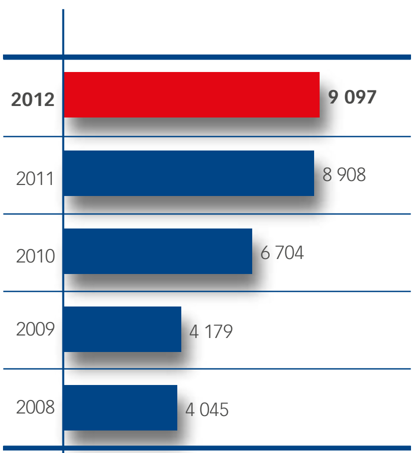
The Asia Pacific business is destined to become Aspen's biggest contributor to revenue once it commences distribution of the portfolio of 25 established pharmaceutical brands which the Group has agreed to acquire from GSK. Completion of this transaction is conditional upon the approval of the Australian competition authorities which is expected to be provided in the last quarter of 2012. Aspen is uniquely positioned in the Australian market with the most extensive product offering, spanning branded, generic, OTC and consumer products. This strengthens the







** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*



Product pipeline value
(USD'million)

Group's trading capacity and has made Aspen an obvious candidate for co-marketing arrangements such as the one that has recently been concluded with Lilly in respect of Zyprexa. Further improvements in cost of goods, new product launches and opportunities arising from the unique positioning of the Australian business are expected to more than offset the effects of the legislated price cuts in the year ahead. Prospects for future growth in the region from South East Asian markets are being actively explored. Trade has commenced in Aspen's newly established subsidiary in the Philippines and the feasibility of expansion into Thailand, Taiwan and Malaysia is presently under investigation.

Latin American market potential

Revenue in the International business declined slightly to R2,5 billion despite customer sales in the Latin American part of this business rising 11% to R1,0 billion. The reduction in revenue was a consequence of the transitioning of certain global brands. Profitability in the International business nevertheless expanded with EBITA* improving 28% to R0,9 billion aided by benefits from an ongoing project to reduce the cost of goods of identified global brands. The redefinition of the business model in Brazil from public sector to private sector facing has yielded positive results. The Group continues to see Latin America as the area of greatest growth potential within the International business.

Aspen will seek opportunities to establish a presence in other Latin American territories in addition to the existing operations in Brazil, Venezuela and Mexico. Expansion of its portfolio of global brands remains a focus area for the Group in the year ahead. In the past year this portfolio was complemented by the addition of a range of OTC brands acquired from GSK with an excellent fit to Aspen's geographic footprint.

Further growth in SSA

SSA continued to progress well with strong revenue growth taking gross sales from this business to R1,7 billion. Profits grew even quicker with EBITA* rising by 40%. The Collaboration increased sales representation and launched new products during the year. With further product launches scheduled in the year ahead the Collaboration is successfully increasing access to quality medicines in SSA. Aspen acquired full control of Shelys in the second half of the year and the capacity to dictate strategy without having to consider the conflicting objectives of minority shareholders has already yielded favourable results.

More subsidiaries planned

The recent expansion of Australia to a size similar to that of the South African business means that the Group is presently anchored by two large, mature concerns. Each has a leading market position and both convert profits into cash most efficiently. Aspen is actively seeking to create growth opportunities in other geographies and the foundations for this strategy have already been established in Latin America and South East Asia. The establishment of further subsidiaries in South East Asia is currently receiving significant attention from the Asia Pacific

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

> "Aspen is actively seeking to create growth opportunities in other geographies and the foundations for this strategy have already been established in Latin America and South East Asia."

management team. The Group plans to progressively set up Aspen subsidiaries in countries where sufficient critical mass of Aspen products is achieved to justify replacing the existing third party distributors. This is intended to deliver greater focus on the Aspen product portfolio than is likely in the hands of a third party distributor and also to accelerate the uptake of the Group's organic pipeline in these countries.

Product pipeline supports organic growth

The Group has continued to invest in the potential of the product pipeline in order to support organic growth across all of Aspen's focus territories. Product selection for the pipeline receives careful attention in an effort to identify differentiated products relevant to the specific markets. The Group will also continue to seek opportunities to reinforce organic growth with value enhancing acquisitions. Aspen has a proven record of effective execution of acquisitions. This has been achieved through careful identification of appropriate investments and meticulous planning. A team which is highly experienced in the implementation of these transactions has been developed and will stand the Group in good stead for future acquisitions.

Manufacturing delivers strategic advantage

Aspen's objective of gaining a strategic advantage from the investments made in manufacturing facilities and capabilities was instrumental in the results delivered in 2012 and will continue to support the Group's initiatives going forward. During the past year, efficiency gains in production have played an important role in ensuring a steady operating profit margin percentage despite pricing pressure in Aspen's largest markets. There are ongoing projects to reduce cost of goods, most materially in respect of identified global brands and products acquired from the Sigma pharmaceutical business, which will benefit the Group next year and beyond.

High performance organisation

Aspen is a high performance organisation which has been able to achieve enviable results due to strong alignment of strategy through to implementation. The role played at each level in the organisation has been important to this success. The leadership of the Chairman and the strategic guidance of the Board in support of executive management provides valuable support. Management's skill and experience is critical in the pursuit of ambitious targets. However, ultimate success is dependent on all of the individuals in the factories, offices, laboratories and in the field working hard in achieving delivery for Aspen on six continents.

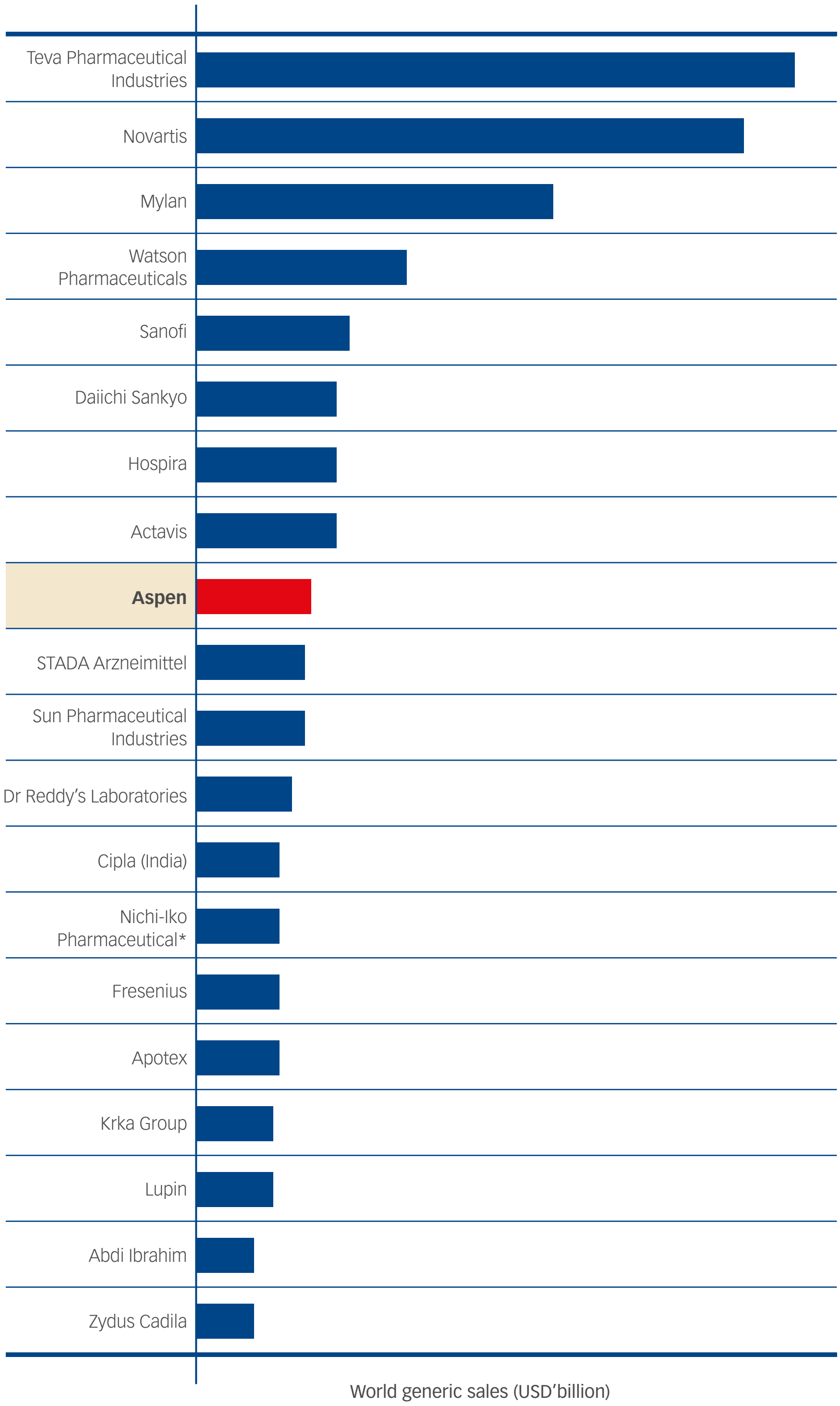
Widening geographic and product coverage

The past year has seen Aspen increase its diversity in product offering and geographic exposure. In the year ahead the Group will continue to focus on strengthening existing businesses, extending territorial coverage and increasing the product portfolio in areas which offer good future growth potential.

Stephen Saad
Group Chief Executive

22 October 2012

Global ranking on worldwide generic pharmaceutical sales in 2011



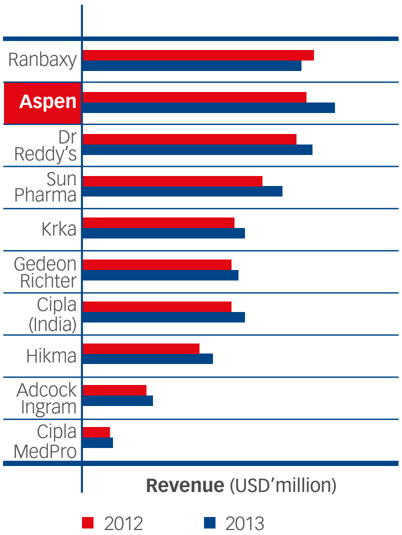
Source: EvaluatePharma (29 May 2012), coverage of 65 generic companies.

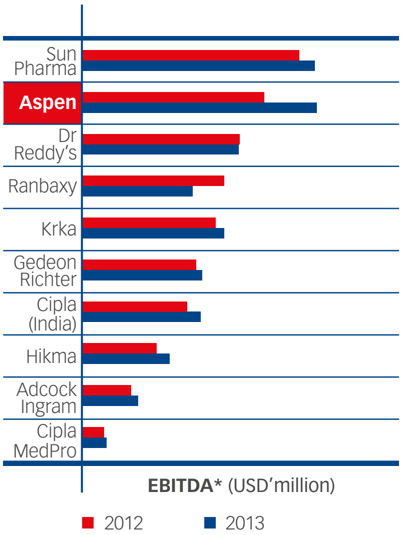
Note: Sales in 2011 based on company reported data (Apotex, Cipla, Dr Reddy's, Lupin and Sun based on forecast data for 2011).

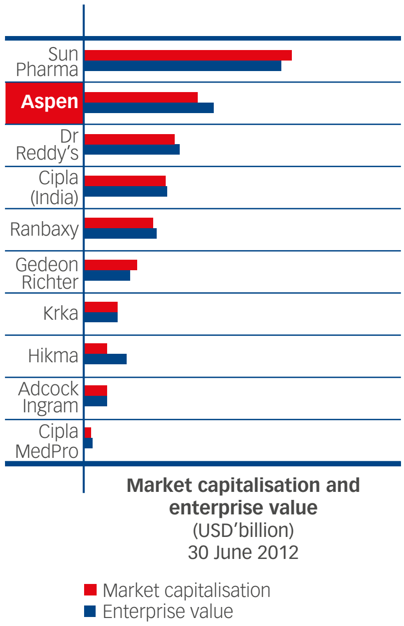
* Nichi-Iko's figure for 2011 reflects a 16-month period from 1 December 2010 to 31 March 2012, due to a change in fiscal year end.

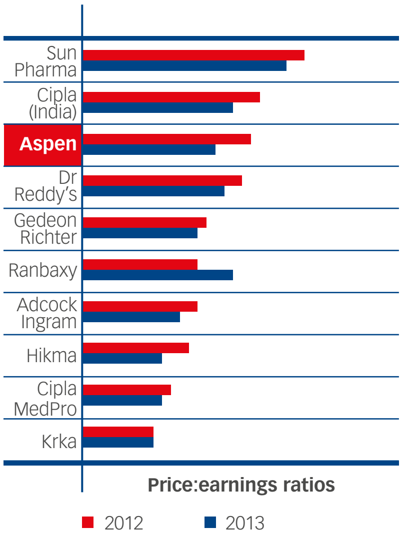
Based upon the Group's results to 30 June 2011 compared to most recent available results for other generic-focused manufacturers worldwide, Aspen is ranked ninth largest company by revenue.

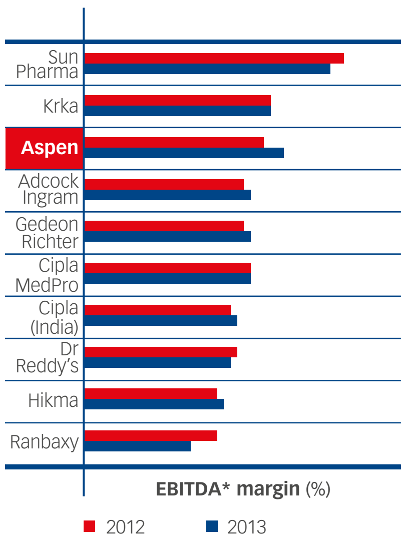
Emerging markets peer comparatives











Source: JP Morgan – All information for peer comparatives is as per Bloomberg annualised consensus estimates as at 30 June 2012. Aspen's actual information has been reflected for 2012 and Bloomberg's estimates have been used for FY13 forecast information.

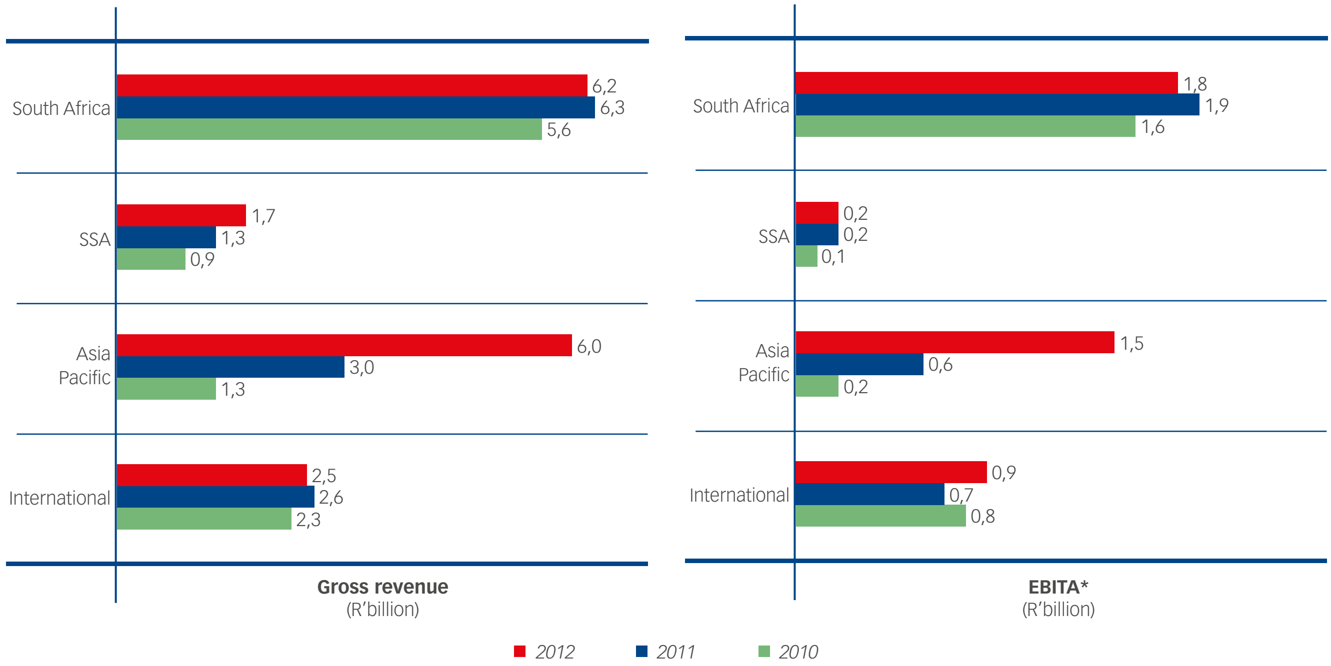
Aspen is well positioned amongst its peers. Analysts' consensus forecasts suggest Aspen is a leading performer amongst this group of emerging market pharmaceutical companies.

** Earnings before interest, tax, depreciation and amortisation.*

Overview
Business unit reviews
Governance
Summarised financial statements
Sustainability
Shareholders' information

for the year ended 30 June 2012

Segmental highlights



Compound annual growth rate

	Since listing	Last 5 years	Last 3 years
Gross revenue	**47%**	32%	25%
EBITA*	**51%**	30%	24%
Normalised diluted headline earnings per share from continuing operations	**44%**	25%	20%

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Financial highlights

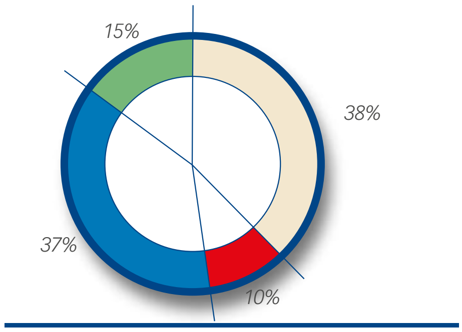
	30 June 2012 R'million	30 June 2011 R'million	Change	10-year CAGR#
FINANCIAL PERFORMANCE HIGHLIGHTS				
Revenue from continuing operations	**15 255,8**	12 383,2	23%	26%
Gross profit	**7 276,3**	5 613,5	30%	26%
EBITA*	**4 415,0**	3 488,6	27%	27%
Normalised headline earnings from continuing operations	**2 876,9**	2 356,5	22%	22%
Cash generated from operating activities	**2 908,4**	2 445,9	19%	29%
FINANCIAL PERFORMANCE INDICATORS				
EBITA* margin	**27,0%**	26,4%		
Return on total assets	**16,5%**	17,3%		
Gearing ratio	**28,9%**	33,7%		
Return on ordinary shareholders' equity	**17,3%**	18,4%		
Working capital as a % of turnover (annualised)	**27,2%**	22,5%		
Net interest cover (times)	**8,7**	8,5		
PERFORMANCE PER SHARE	**cents**	cents		
Earnings per share ("EPS") from continuing operations – basic	**609,3**	495,2	23%	26%
Normalised headline EPS ("HEPS") from continuing operations	**659,4**	544,3	21%	26%
Normalised diluted HEPS from continuing operations	**636,2**	523,3	22%	26%
Operating cash flow per share from continuing operations	**666,2**	554,8	20%	26%
SHARE PERFORMANCE INDICATORS				
Price earnings ratio (times)	**19,2**	15,4	25%	
Closing share price (cents)	**12 585,0**	8 400,0	50%	
Market capitalisation (R'billion)	**57,2**	36,5	57%	

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*
 # Compound growth represents 10-year annual growth, calculated for the period 2002 to 2012 covered in the eleven-year review.

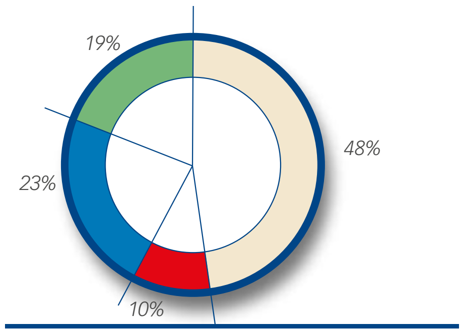
Balancing risks through diversification

Shift in geographic contribution

Results for the year ended 30 June 2012 further demonstrated the successful implementation of the Group's strategy to manage risk through diversification of geographic exposure and by increasing the range of product offering. Gross revenue and EBITA* both shifted towards a greater weighting of contribution from the Asia Pacific business segment.

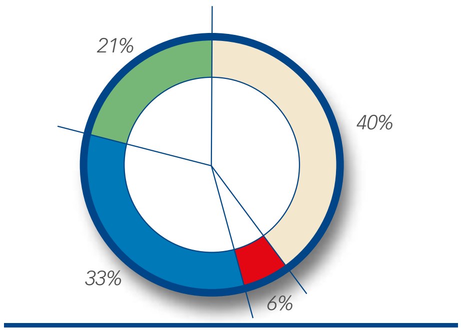


Gross revenue 2012

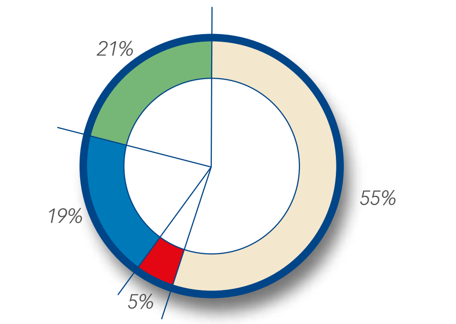


Gross revenue 2011

South Africa
Sub-Saharan Africa
Asia Pacific
International



EBITA* 2012



EBITA* 2011

"Sales revenue from customers in the Asia Pacific region increased from R3,1 billion to R6,1 billion due to the full period inclusion of the Sigma pharmaceutical business acquired in the previous year."

Gus Attridge Deputy Group Chief Executive

* *EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

"Ongoing cost of goods reduction projects for certain of the global brands should ensure that these higher margin percentages are maintained or improved."

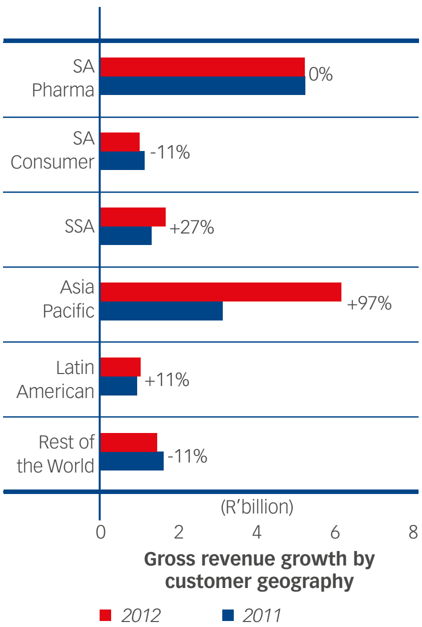
This increase in contribution from Asia Pacific is also reflected in the breakdown of the Group's growth recorded in gross revenue and EBITA* as analysed by segment in the table below.

	Gross revenue^ growth contribution	EBITA*^ growth contribution
South Africa	-1%	-5%
Asia Pacific	+23%	+24%
International	-1%	+6%
Sub-Saharan Africa	+3%	+2%
Group	+24%	+27%

^ from continuing operations

Asia Pacific leads revenue growth

This diversification of contribution is further demonstrated by the changes between 2011 and 2012 in gross revenue from continuing operations according to customer geography. It should be noted that there is a difference in segmental allocation between revenue by customer geography and revenue by territory of invoice. This difference arises due to transactions which have taken place between the geographic segments of the Group.



Gross revenue growth by customer geography

Given the challenges faced, the South African Pharmaceutical division achieved an excellent result in holding revenue flat at R5,2 million, buoyed by a strong second half performance. The South African Consumer division was unable to fully compensate for the loss of the Pfizer infant milk formula licence as revenue contracted 11% to R1,0 billion. A positive performance from all elements of the SSA business reflected in an increase in gross revenue of 27% to R1,7 billion. Sales revenue from customers in the Asia Pacific region increased from R3,1 billion to R6,1 billion due to the full period inclusion of the Sigma pharmaceutical business acquired in the previous year (when it was part of the Group for five months), the Zyprexa co-marketing arrangement and organic growth achieved. In Latin America sales revenue from customers advanced 11% to R1,0 billion assisted by positive performances in Brazil and Venezuela. The Rest of the World territories contracted 11% to R1,4 billion largely due to the elimination of low margin business previously undertaken.

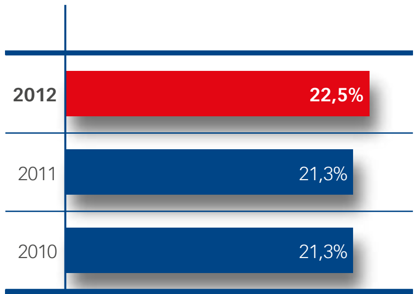
** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Margins respond to initiatives implemented

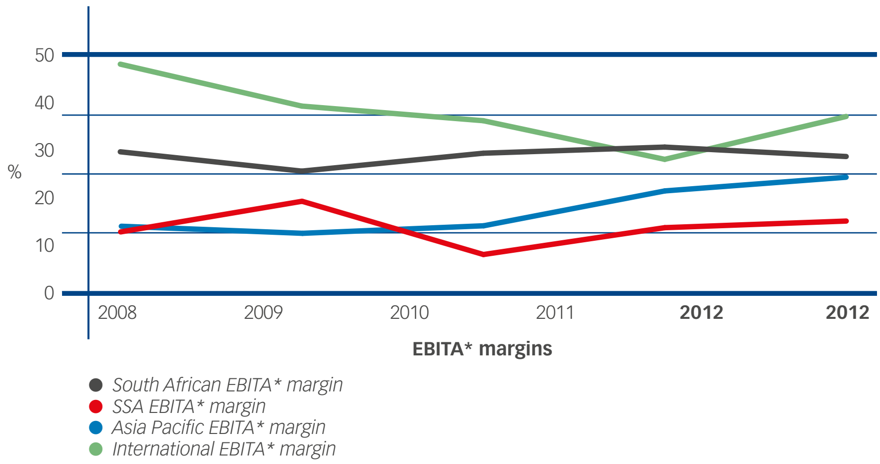
The Group's EBITA* margin percentage improved slightly from 26,4% to 27,0% as manufacturing efficiencies and procurement savings offset downward pricing pressure and increased investment in distribution and infrastructure. In South Africa the EBITA* margin percentage declined from 31% to 29% as costs, most particularly those related to energy and labour, rose substantially more than the 2,1% SEP increase granted by the South African Department of Health from March 2012 and a weakening Rand increased the cost of imported materials. Only substantial gains in manufacturing productivity prevented a sharper decline. The EBITA* margin percentage in South Africa in the year ahead will be influenced by the SEP adjustment awarded relative to underlying cost inflation and exchange rate movements. In Asia Pacific the EBITA* margin percentage improved from 21% to 24% despite the impact of the Australian regulator's price disclosure cuts. After removing the effect of the co-marketing arrangement for Zyprexa in Australia which carries a low margin percentage, the underlying margin increased to 26%. Margin improvements were achieved largely through the cost of goods reduction projects relating to the acquired Sigma pharmaceutical business. Although further price disclosure cuts are scheduled in the year ahead, it is expected that these can be more than offset by the benefits gained from Aspen's manufacturing and procurement network. After a dip in 2011, predominantly caused by margin sacrificed to third party distributors taking over global brands, the International business EBITA* margin percentage of 37% returned to levels similar to those recorded in 2009 and 2010. Ongoing cost of goods reduction projects for certain of the global brands should ensure that these higher margin percentages are maintained or improved. In SSA the EBITA* margin percentage ticked up from 14% to 15% as the increased focus on private market business at Shelys yielded positive results. The EBITA* margin percentage in SSA is lower than the other business segments due to the profit sharing formula applicable to the Collaboration which makes up the greatest part of this business segment.

Rising effective tax rate

The Group's effective tax rate increased from 21,3% to 22,5% as a result of the changes in the sales mix across the globe. This trend in rising effective tax rate is expected to continue in 2013.



Effective tax rate
(%)



EBITA* margins

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Earnings increase measured

There are a number of levels on which the Group's earnings and earnings per share are measured. The table below identifies the component parts between these various measures in 2012:

	Earnings R'million	Per share Cents
Earnings attributable to equity holders	**2 818**	**645,8**
Discontinued operations	**(159)**	**(36,5)**
Earnings from continuing operations	**2 659**	**609,3**
Impairments	**176**	**40,4**
Headline earnings from continuing operations	**2 835**	**649,7**
Restructuring costs	**52**	**11,9**
Transaction costs	**25**	**5,7**
Foreign exchange gain on transaction funding	**(35)**	**(7,9)**
Normalised headline earnings from continuing operations	**2 877**	**659,4**

The relative improvements over 2011 in the various earnings per share measures are set out in the table below. The lower contribution from discontinued operations in 2012 is the most significant difference in weighting between the years. It should be noted that the dilution arises predominantly due to the preference shares that were in issue. As these preference shares were converted to ordinary shares in June 2012, the dilution will be substantially removed in the year ahead.

	Year ended 30 June 2012 Cents	Year ended 30 June 2011 Cents	Change
Basic EPS	**645,8**	595,5	+8%
Discontinued operations	**(36,5)**	(100,3)	
Basic EPS from continuing operations	**609,3**	495,2	+23%
Impairments	**40,4**	21,1	
Other	**–**	(5,4)	
HEPS from continuing operations	**649,7**	510,9	+27%
Restructuring costs	**11,9**	5,3	
Transaction costs	**5,7**	28,1	
Foreign exchange gain on transaction funding	**(7,9)**	–	
Normalised HEPS from continuing operations	**659,4**	544,3	+21%
Dilution	**(23,2)**	(21,0)	
Diluted normalised HEPS from continuing operations	**636,2**	523,3	+22%

Record of strong cash generation continues

Aspen's business model is strongly cash generative. This was again demonstrated by normalised operating cash flow per share from continuing operations of 670,2 cents outstripping normalised headline earnings per share from continuing operations of 659,4 cents. This is the third successive year in which the Group has been able to generate more cash than profit from its operations.

	Year ended 30 June 2012 R'million	Year ended 30 June 2011 R'million	Change
Cash generated from operations	**2 908**	2 446	+19%
Discontinued operations	**(2)**	(44)	
Normalisation adjustments	**18**	113	
Normalised cash generated from continuing operations	**2 924**	2 515	+16%
Normalised operating cash flow per share from continuing operations (cents)	**670,2**	580,9	+15%
Operating cash flow conversion rate	**102%**	107%	
Working capital as a % of revenue	**27,2%**	22,5%	

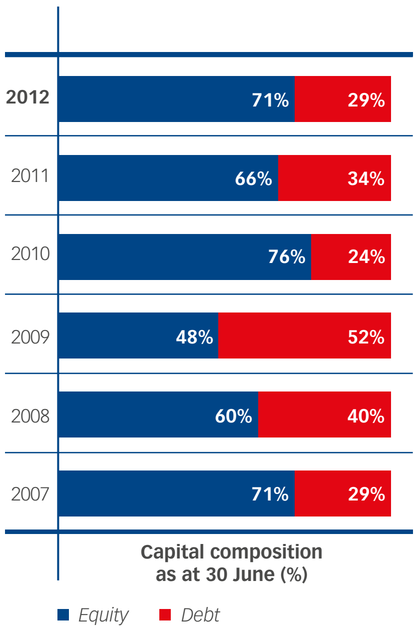
Working capital as a percentage of revenue increased from 22,5% to 27,2%. This was expected due to the 2011 position being uncommonly low. Working capital as a percentage of revenue for 2012 was at a mid-point of the Group's internal target range of between 25% and 30%.

Reduced gearing

Higher average debt levels over the year resulted in net funding costs rising from R412 million to R501 million. The material factors giving rise to the increase in Aspen's net debt over the year are set out in the reconciliation below.

	R'billion
Net debt opening balance	**6,7**
Cash generated from operations	**(2,9)**
Preference shares converted	**(0,4)**
Investment in property, plant and equipment	**0,5**
Investment in intangible assets	**2,1**
Capital distribution	**0,5**
Translation of foreign borrowings	**0,5**
Other	**0,1**
Net debt closing balance	**7,1**

Despite the slight increase in net debt, at 30 June 2012 gearing in the Group at 29% was reduced on most of the preceding year ends.



Capital composition as at 30 June (%)

"Products, the intellectual property which validates these products and the trade names under which these products are branded are the life blood of Aspen and the Group's most valuable assets."

Given the lower gearing levels and the cash generation capabilities of the Group there is scope for further borrowing in support of Aspen's investment initiatives in the year ahead. The Group's borrowings remain arranged in three independent debt pools, South Africa/SSA, Asia Pacific and International. With the exception of limited holding company guarantees, all borrowings are unencumbered. During the course of the year the debt profile has been restructured so that short-term net debt now comprises 12% of total net debt (2011: 19%).

Value in intellectual property and goodwill

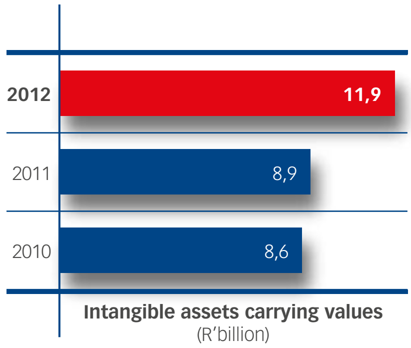
The statement of financial position reflects total assets of R31,7 billion of which intangible assets and goodwill comprises more than half, at R17,2 billion. In addition to investments during the year, the value at which intangible assets and goodwill is recorded has increased by a further R1,8 billion as a consequence of the translation to Rand of foreign currency dominated assets. Products, the intellectual property which validates these products and the trade names under which these products are branded are the life blood of Aspen and the Group's most valuable assets. Therefore it is appropriate that intangible assets and goodwill are the dominant asset class, representing the cost of products and brands acquired by Aspen after annual impairment testing. Due to historic cost accounting convention, the statement of financial position does not record the considerable additional value which resides in the intangible assets and goodwill of Aspen which has been created by years of successful investment and promotion in the market place.

Distribution to shareholders up 50%

The increased earnings and strong cash flows together with an assessment of existing debt service commitments and future proposed investments has allowed the Board to approve a 50% increase in the capital distribution to shareholders for a second successive year. The capital distribution of 157 cents per ordinary share is by way of a capital reduction. Future distributions will be decided on a year-to-year basis, taking consideration of the prevailing circumstances.

Gus Attridge
Deputy Group Chief Executive

22 October 2012



Intangible assets carrying values
(R'billion)

	10-year CAGR	**IFRS Year ended 30 June 2012 R'million**	IFRS Year ended 30 June 2011 R'million	IFRS Year ended 30 June 2010 R'million
GROUP INCOME STATEMENTS				
Continuing operations				
Revenue	26%	**15 255,8**	12 383,2	9 619,2
Gross profit	26%	**7 276,3**	5 613,5	4 476,5
EBITA*	27%	**4 415,0**	3 488,6	2 734,6
Total amortisation and non-trading adjustments	30%	**(474,4)**	(339,6)	(210,2)
Operating profit	26%	**3 940,6**	3 149,0	2 524,4
Net financing costs	26%	**(500,6)**	(412,1)	(365,3)
Profit before tax	26%	**3 440,0**	2 736,9	2 157,4
Profit after tax	28%	**2 667,7**	2 154,8	1 698,9
GROUP STATEMENTS OF FINANCIAL POSITION				
Assets				
Non-current assets				
Property, plant and equipment		**3 807,0**	3 651,5	3 012,4
Goodwill		**5 343,9**	4 626,6	456,1
Intangible assets		**11 869,8**	8 916,7	8 609,9
Preference share investment		**–**	–	–
Other non-current assets		**31,5**	11,8	34,4
Deferred tax assets		**234,4**	216,5	65,5
Total non-current assets		**21 286,6**	17 423,1	12 178,3
Current assets				
Inventories		**3 292,0**	2 628,1	2 041,4
Trade and other receivables		**3 825,2**	3 263,8	2 359,5
Cash restricted for use		**1,2**	28,7	21,8
Cash and cash equivalents		**3 313,5**	3 039,2	2 939,8
Total operating current assets		**10 431,9**	8 959,8	7 362,5
Assets classified as held-for-sale		**–**	414,5	260,1
Total current assets		**10 431,9**	9 374,3	7 622,6
Total assets		**31 718,5**	26 797,4	19 800,9
Equity and liabilities				
Ordinary shareholders' equity		**17 389,4**	13 064,2	10 669,0
Equity component of preference shares		**–**	162,0	162,0
Non-controlling interests		**8,7**	61,1	55,2
Total shareholders' equity		**17 398,1**	13 287,3	10 886,2
Non-current liabilities				
Preference shares – liability component		**–**	381,3	386,6
Borrowings		**6 254,1**	4 249,0	2 260,2
Other non-current financial liabilities		**210,0**	167,0	174,8
Deferred tax liabilities		**536,0**	504,9	263,2
Total non-current liabilities		**7 000,1**	5 302,2	3 084,8
Current liabilities				
Trade and other payables		**2 929,2**	2 830,8	1 913,9
Borrowings		**4 127,1**	5 138,0	3 720,8
Other current financial liabilities		**264,0**	208,2	195,2
Total operating current liabilities		**7 320,3**	8 177,0	5 829,9
Liabilities associated with assets held-for-sale		**–**	30,9	–
Total current liabilities		**7 320,3**	8 207,9	5 829,9
Total equity and liabilities		**31 718,5**	26 797,4	19 800,9

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

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

(2) Includes R8,1 million amortisation of goodwill.

(3) Includes R13,8 million amortisation of goodwill.

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121 and the segmental analysis disclosed in the relevant years.*

IFRS Year ended 30 June 2009 R'million	IFRS Year ended 30 June 2008 R'million	IFRS Year ended 30 June 2007 R'million	IFRS Year ended 30 June 2006 R'million	IFRS Year ended 30 June 2005 R'million	SA GAAP Year ended 30 June 2004 R'million	SA GAAP Year ended 30 June 2003 R'million	SA GAAP Year ended 30 June 2002 R'million
8 441,4	4 682,5	4 025,9	3 449,3	2 814,6	2 201,7	1 890,2	1 561,2
3 877,3	2 171,3	1 941,7	1 660,3	1 390,6	1 058,1	860,8	736,3
2 294,5	1 260,0	1 194,3	1 009,8	837,4[1]	631,8	501,3	413,7
(124,2)	(63,7)	(117,7)	(115,1)	(99,2)	(78,0)[2]	(54,1)[3]	(34,3)[4]
2 174,7	1 196,3	1 076,6	894,7	738,2	553,8	447,2	379,4
(475,0)	(17,3)	(67,2)	(40,8)	(61,9)	(25,3)	(56,9)	(48,2)
1 696,4	1 177,9	1 009,4	853,9	676,4	528,5	390,3	331,2
1 337,5	844,8	717,7	637,5	468,8	355,6	274,8	221,8
2 261,1[7]	1 623,0[5]	855,1	613,1	481,7	312,8	180,1	145,6
398,4	603,0	295,0	270,4	195,6	86,2	67,5	50,0
4 103,6	3 631,8[5]	844,7	803,4	665,8	441,9	437,0	239,9
–	–	376,8	376,8	376,8	–	–	–
27,6	30,5	6,0	11,9	0,1	124,5	19,4	5,0
17,9	1,0	15,1	34,4	57,6	7,5	149,7	185,7
6 808,6	5 889,3	2 392,7	2 110,0	1 777,6	972,9	853,7	626,2
1 434,5[7]	1 369,1[5]	936,8	798,3	428,2	245,6	213,5	287,0
2 040,2[7]	1 789,1[5]	871,2	727,2	512,7	425,6	414,1	341,0
–	–	–	–	–	–	–	–
2 065,0[7]	1 521,2[5]	3 331,2	625,2	439,6	465,5	200,4	184,1
5 539,7	4 679,4	5 139,2	2 150,7	1 380,5	1 136,7	828,0	812,1
–	–	–	–	–	–	–	–
5 539,7	4 679,4	5 139,2	2 150,7	1 380,5	1 136,7	828,0	812,1
12 348,3	10 568,7	7 531,9	4 260,7	3 158,1	2 109,6	1 681,7	1 438,3
3 867,4[7]	2 908,7[5]	2 220,4	1 551,0	954,3	1 066,5	787,6	599,4
162,0	162,0	162,0	162,0	162,0	–	–	–
75,9	61,1	7,0	6,7	–	–	7,4	17,1
4 105,3	3 131,8	2 389,4	1 719,7	1 116,3	1 066,5	795,0	616,5
392,2	402,1	403,5	403,3	406,6	–	–	–
3 433,8	75,9	25,9	49,0	62,7	156,2	144,7	54,0
9,4	11,9	17,8	35,9	37,4	50,5	92,4	103,3
200,4[7]	133,0[5]	65,3	99,1	71,6	61,6	42,3	29,1
4 035,8	622,9	512,5	587,3	578,3	268,3	279,4	186,4
1 287,5[7]	995,7[5]	648,1	712,7	571,9	353,4	338,6	383,8
2 670,3	5 695,3[5], [6]	3 801,8	1 173,8	761,7	290,0	151,5	160,9
249,4	123,0	180,1	67,2	129,9	131,4	117,2	90,7
4 207,2	6 814,0	4 630,0	1 953,7	1 463,5	774,8	607,3	635,4
–	–	–	–	–	–	–	–
4 207,2	6 814,0	4 630,0	1 953,7	1 463,5	774,8	607,3	635,4
12 348,3	10 568,7	7 531,9	4 260,7	3 158,1	2 109,6	1 681,7	1 438,3

(4) Includes R8,4 million amortisation of goodwill.
(5) The 2008 statement of financial position excludes the Astrix Laboratories Limited balances as this is regarded as a discontinued operation.
(6) This amount includes the financial liability at amortised cost of R2,7 billion.
(7) The 2009 statement of financial position excludes the Oncology business balances as this is regarded as a discontinued operation.

		10-year CAGR	IFRS Year ended 30 June 2012 R'million	IFRS Year ended 30 June 2011 R'million	IFRS Year ended 30 June 2010 R'million
GROUP STATEMENTS OF CASH FLOWS					
Cash operating profit		27%	**4 746,0**	3 845,0	3 269,5
Working capital movements			**(869,6)**	(463,2)	(344,4)
Cash generated from operations		28%	**3 876,4**	3 381,8	2 925,1
Net financing costs paid			**(513,9)**	(401,3)	(427,1)
Tax paid			**(454,1)**	(534,6)	(465,0)
Cash generated from operating activities		29%	**2 908,4**	2 445,9	2 033,0
Cash used in investing activities			**(2 656,3)**	(5 645,5)	(1 020,7)
Cash (used in)/generated from financing activities			**(288,3)**	3 247,0	(498,7)
Translation effects on cash and cash equivalents of foreign operations			**273,2**	(107,3)	(23,8)
Movement in cash and cash equivalents			**237,0**	(59,9)	489,8
Cash and cash equivalents at the beginning of the year			**1 752,8**	1 812,7	1 322,9
Cash and cash equivalents at the end of the year			**1 989,8**	1 752,8	1 812,7
SHARE PERFORMANCE					
Earnings per share – basic	cents		**645,8**	595,5	494,9
From continuing operations	cents	26%	**609,3**	495,2	425,4
From discontinued operations	cents		**36,5**	100,3	69,5
Earnings per share – diluted	cents		**623,2**	572,0	474,7
From continuing operations	cents	26%	**588,2**	476,5	409,1
From discontinued operations	cents		**35,0**	95,5	65,6
Headline earnings per share	cents		**650,1**	520,3	482,9
From continuing operations	cents	26%	**649,7**	510,9	451,8
From discontinued operations	cents		**0,4**	9,4	31,1
Headline earnings per share – diluted	cents		**627,3**	500,3	463,4
From continuing operations	cents	26%	**626,9**	491,4	434,1
From discontinued operations	cents		**0,4**	8,9	29,3
Normalised headline earnings per share	cents		**659,8**	554,5	486,8
From continuing operations	cents	26%	**659,4**	544,3	455,7
From discontinued operations	cents		**0,4**	10,2	31,1
Normalised headline earnings per share – diluted	cents		**636,6**	533,0	467,0
From continuing operations	cents	26%	**636,2**	523,3	437,7
From discontinued operations	cents		**0,4**	9,7	29,3
Capital distribution/dividend per share(8)	cents		**105,0**	70,0	–
Net asset value per share	cents	37%	**3 828,7**	3 011,0	2 473,1
Operating cash flow per share	cents		**666,6**	565,0	505,7
From continuing operations	cents	26%	**666,2**	554,8	471,2
From discontinued operations	cents		**0,4**	10,2	34,5
SHARE INFORMATION					
Number of shares in issue – at the end of the year	million		**454,8**	434,3	431,6
Number of shares in issue (net of treasury shares) – at the end of the year	million		**454,2**	433,9	431,4
Weighted number of shares in issue	million		**436,3**	432,9	402,0
Diluted weighted number of shares in issue	million		**455,2**	454,4	426,2
Market capitalisation at year-end	R'million	35%	**57 234,0**	36 480,8	32 845,6

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

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

(8) The capital distribution paid in 2012 relates to profits earned in the 2011 financial year. The distributions for the years 2002 to 2011 relate to capital distributions/dividends declared after the preceding year-end.

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

IFRS Year ended 30 June 2009 R'million	IFRS Year ended 30 June 2008 R'million	IFRS Year ended 30 June 2007 R'million	IFRS Year ended 30 June 2006 R'million	IFRS Year ended 30 June 2005 R'million	SA GAAP Year ended 30 June 2004 R'million	SA GAAP Year ended 30 June 2003 R'million	SA GAAP Year ended 30 June 2002 R'million
2 668,3	1 494,0	1 322,0	1 127,5	929,3	670,5	508,6	424,1
(507,7)	(435,9)	(353,0)	(487,5)	(52,9)	(44,2)	(11,6)	(94,4)
2 160,6	1 058,1	969,0	640,0	876,4	626,3	497,0	329,7
(535,1)	(84,1)	(54,0)	(55,8)	(47,0)	(25,3)	(56,9)	(48,2)
(333,4)	(321,6)	(206,4)	(182,2)	(176,6)	(102,3)	(54,1)	(50,7)
1 292,1	652,4	708,6	402,0	652,8	498,7	386,0	230,8
(3 556,7)	(1 456,3)	(431,6)	(442,0)	(799,8)	(282,6)	(351,3)	(40,6)
3 129,0	1 210,7	(50,8)	(152,1)	115,6	54,3	20,9	(193,9)
(486,4)	40,6	9,0	14,8	5,5	(5,2)	(39,4)	52,6
378,0	447,4	235,2	(177,3)	(25,9)	265,2	16,2	48,9
944,9	497,5	262,3	439,6	465,5	200,3	184,1	135,2
1 322,9	944,9	497,5	262,3	439,6	465,5	200,3	184,1
374,6	245,3	205,6	185,3	137,6	99,8	76,6	62,5
370,1	239,7	205,6	185,3	137,6(1)	99,8	77,0	61,5
4,5	5,6	–	–	–	–	(0,4)	1,0
362,9	240,1	201,8	179,2	133,9	97,2	74,8	60,6
358,7	234,8	201,8	179,2	133,9(1)	97,2	75,2	59,6
4,2	5,3	–	–	–	–	(0,4)	1,0
389,4	231,3	210,1	185,4	138,3	103,7	79,1	62,7
378,1	225,7	210,1	185,4	138,3(1)	103,7	79,1	63,1
11,3	5,6	–	–	–	–	–	(0,4)
376,7	227,0	206,1	179,3	134,3	101,0	77,1	60,8
366,1	221,7	206,1	179,3	134,3(1)	101,0	77,1	61,2
10,6	5,3	–	–	–	–	–	(0,4)
389,4	231,3	210,1	185,4	138,3	103,7	79,1	62,7
378,1	225,7	210,1	185,4	138,3	103,7	79,1	63,1
11,3	5,6	–	–	–	–	–	(0,4)
376,7	227,0	206,1	179,3	134,3	101,0	77,1	60,8
366,1	221,7	206,1	179,3	134,3	101,0	77,1	61,2
10,6	5,3	–	–	–	–	–	(0,4)
–	70,0	62,0	48,0	30,0	20,0	11,0	8,0
1 072,3	825,4	633,3	446,4	281,1	297,7	222,1	170,5
361,1	185,5	203,1	116,8	191,7	140,0	109,3	65,9
363,4	187,7	203,1	116,8	191,7	140,0	109,7	64,9
(2,3)	(2,2)	–	–	–	–	(0,4)	1,0
361,3	391,3	389,6	386,4	378,4	377,0	373,5	370,3
360,7	352,4	350,6	347,4	339,4	358,2	354,6	351,5
357,9	351,8	348,9	344,1	340,6	356,2	353,1	350,4
382,7	374,7	371,6	369,8	350,2	365,8	361,8	361,3
19 783,7	12 444,7	14 413,9	14 102,9	9 005,3	4 788,1	2 894,3	2 759,0

		IFRS Year ended 30 June 2012	IFRS Year ended 30 June 2011	IFRS Year ended 30 June 2010
JSE STATISTICS				
Number of shares traded	million	**197,8**	249,0	328,1
Number of shares traded as % of weighted average number of shares	%	**45,3**	57,5	81,6
Market price per share				
year-end	cents	**12 585**	8 400	7 610
highest	cents	**12 761**	9 785	8 505
lowest	cents	**7 774**	7 330	5 375
KEY MARKET PERFORMANCE RATIOS				
Earnings yield	%	**5,2**	6,5	6,0
Price:earnings ratio	times	**19,1**	15,4	16,7
BUSINESS PERFORMANCE				
Profitability – measures financial performance of the Group				
Return on ordinary shareholders' equity	%	**17,3**	18,4	23,1
Return on total assets	%	**16,5**	17,3	19,7
Return on net assets	%	**22,4**	22,6	28,8
Increase in gross revenue from continuing operations	%	**23,2**	28,7	14,0
Gross margin	%	**47,7**	45,3	46,5
EBITA* margin	%	**27,0**	26,4	27,1
South African EBITA* margin	%	**28,7**	30,7	29,4
Sub-Saharan Africa EBITA* margin	%	**15,0**	13,6	7,9
Asia Pacific EBITA* margin	%	**24,3**	21,4	14,0
International EBITA* margin	%	**37,2**	28,1	36,3
Effective tax rate	%	**22,5**	21,3	21,3
Liquidity – measures the Group's ability to meet its maturing obligations and unexpected cash needs in the short term				
Current ratio	times	**1,4**	1,1	1,3
Quick ratio	times	**1,0**	0,8	0,9
Cash ratio	times	**0,5**	0,4	0,6
Working capital as % of revenue	%	**27,2**	22,5(9)	25,3
Debt indicators – measures the Group's ability to meet capital and interest payments over the long term				
Total debt	R'million	**7 067,7**	6 729,1	3 427,8
Net borrowings	R'million	**7 067,7**	6 347,8	3 041,2
Total debt to EBITA* cover	times	**1,6**	1,9	1,3
Net interest cover	times	**8,7**	8,5	7,5
Gearing ratio	%	**28,9**	33,7	24,0

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

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

(9) The Sigma pharmaceutical business revenue has been annualised in calculating this ratio.

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

IFRS Year ended 30 June 2009	IFRS Year ended 30 June 2008	IFRS Year ended 30 June 2007	IFRS Year ended 30 June 2006	IFRS Year ended 30 June 2005	SA GAAP Year ended 30 June 2004	SA GAAP Year ended 30 June 2003	SA GAAP Year ended 30 June 2002
335,5	271,0	359,2	268,8	103,4	82,7	128,9	132,1
93,8	77,0	103,0	78,1	30,3	23,2	36,5	37,7
5 475	3 180	3 700	3 650	2 380	1 270	775	745
5 748	3 239	4 016	4 450	2 500	1 410	800	790
2 720	2 915	3 055	2 365	1 270	775	640	565
6,9	7,1	5,7	5,1	5,8[1]	8,2	10,2	8,5
14,5	14,1	17,6	19,7	17,2	12,2	9,8	11,8
39,1	32,9	38,0	50,9	46,4	38,4	39,2	46,1
23,7	19,0	30,5	31,8	38,4	40,4	36,6	36,1
46,9	42,7	49,1	60,2	62,0	56,8	55,3	68,8
80,3	16,3	16,7	22,6	27,8	16,5	21,1	41,4
45,9	46,4	48,2	48,1	49,4	48,1	45,5	47,2
27,2	26,9	29,7	29,3	29,8	28,7	26,5	26,5
25,6	29,7	32,5	32,5	32,9	31,9	31,3	31,0
19,2	12,7	26,8	16,7	2,9	(26,3)	(6,1)	14,6
12,4	13,9	14,6	14,0	14,9	16,8	20,1	20,5
39,4	43,8	28,2	24,2	20,4	18,9	7,4	6,3
21,2	28,3	28,9	25,3	30,7	32,7	29,6	33,0
1,3	1,1	1,1	1,1	0,9	1,5	1,4	1,3
1,0	0,8	0,9	0,7	0,7	1,2	1,0	0,8
0,6	0,2	1,9	0,4	0,3	0,6	0,3	0,3
25,8	36,8	28,8	23,4	13,0	14,4	15,3	15,6
4 431,9	2 011,0	967,6	1 032,2	866,8	75,6	243,1	185,4
4 039,1	1 597,2	496,5	597,6	384,7	(19,3)	95,8	30,8
1,9	1,6	0,8	1,0	1,0	0,1	0,5	0,4
5,9	14,0	18,8	21,6	21,0	65,1	18,2	9,3
52,4	39,6	28,9	37,6	43,7	6,6	23,6	23,6

Asia Pacific EBITA* margin (%)
EBITA* for Asia Pacific from continuing operations
———
Revenue for Asia Pacific from continuing operations

Cash ratio
Cash and cash equivalents
———
Current liabilities (excluding liabilities associated with assets held-for-sale) – bank overdrafts

Current ratio
Current assets (excluding assets classified as held-for-sale)
———
Current liabilities (excluding liabilities associated with assets held-for-sale)

Earnings yield (%)
Normalised headline earnings per share from continuing operations
———
Market price per share at year-end

EBITA* margin (%)
EBITA*
———
Gross revenue from continuing operations

Effective tax rate (%)
Tax from continuing operations
———
Profit before tax from continuing operations

Gearing ratio (%)
Total debt (net of cash)
———
Total shareholders' equity – non-controlling interests + total debt (net of cash)

Gross margin (%)
Gross profit from continuing operations
———
Revenue from continuing operations

International EBITA* margin (%)
EBITA* for International from continuing operations
———
Revenue for International from continuing operations

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

Net asset value per share (cents)
Ordinary shareholders' equity
———
Number of shares in issue (net of treasury shares)

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

Net interest cover (times)
EBITA*
———
Interest paid from continuing operations – interest received from continuing operations

Normalised headline earnings
Headline earnings adjusted for specific non-recurring, non-trading items such as transaction costs relating to acquisitions, restructuring costs and foreign exchange movements on transaction funding

Operating cash flow per share (cents)
Cash generated from operating activities
———
Weighted number of shares in issue

Price:earnings ratio
Market price per share at year-end
———
Normalised headline earnings per share from continuing operations

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Quick ratio

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

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

Return on net assets (%)

Profit before tax from continuing operations

Total average assets# – total average liabilities#

Return on ordinary shareholders' equity (%)

Profit attributable to equity holders of the parent from continuing operations

Weighted average ordinary shareholders' equity

Return on total assets (%)

EBITA*

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

Revenue growth from continuing operations (%)

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

Revenue from continuing operations (prior year)

South African EBITA* margin (%)

EBITA* for South Africa from continuing operations

Revenue for South Africa from continuing operations

Sub-Saharan Africa EBITA* margin (%)

EBITA* for SSA from continuing operations

Gross revenue for SSA from continuing operations

Total debt

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

Total debt to EBITA* cover (times)

Total debt (net of cash)

EBITA*

Working capital as % of revenue

Inventories + trade and other receivables – trade and other payables

Annualised net revenue from continuing operations

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

 # Average assets and average liabilities are calculated based on a 13-month average of the monthly closing balances between June 2011 and June 2012.

Highlights

- Total electricity consumption decreased by **1%** at the South African facilities despite greater output
- **4** energy-saving projects were implemented in 2011 with another **11** initiated during 2012
- Electricity savings of **5 472** MWh were achieved in South Africa

Case study

At the Sterile facility, manual load control was introduced to operate six Heating, Ventilation and Air-conditioning (HVAC) chiller units.

An investigation was conducted to establish whether load control of the 6 HVAC chiller units would result in significant energy savings. Load control was achieved via manual intervention. Based on the success of the manual intervention project, an investment was made in an automated chiller control system. Prior to this implementation, the chillers remained switched on and operated at 100% on demand. Implementation of chiller load control ensured that the chillers were only operated to satisfy actual demands of the HVAC system.

Location

- South Africa

Impact

This continuous improvement initiative realised electricity savings of 968MWh, representing 10%, at the Steriles facility during the year. Total electricity saved at this facility during 2012 amounted to 1 551MWh.

In addition, the decrease in the loading of the chiller plant has resulted in a reduction of water used for the cooling towers that service the facility.

Through this, and other electricity conservation initiatives, overall electricity consumption in South Africa was reduced during the year despite higher levels of productivity at the facilities. A focused project team is in place to identify additional future savings projects and to set targets for the next year.

South Africa: Sales and Marketing

The South African business provides a diverse basket of branded, generic, OTC, consumer and infant nutritional products which are supplied to pharmacies, retail pharmacy chains, hospitals, clinics, prescribing specialists, dispensing general practitioners, managed healthcare funders and retail stores across the private and public sectors in South Africa. Aspen's manufacturing centre is based in South Africa and facilities in Port Elizabeth and East London produce a high volume of tablets and capsules as well as liquids, semi-solids, eye drops, lyophilised vials and sterile injectables. Infant milk formulas and a portfolio of specialist APIs are manufactured at the facilities in Johannesburg and Cape Town respectively.

<table>
<tr><th colspan="2">Business segment overview</th></tr>
<tr><th>Key business units</th><th>Key territories supplied to</th></tr>
<tr><td rowspan="3">• Aspen Pharmacare
• FCC</td><td>• Botswana
• Lesotho
• Namibia
• South Africa
• Swaziland</td></tr>
<tr><th>Key territories for products manufactured at the South African facilities</th></tr>
<tr><td>• Australia
• China
• South Africa
• Sub-Saharan African countries
• United States</td></tr>
<tr><th colspan="2">Market characteristics</th></tr>
<tr><td colspan="2">• As at 30 June 2012 the South African private pharmaceutical market was valued by IMS at R26 billion and the public sector pharmaceutical market had an estimated value of R5 billion.
• Aspen is ranked as the number one pharmaceutical company in the South African private sector by IMS with a 16% share of the total pharmaceutical market and 31% share of the generics sector.
• The 2012 Campbell Belman Confidence Predictor Survey ranked Aspen as the number one pharmaceutical company as voted for by managed healthcare providers and number two among managed healthcare funders at 30 June 2012.
• Close to one in four scripts dispensed by pharmacists in South Africa is for an Aspen product.
• More than 1,2 million HIV/AIDS patients in South Africa use an Aspen ARV.
• Approximately one in four tablets and capsules dispensed in the public sector is an Aspen product.
• Aspen is the largest manufacturer of pharmaceuticals in Africa.</td></tr>
<tr><th>Number of products launched from the product pipeline</th><td>33 (2011: 22)</td></tr>
<tr><th>IMS value of product pipeline for the next five years</th><td>R561 million (2011: R454 million)</td></tr>
<tr><th>Number of permanent employees</th><td>2 908 (2011: 2 957)</td></tr>
</table>

Foxair

Used in the treatment of asthmatic conditions, Foxair was first-to-market and launched in October 2010 following the patent expiry of Seretide. Since its launch, Foxair has become the largest generic brand in the South African private market and it is also the largest brand in the respiratory therapeutic category. IMS for Foxair at June 2012 was R114 million with more than 500 000 units sold during the past year.

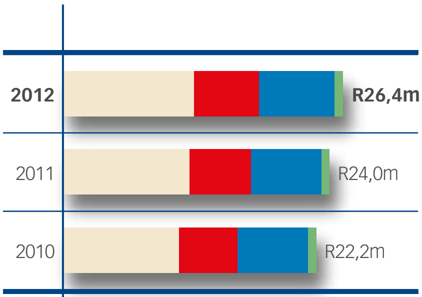
Foxair: S4, Registration number 42/21.5.4/0245 (South African registration number). Active ingredients: Salmeterol 50ug and Fluticasone Propionate 100ug.

South Africa: Sales and Marketing continued

Financial performance	2012 R'million	2011 R'million	Annual growth
Revenue	**6 160**	6 296	-2%
Pharmaceutical division	**5 162**	5 178	0%
Consumer division	**998**	1 118	-11%
EBITA*	**1 768**	1 934	-9%
EBITA* margin	**28,7%**	30,7%	

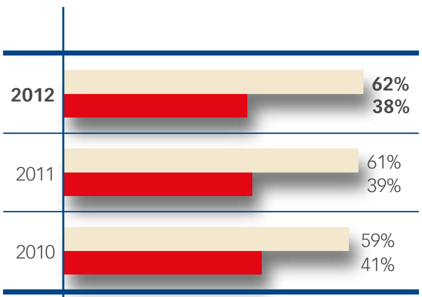
2012 performance highlights

- Good performance from the pharmaceutical business in the second six months of the year, as mitigation actions in response to once-off events increased in effect.
- Strong performance from leading brands such as Altosec, Aspen Lamzid, Augmentin, Foxair and Mybulen.
- Following the successful launch of Foxair, the combined sales value of Seretide and Foxair has exceeded that of Seretide prior to patent expiry.
- Aspen Tribuss was the first-to-market launch of a generic once-a-day fixed-dose, triple combination ARV molecule.



IMS value of South African private sector

Branded *Generics* *OTC* *Other*



Generic vs ethical volumes (counting units)

Generic *Ethical*

The South African pharmaceutical market remains resilient despite legislative uncertainty

The South African private pharmaceutical market, valued at R26,4 billion by IMS at 30 June 2012, grew by 9,6% (2011: +8,8%) in value and by 7,8% (2011: 5,0%) in volume during the year. The generics sector recorded growth of 15,8% as prescribing doctors and pharmacists continue to promote the switch to more affordable generics.

The review and finalisation of legislation governing SEP, logistics fee capping and international benchmarking in this territory is still in progress. The Department of Health has proposed the introduction of a SEP adjustment system with the intention of increasing access to medicines in South Africa. The proposal contemplates an annual price adjustment that will provide for both price increases and price decreases with reference to movements in inflation and foreign currency. Currently, the SEP legislation provides for a price increase only. In respect of international benchmarking, a Pharmaceutical Industry Task Group is currently in negotiation with healthcare regulators to evaluate the draft proposals which are intended to be applied to originator products only. Following the genericisation of key patented products, Seretide and Truvada, the impact of international benchmarking to Aspen's business is considered to be limited. Furthermore, the financial impact of the applied international benchmarking pricing model to the GSK products in Aspen's branded products portfolio will be shared with GSK. The capping of logistics fees is considered to be of more material consequence to Aspen's business owing

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

to the risk that existing pharmaceutical supply chain structures in South Africa could be diminished if the imposed logistics fees do not provide for sustainable business models for smaller wholesalers with the unintended consequence of reducing access to medicines. Furthermore, depending on the interpretation of the legislation, Aspen may be required to pay a greater contribution to the logistics costs in the supply chain than is presently the case. Aspen has participated in a review and evaluation of the recently published draft gazette on logistics fees undertaken by the Pharmaceutical Industry Task Group. A formal response has been prepared jointly by members and submitted to the Department of Health followed by interactive consultation with designated regulatory authorities during October 2012.

South African business result supported by creditable pharmaceutical division performance

The genericisation of Seretide and Truvada, temporary use of donor fund suppliers by the state for the procurement of ARVs and the unforeseen termination of the Pfizer infant milk formula licence has had an unfavourable effect on results, particularly during the first six months of the financial year. The SEP increase of 2,1%, effective from March 2012, did not match rising electricity and wage costs which, in turn, negatively impacted the cost of goods. During the year, the electricity tariffs in South Africa increased by 28% and wage rates by 7,5%. Full year revenue was 2% lower at R6,2 billion and EBITA* declined by 9% to R1,8 billion. However, through the application of proactive and responsive mitigation strategies, the consequences of these challenges were effectively managed in the Pharmaceutical division. Revenue in the pharmaceutical segment remained stable at R5,2 billion.

Despite the tough trading conditions experienced during the year, Aspen has retained its leading position in the South African pharmaceutical industry. In accordance with Impact Rx, an independent monitor of pharmaceutical products dispensed by pharmacists in South Africa, one in approximately every four script lines dispensed by South African pharmacists continues to be for an Aspen product. Aspen also maintained the leading position among managed healthcare providers in the Campbell Belman Confidence Predictor Survey.

Segment	Aspen's share of the market (IMS June 2012)	Aspen's ranking
Total private sector	16% (2011: 17%)	1st
– Branded	9% (2011: 11%)	4th
– Generics	31% (2011: 31%)	1st
– OTC	13% (2011: 15%)	2nd

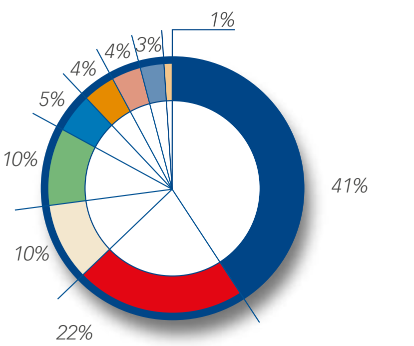
The genericisation of Seretide was successfully defended through the first-to-market launch of Foxair, an authorised generic. The combined sales of Seretide and Foxair exceeded the annual revenue recorded for Seretide prior to patent expiration. Following the patent expiry on Truvada, Aspen launched its own generic, Aspen Tenofovir & Emtricitibine. In the interim period, the once-a-day fixed-dose triple combination, Atripla, has replaced the use of Truvada among many patients. Aspen was successful in the first-to-market launch of a generic of Atripla, Tribuss, in December 2011. Subsequently, the lost Truvada revenue and volumes have been recovered through Aspen's combined offering of Truvada, Aspen Tenofovir & Emtricitibine and Tribuss. A broad-spectrum antibiotic, Aspen Meropenem, was also launched during the year with considerable success. Several other new products were launched during the year, including Aspen Midazolam an injectable pre-operative sedative, Intelence, an ARV and Aspen Vinorelbin, an oncology product.

Aspen's extensive generic portfolio includes established brands such as Altosec, Lamzid, CiLift, Stilpane, Panamor and Puricos which continued to deliver double digit growth. This can be attributed to Aspen's extensive distribution network and sales representative focus at both doctor and pharmacy level.

Following the exhaustion of donor funding during November 2011, state tender ARV volumes were recovered during the second half of the year. In this period, Aspen was able to respond to increased demand from government for products such as Tenofovir and Efavirenz as well

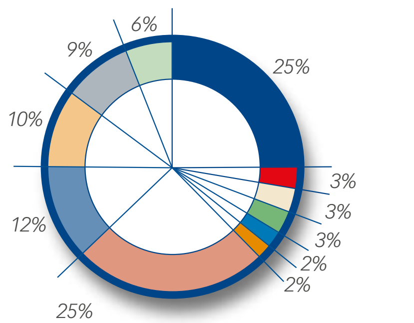
** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

South Africa: Sales and Marketing continued



Share of 2010 ARV tender

- Aspen
- Cipla Medpro
- Cipla India
- Strides
- Specpharm
- Sonke
- Abbott
- Adcock Ingram
- Aurobindo



Share of 2012 OSD tender

- Aspen
- Pfizer Dyamics
- Pharma Dynamics
- Cipla Medpro
- Adcock Ingram
- Austell Laboratories
- Specpharm
- Dezzo Trading
- Other
- Sanofi-Aventis
- Novartis

as taking over the ARV tender obligations for four products where the party awarded the tender was unable to supply. The current ARV tender is scheduled to end in December 2012 with submissions for the next ARV tender due in advance of that date. Aspen secured a 25% share of the R2,5 billion OSD tender which was awarded during August 2012.

OTC products such as Somnil, Hyospasmol, Ibumol and Sinuclear performed well as did the annual winter campaign. Initiatives to accelerate momentum in this area of the business have focused on new product launches, investment in the OTC product pipeline and the improved alignment of sales teams in this business. New OTC products launched towards the end of the year include Flora Balance, a probiotic and Calci-dence, a calcium supplement. The recent acquisition of OTC brands from GSK will further support the pursuit of growth objectives in this product class.

Strengthened focus on the infant milk formula business in the consumer division

Efforts to promote the Infacare brand in South Africa were supported by the extension of the infant milk formula range by the introduction of Infacare Gold, a premium brand and the speciality formula, Infacare Gold Soya. A range of flavoured nutritional formulations, Nutrikids, has also recently been launched, extending Aspen's infant nutritional product offering to include children between the ages of one and three. In addition, different flavours have been introduced for the first time to pre-schoolers aged three years and older. Infacare Classic, available in bag-in-box sachets and tin cans, continued to perform well. The Infacare market share by value has increased by 1% to 14% in South Africa as reported by AC Nielsen and accounts for 17% of the volume sold. The infant milk formula state tender has not progressed in accordance with expectations. Breastfeeding for all infants from birth up to the age of six months, including HIV positive mothers, is exclusively promoted in state hospitals and infant milk formulas are only issued on the basis of a doctor's prescription. As a result, anticipated volumes were not achieved.

During the year, Aspen disposed of Mentadent P and Close-Up toothpastes, which were considered non-core to Aspen's self-medication focused business. The remaining consumer brands were negatively impacted by stagnating consumer spending and the increasing cost of promoting products among retailers.

FUTURE OUTLOOK

- Material once-off adverse factors have been effectively managed during 2012 and the business is well positioned to maintain its leadership in the South African pharmaceutical market through its strong sales representation base across the various segments of the market, an expansive portfolio of trusted brands offered at competitive prices and a robust product pipeline.
- Focused promotional initiatives and innovative product development will be applied to grow the infant nutritionals business and further leverage the Infacare brand in South Africa and selected export territories.

LEADING BRANDS IN THE SOUTH AFRICAN BUSINESS

Leading brands	Therapeutic category	Therapeutic application
Altosec	Gastrointestinal	For the treatment of gastric ulcers and reflux
Aspen Lamzid	ARV	For the treatment of HIV/AIDS
Aspen Meropenem	Anti-biotic	For the treatment of bacterial infections
Augmentin	Anti-microbial	For the treatment of bacterial infections
Avamys	Respiratory	For the treatment of allergic rhinitis
Eltroxin	Endocrine	For the treatment of thyroid conditions
Foxair	Respiratory	For the treatment of asthma
Infacare	Infant nutritional formula	A range of infant milk and speciality formulas
Dutch medicines	Vitamin, herbal and complementary	For the treatment of assorted ailments
Mybulen	Analgesic	For the treatment of pain and fever
Stilpane	Analgesic	For the treatment of pain and fever
Tribuss	ARV	For the treatment of HIV/AIDS

South African Operations

Continued investment in people, equipment and infrastructure, coupled with continuous improvement projects and a strong management team, ensures that the South African manufacturing facilities are well positioned to supply high quality, cost effective products to the domestic market and selected international markets.

2012 performance highlights

- Local inflationary pressures have been offset through increased production volumes and improved manufacturing efficiencies.
- The Sterile facility was inspected by the US FDA during the year and no major findings were noted. The MCC audit of the hormonals area in this facility was also successful.
- Tablet manufacturing capacity in Unit 1 has been increased by 3,5 billion tablets with a 10% increase in incremental cost.
- The take-on of production of the global brand, Zyloric and the Australian product, Pravastatin, was completed during the year.

The OSD site gears up to supply to the international markets

The transfer of selected global brands to be toll manufactured at the Port Elizabeth site is progressing in accordance with expectations. Products in the first phase of this technical transfer project have been successfully manufactured in Port Elizabeth and will be exported to European countries including Switzerland, Norway, Sweden, France, Cyprus and the United Kingdom. The second phase, which includes production for export to Latin America, Asia Pacific and the Middle East, is in progress. New packaging technologies installed to meet the packing compliance requirements for the European markets and existing packaging capability have been further enhanced to enable compliant supply to various international territories.

The first phase of relocating manufacturing activities from the Australian sites to Port Elizabeth is in progress. A total of 21 products are scheduled to be transferred inwards by September 2013. Commercial supply of Moduretic and the Pravastatin range has already commenced under this project. A number of continuous improvement initiatives were undertaken to improve production efficiencies and increase capacity. These initiatives include the scale up of five high volume products into the two new 1 500 litre Integrated Granulation Suites and the automation of manual processes. As a result, a reduction in the overall manufacturing time per batch was achieved and capacity was increased. Multi-tip tooling was introduced in the compression area, resulting in faster compression times and increased compression capacity. Utilisation in the dispensary area was increased through the installation of a dedicated goods lift and barcode scanners were used to automate the Enterprise Resource Planning transactions, thereby improving efficiencies. Furthermore, enhancements were made to achieve greater operational efficiencies in this facility.

The Sterile facility focuses on new product development

A range of eye drops are manufactured in the multi-product area of the Sterile facility. Aspen has recently negotiated a seven year renewal of its contract manufacturing agreement with Prestige Incorporated for the supply of eye drops

Aspen Lamzid

Aspen Lamzid, a fixed dose combination tablet containing lamivudine zidovudine is one of Aspen's leading generic branded products and is indicated for the treatment of HIV-1 infection. Approximately 400 000 units of Aspen Lamzid were supplied from Aspen's Port Elizabeth manufacturing site to the South African private market during the year.

Aspen Lamzid: S4. Registration number 38/20.2.8/0112 (South African registration number). Active ingredients: Zidovudine 300mg and Lamivudine 150mg.

South African Operations continued

to the United States and other international markets effective from 1 July 2012. Following extension of the Murine and Clear Eyes product ranges during 2011, further products are in development in these ranges which will lead to further increased volumes through the multi-product suite once these product ranges have been commercialised. A variant of Aspen's own eye drops range, Eyegene, is also manufactured at this facility for domestic supply. The production of Capastat, a multi-drug-resistant treatment for Tuberculosis, commenced during the year, following the successful technical transfer of Capreomycin from Lilly during 2011.

At the Sterile facility, several product transfer and new product development projects are in progress, with more than 20 products in various stages of development and commercialisation. These include the development of lyophilised vials, eye drops, hormonal injections and a range of vitamins. During the year a new dispensary was installed at this facility and enhancements were made to the internal layout of both the warehouse and packing areas. This has resulted in improved flow of materials and better management of stock control.

The site was audited by both the US FDA and *Médecins sans Frontières* and, while the final reports are still awaited, initial indications from the auditors have been positive.

Increase of liquids manufacturing capability at the East London manufacturing facility

A total of 34 products have been transferred from the Port Elizabeth site to East London and projects for the transfer of a further 16 high volume liquids have commenced.

The expansion projects at the East London site are progressing and key strategic projects have been completed. These include the building of a new dispensary and completion of the new finished goods warehouse and distribution centre as well as the purpose-built high volume Liquids facility. This facility will provide the East London site with the manufacturing and packaging capability to produce a wide range of syrups and solutions.

The Aspen Nutritionals site set to supply growing domestic and export markets

The Aspen Nutritionals site is in the process of positioning itself as a supplier of quality infant milk formula products in South Africa and selected export markets.

The Aspen Nutritionals site was successful in being certified in accordance with both the ISO 22000 Food and Safety Standard and HACCP (SANS 10330), and Proactive Approach to Food and Safety, in September 2011. Following a subsequent surveillance audit conducted in July 2012, the site was recertified. In preparation for export compliance requirements, the laboratory is preparing for an ISO 17025 quality audit and accreditation is anticipated to be received during the first half of 2013.

An investment in new packing equipment has enabled the production of a larger 1,8 kg can to support the pursuit of Aspen's growth initiatives for the Infacare brand.

FCC upgrade and expansion projects are on track

Construction of the new high volume, high potency API facility has been completed and the installation of mechanical services and equipment has commenced. The facility is scheduled to commence production in June 2013. These upgrades are expected to provide FCC with increased capacity and additional capability.

The technical development of Azathioprine, an API used in the manufacture of the global brand, Imuran, is expected to be commercialised during 2013. The upgrade and expansion project for selected manufacturing units on the site is progressing according to the planned milestones.

Ongoing commitment to efficiency improvements to sustain a world class and cost effective manufacturing base

Continuous improvement projects remain a focus area for South African Operations, with each site being accountable for driving efficiency improvement initiatives. Targets are set and monitored on a monthly basis.

The benefits of automated process flow and document management systems across all aspects of production have been realised and the introduction of an electronic batch manufacturing and packing record system is in progress. This will facilitate faster and more effective document management.

The barcode inventory management system roll-out has been expanded with the introduction of the dispensary and end-of-packing line modules.

The Human Resources Management system implementation has progressed well, with the employee relations, wellness and performance management modules having been installed, thereby automating these previously manual and paper-based tasks.

Projects are in place across all sites focusing on overall efficiency improvements and the effective operation of equipment. The benefits arising from implemented projects have resulted in the reduction in change-over and cleaning times, the improvement in machine output rates, improved yields and increased manufacturing and packaging efficiencies.

FUTURE OUTLOOK

- Aspen's world-class manufacturing base in South Africa provides sustainable competitive advantages for the Group. The Group's manufacturing strategy is effectively integrated and aligned to support the attainment of strategic commercial objectives and to drive competitive advantages.
- Sufficient tableting capacity has been created to accommodate the Group's expansion strategy and the inward transfer of international volumes.
- Opportunities are being evaluated for the extension of the Sterile facility and construction of a niche high potency facility.
- The completion of capital investment projects at FCC will enable the Group to further leverage its vertical integration model for the cost effective manufacture of global brands.
- The Aspen Nutritionals site is well positioned to support the growth strategy for the Infacare brand.
- Continuous improvement initiatives undertaken at the facilities will continue to strive towards improving production and cost efficiencies while improving compliance with health and safety standards and projects to conserve scarce resources.

Highlights

- **634** sales representatives in **42** countries across SSA
- Successful models developed to distribute high quality, affordable medicines to far reaching areas
- Aspen uses a combination of its own and third party logistic services to ensure optimal reach across the territory
- **62** products were registered in **15** countries
- An additional **53** products were submitted for registration

Case study

Beta's fleet of 23 vehicles travel daily to distribute OTC product across East Africa's rural and peri-urban regions not accessed by traditional trade channels.

These vehicles also facilitate demand generation and ensure that small stores, pharmacies and kiosks in rural areas have access to products at affordable prices. The vehicles' strong brand presence and unconventional loud hailer marketing approach has made this one of the best distribution network creation strategies in the area.

Overview
Business unit reviews
Governance
Summarised financial statements
Sustainability
Shareholders' information

Location

- Kenya

Impact

SSA delivered strong year-on-year gross revenue which increased 27% to more than R1,6 billion. West Africa recorded a regional growth rate of 38% while Southern Africa and East Africa rose 17% and 14% respectively. Aspen is well positioned in SSA and has established a strong distribution network to leverage further growth in a territory which has challenging economic conditions and high barriers to entry.

Sub-Saharan Africa

Aspen's presence in SSA is through its wholly owned subsidiary Shelys, the Collaboration and the export of products, from South Africa and Shelys, into selected territories. Aspen supplies a range of relevant pharmaceutical products which address the disease profiles prevalent in SSA and whichare made accessible through a strong distribution network across the region. The Group has manufacturing sites in Tanzania and Kenya to supply countries in East Africa and designated export territories.

Business segment overview

Key business units	Key territories supplied to
• Shelys; • The Collaboration; and • Exports division	• Ethiopia • Ghana • Ivory Coast • Kenya • Nigeria • Senegal • Tanzania • Uganda
Market characteristics	
• SSA comprises a number of countries each governed by an independent regulatory authority. This creates a region with fragmented markets. Nigeria, French West Africa and East Africa are the largest pharmaceutical markets and are consequently, the primary focus of Aspen's attention. • In the absence of reliable private market IMS information for SSA, the Group's share of this collective market and ranking cannot be established with reference to independently published information. However, it is unquestionably a leader in the private markets of this region. • Aspen is well represented throughout this region with 634 sales representatives in 42 countries. • Aspen is focused on a private market strategy with branded products to address medicinal requirements relevant to disease profiles in each territory.	
Number of new products launched from the product pipeline	19 (2011: 5)
Estimated value of product pipeline for the next five years	USD12 million (2011: USD19 million)
Number of permanent Aspen employees	427 (2011: 361)

Diclopar

Diclopar, available both as an analgesic and an antipyretic and a leading product in the SSA product portfolio, is available in Tanzania, Kenya, Malawi, Zambia, Democratic Republic of Congo, Mozambique, Burundi and Rwanda. More than 1 million dispensers and nearly 500 000 tubes were manufactured at the Shelys site during the past year, realising sales in excess of R24 million. Diclopar, available in tablet or gel formulation, is indicated for the treatment of pain and fever.

Diclopar: Registration number: 134/050 (Zambian registration number). Active ingredients: Diclofenac Sodium BP 50mg and Paracetamol BP 500mg.

Sub-Saharan Africa continued

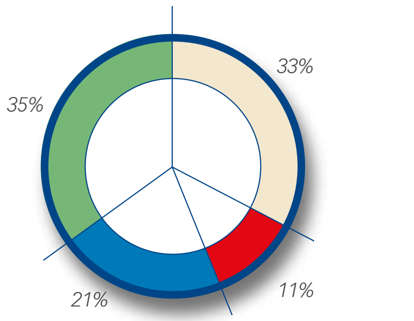
Financial performance	2012 R'million	2011 R'million	Annual growth
Gross revenue	**1 652**	1 301	+27%
EBITA*	**248**	177	+40%
EBITA* margin	**15,0%**	13,6%	

Significant performance improvement

SSA has an estimated population of approximately 0,8 billion according to a World Bank report published in 2012, and has experienced higher economic growth rates in comparison to developed economies. Consumer trends in the region are changing due to the emerging middle class in many African countries. This is contributing to shifts in demand for pharmaceutical products as more patients can afford healthcare costs and as disease profiles broaden. For those who can afford it, branded medicines offer assurance of quality which is often absent due to dumping of sub-standard products and counterfeiting. The lack of infrastructure in Africa remains a key challenge and one that is being addressed in the more affluent countries on the continent such as Nigeria, Kenya and Ghana. Political instability is a further factor which can have a material, but uncertain, impact on business performance.

Amid these challenges, SSA remains a key focus area for Aspen as it is considered to offer strong future growth opportunities. To this end, Aspen continues to identify and pursue organic and inorganic growth prospects in the region. Aspen's distribution network in SSA is already well established with 634 sales representatives, 73% of which represent the Collaboration.

Revenue in SSA increased by 27% to R1,7 billion while EBITA* increased by 40% to R248 million. The Collaboration continues to perform well with increased representation and new product launches. The Shelys business, based in East Africa, achieved excellent margin gains through redirecting of the business model towards the private sector and through improved business efficiencies. Exports into this region also increased.



Revenue per territory (2012: R1,7 billion)

Aspen launches pipeline products through the Collaboration

Aspen's collaboration with GSK is working well with improved performance of the existing portfolio of GSK products supported by the launch of branded generics during the year. In total, six brands were launched from the Aspen pipeline in Kenya, Nigeria and Ghana and these products are performing in accordance with expectation.

The first Aspen pipeline product, Cardivel, was launched in Ghana, Kenya and Nigeria during the year. Roscucrest, a cardiovascular product, was launched in Ghana and Nigeria and Epiproate, a central nervous system product, was launched in Kenya. Furthermore, regulatory approvals were received for 31 products from the Aspen product pipeline. These product launches should give further momentum to the strength of the GSK Aspen Healthcare for Africa brand. Feedback received from healthcare providers and customers confirms the Collaboration status as a trusted supplier of high quality medication in this region. This credibility is particularly valuable in light of the variability in quality of pharmaceuticals available in Africa.

Growth prospects for the Collaboration remain robust as more products are introduced from the Aspen pipeline and the benefits of the increased sales representation over the past year are realised.

Private market strategy successfully implemented at Shelys

Aspen recently acquired the 40% minority shareholding in Shelys resulting in the company and its subsidiaries becoming wholly owned subsidiaries of Aspen and enabling full and effective control of the strategic and operational decision making in this business.

Shelys has shown a pleasing improvement in contribution as the benefits of the focused private market and branded products strategy are being realised. Public sector tender sales now comprise only 10% of the revenue having

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

previously represented approximately 50%. As a result, a more sustainable and reliable business model has been established for this business.

Existing brands in Tanzania such as Diclopar, Sheladol, Mucolyn, Coldril and Hemovit continue to perform well while the extension of the Koflyn cough mixture range has been well received in the market since its launch in May 2012. In Kenya, established brands such as Action, Maramoja and Betasil continue to be favoured by customers and sales of new products such as Venteze, Podine, Bronkese and the Woodwards range are meeting targets.

A factory rationalisation project is in progress at Shelys in Tanzania and is expected to be completed during the first half of 2013. Already production efficiencies and improved recovery of overheads have been recorded. In addition, significant improvements in operational efficiencies have been achieved at the new Beta facility since commercial production commenced in 2010. Production of a portfolio of selected products for Kenya was transferred from South Africa to the Beta site in Nairobi during the year. The next phase of the product technology transfer plan is in progress and is expected to be completed towards the end of the 2013 financial year.

The Exports division gains good momentum with Aspen's range of infant milk formula

A close alignment has been developed between the strategies of Aspen's Exports division and Shelys. The synergies of this integration have begun to be realised. Infant milk formula is the core focus of this strategy and Infacare remains a key brand for the Exports division. The product was launched in Tanzania during 2012 and plans are in progress to launch Aspen's infant milk formula range into selected export territories. To date, registrations have been received for Infacare Classic in Nigeria and Ghana. Other variants of the product are in the process of registration.

FUTURE OUTLOOK

- Aspen's presence in SSA spans 42 countries. Through its established distribution platform and strong product pipeline the Group is well positioned to deliver on the potential for future growth in this region.
- Growth in East Africa should gain further momentum through product launches in the private sector and through the export of infant milk formula into selected territories.
- Aspen Nigeria has recently been incorporated to further expand the Group's presence in West Africa beyond its current representation through the Collaboration.
- Focus will continue to be given to effectively managing political risk and complex regulatory requirements to support strategic growth objectives. However, elections in Kenya in the year ahead could lead to instability.

LEADING BRANDS IN THE SSA BUSINESS

Leading brands	Therapeutic category	Therapeutic application
Diclopar	Analgesic	For the treatment of pain and fever
Coldril	Analgesic	For the treatment of cough and cold
Hemovit	Vitamin, herbal and complementary	For the treatment of anaemia and iron deficiency
Action	Analgesic	For the treatment of pain and fever
Malafin	Analgesic	For the treatment of malaria
Augmentin	Anti-microbial	For the treatment of bacterial infections
Seretide	Respiratory	For the treatment of asthma
Zantac	Gastrointestinal	For the treatment and prevention of gastric ulcers
Cardivel	Cardiovascular	For the treatment of high blood pressure
Roscucrest	Cardiovascular	For the treatment of cholesterol
Infacare	Infant milk formula	For the nourishment of infants

Highlights

- **6** web applications developed and launched for eMarketing activities
- **Specialist apps designed** for complicated dosage management
- Interactive **online tools provided** for optimal detailing to healthcare professionals
- **Costs reduced** through online fulfilment, detailing and advertising using ERIK the eRep
- Saving of **USD250 000** since the launch of ERIK the eRep

Case study

Aspen Australia has embraced digital technology and has developed a number of tools to simplify business conduct. More recently six new mobile applications (web-apps) were introduced. These provide from the most basic information for consumers to sophisticated dosage calculators for specialist practitioners. The most complex tools are the interactive antibiotic wheels for healthcare professionals which can be used on iPads as they are animated using HTML5 and CSS3 rather than Flash. Digital technology provides support to Australia's medics in remote areas and has contributed towards reduced customer service costs.

Location

- Australia

Impact

Aspen's eMarketing tools are significantly more affordable than traditional marketing elements and provide instant online updates and accessibility. A bespoke messaging system has also been created allowing deals to be pushed into pharmacy in real time. Additionally, off-the-shelf web-messaging tools have been modified to deliver in-app messaging to doctors for no ongoing cost. Business Reply Paid costs of USD250 000 have been eliminated since the 2005 launch of ERIK the eRep, with all fulfilment requests being automated through the website – while total costs (after headcount) equate to the equivalent of about two mailings a year.

Asia Pacific

Aspen's business in Asia Pacific supplies a diversified portfolio of branded pharmaceutical, generic and OTC products into Australia, New Zealand and selected territories in South East Asia. Tablets, liquids and semi-solids are manufactured at the Group's manufacturing sites in Melbourne and Sydney.

Business segment overview

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

Market characteristics

- The Australian pharmaceutical market is valued at USD13,6 billion, recording growth of 4,8% for the year to 30 June 2012.
- Pharmaceutical markets in Asia are valued by IMS at USD187 billion including Japan and China which are valued at USD100 billion and USD40 billion respectively.
- Aspen has a 4% share of the total Australian pharmaceutical market and a 16% share of the generics sector in Australia.
- One in seven scripts written in Australia is for a product distributed by Aspen.
- Aspen's sales representatives in Australia were voted number one in the Cegedim survey.
- The OTC brand, Herron, has been voted as one of the most trusted pharmaceutical brands in Australia.

Number of new products launched from the product pipeline	16 (2011:12)
IMS value of product pipeline for the next five years	USD2,6 billion (2011: USD3,4 billion)
Number of permanent employees	894 (2011: 761)

Financial performance	2012 R'million	2011 R'million	Annual growth
Revenue	**6 021**	3 004	+100%
EBITA*	**1 460**	642	+128%
EBITA* margin	**24,3%**	21,4%	

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Overview
Business unit reviews
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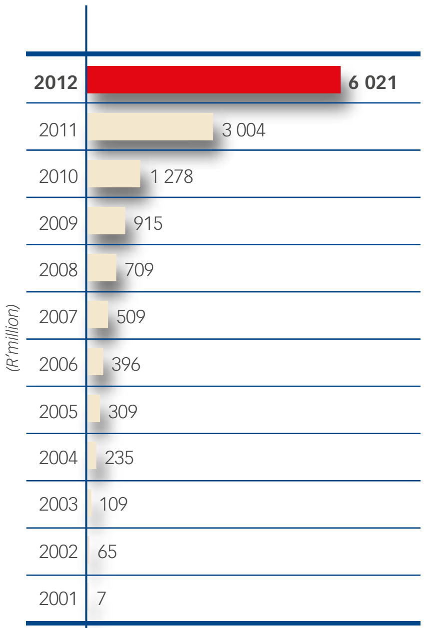
Clovix

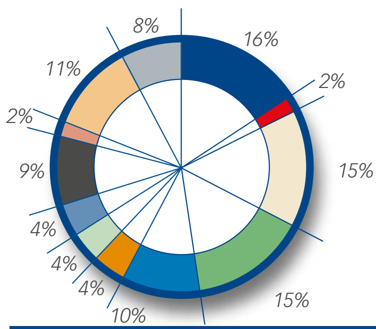
Clovix, which is indicated for the prevention of blood clots, is the second-largest blood and blood forming organs product for Australia according to IMS June 2012. The blood and blood forming organ products constitute 5,1% of Aspen Australia's product sales.

Clovix: Registration number: Aust R 155942 (Australian registration number). Active ingredient: Clopidogrel Besilate.

Asia Pacific continued

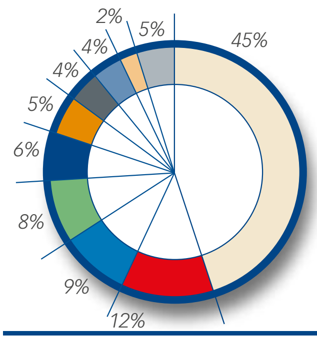


Asia Pacific revenue growth
84,8% CAGR



The IMS value of Australian generics market is approximately R15,8 billion (USD2,1 billion)

Aspen, Alphapharm, Other, Hospira, Pfizer, Sandoz, Bayer, Apotex, Sanofi, Ascent, Inova, AstraZeneca



Revenue generated from territories in Asia Pacific during the year: R504 million

Japan, Korea, Malaysia, Indonesia, Singapore, Philippines, Taiwan, Thailand, China, Hong Kong

Aspen cements its position of strength in a challenging Australian market

The Asia Pacific business delivered exceptional results despite pricing pressures in Australia. Revenue doubled to R6,0 billion and EBITA* increased by 128% to R1,5 billion. Synergies from the effective integration of the acquired Sigma pharmaceutical business have been realised through the establishment of a single commercial business platform, rationalisation of redundant facilities, consolidation of quality and manufacturing structures and implementation of the Group's competitive manufacturing and procurement competencies. Consequently, EBITA* margins improved from 21% to 24%. This achievement has placed the business in a good position to respond to the pricing pressures on medicines in Australia.

In April 2012, the prices of many generic products were decreased by an average of 23% by the Pharmaceutical Benefits Scheme. The Pharmaceutical Benefits Scheme will continue to review prices in accordance with legislated pricing reforms in this region. Despite these challenges, Aspen's target of doubling the pre-acquisition contribution from earnings before interest and tax of the Sigma pharmaceutical business is expected to be achieved during the next year.

IMS data confirms Aspen as the number one generics company in Australia with a 16% share of the generics sector by value.

In December 2011, Aspen concluded an arrangement with Lilly for the promotion and distribution of the psychotic disorder drug, Zyprexa, in Australia. In addition Aspen has launched an authorised generic. The products generated revenue of R500 million during the year, at an operating margin of 6%.

In August 2012, Aspen reached agreement to acquire 25 branded pharmaceutical products from GSK for distribution in the Australian market. This transaction remains subject to the approval of the Australian competition authorities from whom a decision is expected before the end of 2012. Leading products acquired include Amoxil, Augmentin, Imigran, Kapanol, Lamactil, Mesasal, Timentin, Valtrex, Zantac and Zofran. This mature portfolio of well established brands will add further credibility to Aspen's position as a leading provider of branded pharmaceuticals in Australia.

Realisation of synergies through the facilities rationalisation and cost efficiencies programme

The consolidation and rationalisation of the manufacturing facilities in Australia is continuing. The Croydon and Noble Park sites are in the process of phased closure which is expected to be completed during 2013. The Tennyson facility was disposed of during 2011. In September 2012 it was announced that a plan to wind down the Baulkham Hills facility would be implemented with all future manufacture in Australia to be consolidated at the Dandenong site.

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

A product manufacturing relocation project is being implemented to move the manufacture of selected products to Aspen's facilities in Port Elizabeth and to accredited third party manufacturers. The products are being transferred to more cost effective manufacturing sites.

Aspen Hong Kong and Aspen Philippines facilitate South East Asian market entry

Aspen Philippines commenced trading in March 2012 and revenue of R61 million was generated from the territory during the year. With a sales team of the order of 90 staff, Aspen Philippines' business is well positioned to double revenues in the next year. Since commencement of the business, focus has been placed on establishing brand awareness in the private sector, training and mobilising the sales teams, developing effective distribution structures and launching products into the market. In alignment with inorganic growth objectives, acquisitive opportunities are being sought on an ongoing basis.

In December 2011 Aspen Philippines added Ceclor and Ilosone, two well recognised antibiotic brands, to the product offering. Furthermore, a co-marketing arrangement was concluded with Merck & Co for the promotion of five ophthalmic and central nervous system products. These products will complement the global brands portfolio to increase the critical mass of this business.

Growth opportunities in the region have been identified and are being actively explored. An Aspen subsidiary was incorporated in Malaysia during June 2012 and the incorporation of another subsidiary in Taiwan is currently in progress. Expansion into other markets will be evaluated through a two-phased approach. Phase one will consider the establishment of Aspen's representation in Thailand, Japan and Indonesia, while phase two will consider China, Vietnam and Korea as prospective territories for direct Aspen representation.

FUTURE OUTLOOK

- This region is destined to be the largest contributor to the Group's revenue once it commences distribution of the 25 brands the Group has agreed to acquire from GSK.
- Aspen's diverse portfolio, trusted team of sales representatives and brand strength will continue to be leveraged in Australia to identify and pursue acquisitive growth opportunities and licensing arrangements with leading pharmaceutical companies.
- Management will take active steps to effectively respond to and mitigate the impact of pricing risk in Australia.
- The focus on improving cost competitiveness through extracting manufacturing efficiencies and procurement synergies will continue.
- Aspen will further evaluate opportunities to expand its representation in Asian markets.

LEADING BRANDS IN ASIA PACIFIC BUSINESS

Leading brands	Therapeutic category	Therapeutic application
Bio-Oil	Dermatological	For the treatment of scars and skin care
Chemists Own Cough Suppressant	Respiratory	For the treatment of coughs
Chlorsig	Ophthalmic	For the treatment of bacterial conjunctivitis
Clovix	Cardiovascular	For the prevention of blood clots
Coloxyl	Gastrointestinal	For the treatment of constipation
Coumadin	Cardiovascular	For the treatment of venous thrombosis and thromboembolic complications associated with atrial fibrillation
Eutroxsig	Endocrine	For the treatment of hypothyroidism
Herron Gold	Analgesic	For the treatment of mild to moderate pain and fever
Herron Blue	Analgesic	For the treatment of musculoskeletal pain and fever
Murine	Ophthalmic	For the treatment of red, sore and dry eyes

Highlights

- More than **3 000** lives touched
- **29** projects selected globally
- Participation in **11** countries
- Initiatives hosted on **6** continents
- Supported by more than **2 000** Aspen employees

Case study

During 2012, 16 Aspen Group companies participated in the Nelson Mandela International Day. The overarching objective of Mandela Day, hosted annually on 18 July, is to empower individuals to “Take Action; Inspire Change and to make every day a Mandela Day”. Overwhelming commitment and support from Aspen’s management and staff contributed towards the success of Aspen’s 2012 Mandela Day initiatives. Activities commenced early in July and concluded at the end of August. Numerous beneficiaries selected for Mandela Day will continue to benefit through Aspen’s global citizenship programmes.

aspen HOLDINGS

3 000 beneficiaries 11 countries
29 projects 6 continents

2012 NELSON MANDELA INTERNATIONAL DAY

Location

- Australia
- Brazil
- Germany
- Kenya
- Mauritius
- Mexico
- Philippines
- South Africa
- Tanzania
- United Arab Emirates
- Venezuela

Impact

Through a spirit of selfless generosity, Aspen's employees took action and made a meaningful difference on Nelson Mandela International Day by delivering a vast range of support to less fortunate communities across the globe. The greatest contribution made, however, was toward restoring the dignity of less-privileged babies, children, youth, women and men who are handicapped, abandoned, orphaned, HIV positive, poverty stricken, neglected and intellectually deficient. This contribution cannot be quantified. Beneficiaries around the world were directly touched by Aspen's people who visibly demonstrated the Group's byline – *"Healthcare. We Care"*.

International

Aspen's International businesses comprise Aspen Global, the International business holding company, trading operation and supply chain hub, based in Mauritius, as well as operating subsidiaries in Latin America, the Middle East and Europe. Branded pharmaceutical products are distributed into multiple territories. The Group's manufacturing facilities in Brazil, Mexico and Germany produce small to medium volume solids and semi-solids. The site in Germany further produces liquids and high-potency products.

Business segment overview

Key business units	Key territories supplied to
• Aspen Bad Oldesloe; • Aspen Brazil; • Aspen Dubai; • Aspen Global; • Aspen Ireland; • Aspen Mexico; and • Aspen Venezuela	• Latin America: – Argentina – Brazil – Columbia – Mexico – Venezuela • Rest of the World: – Canada – Europe – Middle East – North Africa – United States

Market characteristics

Latin America

- The Brazilian pharmaceutical market is valued at USD26 billion and is ranked 9th largest in the world by IMS.
- The Mexican pharmaceutical market is valued at USD9 billion and is ranked 16th largest in the world by IMS.
- The Venezuelan pharmaceutical market is valued at USD9 billion and is ranked 20th largest in the world by IMS.
- The market mainly consists of a number of local, privately owned companies. The largest companies have historically been local companies although certain of these are now owned by multinational companies. There has recently been a high level of corporate activity by multinational companies in this region. This has contributed to high acquisition values. The cost of doing business and engaging in promotional activities in this region is high due to high costs of living and high costs of employment.
- This region presents significant future growth potential for the Group.

Rest of the World

- Aspen distributes product to almost all countries in Western and Eastern Europe. While pricing pressures dilute future value growth opportunities in Western Europe, good future growth potential exists in certain Eastern European countries such as Russia and Poland.
- The Middle East and North Africa present a number of small to medium, independently regulated markets, the most attractive of which are those where preference is given to branded pharmaceutical products. Aspen's key markets, in this region, include Saudi Arabia, Egypt and Algeria.
- Aspen products reach the United States and Canada through third party distributors.

Number of new products launched from the product pipeline	Latin America: 13 (2011: 0) Rest of the World: 2 (2011: 0)
IMS value of product pipeline for the next five years	Latin America: USD6 billion (2011: USD5 billion)
Number of permanent employees	1 047 (2011: 1 023)

Calman

An OTC product indicated for the treatment of insomnia and anxiety, Calman is a leading product in Aspen Brazil's portfolio and was recently also ranked as the market leader in its category. Since Aspen's acquisition of Calman, monthly unit sales have increased from 72 000 in 2010 to 102 000 in 2012.

Calman: Active ingredient: Crataegus oxyacantha L.; Salix alba L. and Passiflora incarnata L.

International continued

Financial performance	2012 R'million	2011 R'million	Annual growth
Revenue	**2 523**	2 614	-3%
EBITA*	**939**	735	+28%
EBITA* margin	**37,2%**	28,1%	

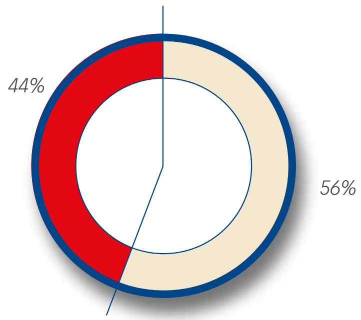
2012 performance highlights

- Sales to customers in Latin America reached R1 billion. Good growth was achieved in this region during the year, driven by strong performances in Brazil and Venezuela.
- A total of 13 new products were launched from Aspen's product pipeline in Latin America, a region identified as a key future growth area for the Group.
- Material cost savings were realised on manufactured global brands during the year assisting in improving operating margin percentages.

Profitability improves in the International business

Despite an overall contraction of 3% in revenue, EBITA* increased by 28% to R0,9 billion. Profit margins in this segment benefited from the ongoing projects to reduce the cost of global brands.

The business units in Latin America have matured under the direction of competent country leadership teams in each territory and the cultural integration of these businesses into the Group has been further embedded. In this way the benefits of Aspen's private market, branded products strategy have started to be unlocked. Sales to customers in Latin America increased 11% to R1,0 billion driven by strong performances in Brazil and Venezuela. This result was diluted in the Rest of World territory by the transitioning of global brands to third party distributors and the non-recurrence of sales of low-margin products to third parties which took place in 2011 as part of acquisition arrangements.



Total revenue generated in Latin America reached R1 billion in 2012

Double-digit growth achieved in Brazil

Sales teams in Brazil were realigned to support an expanded portfolio of branded products. This, in turn, facilitated the achievement of improved economies of scale in the distribution channel through increased sales volumes. Revenue generated from the sale of Insunorm, Zyloric, Calman and Imuran in the private sector exceeded expectations. Sedopan, an anti-depressant, was also successfully launched from the product pipeline during the year. The introduction of new brands to the product portfolio in Brazil added momentum to sales growth. A further 10 molecules are expected to be launched during 2013. Feasible acquisitive growth opportunities continue to be actively identified and evaluated in this territory. Reliance on the public sector business was further reduced to specialist brands which are being supplied to state hospitals, including products such as Eutropin and Aggrastat.

Real-time order processing systems were implemented at Aspen Brazil which enabled more effective penetration of products into the market and improved customer service levels.

A project for the implementation of the SAP Enterprise Resource Planning system was completed during the year and has strengthened internal controls in this business. Manual financial controls have been automated to improve efficiencies and reduce human error. The application of more effective monitoring controls has also been enabled by the implementation of this system.

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Strong performance from Aspen Venezuela leads growth in Spanish Latin America

Despite the challenging economic and political environment impacting trading conditions, Aspen's business in Venezuela recorded robust growth. Seven products were launched in this business during the year including two cardiovascular products Roscurest and Trelol, two central nervous system products Laspen and Ripaspen as well as Pantospen, Clopaspen and Dikaspen which are used to treat gastric ulcers, blood clotting conditions and muscular pain respectively. Cidorix, a blood thinning product, was the first product to be launched from the Aspen product pipeline in Mexico. Growth in Spanish Latin America was further supported by established brands, Aggrastat, Indocid and Aldomet, which were transitioned from third party distributors into Aspen's distribution network early in the second half of the financial year.

The commercial and supply chain structures in Mexico and Venezuela are in the process of being consolidated to create a sustainable platform for targeted growth in Spanish Latin America. Key territories into which expansion opportunities are being explored include Argentina, Columbia, Costa Rica, Chile, Ecuador and Peru.

LEADING BRANDS IN THE LATIN AMERICAN BUSINESS

Leading brands	Therapeutic category	Therapeutic application
Calman	Central nervous system	For the treatment of nervous tension and mild depression
Eutropin	Endocrine	For the treatment of human growth hormone deficiency
Insunorm	Endocrine	For the treatment of diabetes mellitus
Suplan	Vitamins, herbal and complementary	For the treatment of overall good health
Sedopan	Central nervous system	For the treatment of mild to moderate anxiety and depression
Roscurest	Cardiovascular	For the treatment of cholesterol
Sildenafil	Urinary	For the treatment of erectile dysfunction
Licovit	Vitamins, herbal and complementary	For the treatment of enhanced immunity
Cidorix	Cardiovascular	For the treatment of blood clotting after cardiac surgery
Triavit	Vitamins, herbal and complementary	For the treatment of depression

Aspen's global supply network expands

In accordance with scheduled milestones, the phased transition of the twelve brands, which were acquired from GSK during 2008 – 2009, is now largely complete. This portfolio of branded products is distributed to multiple, worldwide territories through Aspen's subsidiaries or through accredited third party distributors in countries where Aspen is not represented. The latter arrangement is applied largely in North America, Europe, Middle East, North Africa and South East Asia. During the year, several information systems upgrade projects were initiated at Aspen Global for the enhancement and refinement of supply chain systems to manage the growing complexity of the Group's international distribution platform.

International continued

Initiatives at German manufacturing site

The Aspen Bad Oldesloe site continues to manufacture a number of the global brands and opportunities to extend the current third party contract manufacturing arrangements are being pursued. This facility has become further integrated into the Group's manufacturing strategy as it provides a good base for supply into European and Asian territories. The construction of the new, segregated area for the manufacture of the extended Eltroxin product range has been progressing well and is expected to be completed towards the end of 2012. Quality management systems are currently in the process of being enhanced to meet US FDA standards with an US FDA inspection expected to take place towards the end of 2012. Continuous improvement initiatives at this facility have focused on the implementation of kaizen principles in the clinical trial unit and the laboratory. In addition, output on the packing lines increased as a result of an improved line lay-out, change-over process optimisation and the improvement of process flows for the Eltroxin manufacturing process. The implementation of a new Programmable Logic Controller system in the oral liquids department enabled greater automation in this area and resulted in further enhancements to the manufacturing processes.

FUTURE OUTLOOK

- Expansion of the global brands portfolio to extend Aspen's product offering to customers worldwide.
- Geographic expansion into targeted territories, particularly in Latin America, through organic and inorganic growth opportunities.
- Continuous improvement in the cost competitiveness of global brands.

LEADING GLOBAL BRANDS

Leading brands	Therapeutic category	Therapeutic application
Aldomet	Cardiovascular	For the treatment of mild to moderate hypertension especially during pregnancy
Aggrastat	Cardiovascular	Used in combination with heparin for the prevention of cardiac ischemic events in certain acute coronary syndrome events and certain cardiovascular procedures
Lanvis	Oncology	For the treatment of leukemia
Eltroxin	Endocrine	For the treatment of hypothyroidism
Indocid	Analgesic	For the treatment of pain, fever and inflammations
Imuran	Immunosuppressant	For the prevention of organ rejection post transplantation, as well as for the treatment of certain auto-immune diseases
Lanoxin	Cardiovascular	For the treatment of certain heart conditions including heart failure
Purinethol	Oncology	For the treatment of cancer
Septrin	Anti-microbial	For the treatment of broad-spectrum infections
Zyloric	Musculoskeletal	For the treatment of gout

Risk governance model

COMBINED ASSURANCE TO ADDRESS ALL SIGNIFICANT RISKS IN THE GROUP

The risk appetite is set by the Board and reviewed on an annual basis. Risk tolerance is set and monitored per risk indicator in relation to a desired level of mitigating controls.

Aspen's Board of Directors is responsible for monitoring and evaluating the governance of risk in the Group, for setting the risk appetite and for monitoring the effectiveness of the Group's risk management processes in alignment with King III. This is performed with reference to the Group's strategic objectives, material issues, reputational risk, management priorities and stakeholder expectations.

The Audit & Risk Committee reviews and considers the report of the Executive Risk Forum on the most material risks facing the Group, risk assessments of each business unit and an assessment of Group risk against the Board's established risk appetite. Consideration is taken of sources of combined assurance pertaining to material risks and related systems of mitigating controls. This is done twice a year.

On an annual basis, the Committee

- reviews and considers the adequacy of the Group's insurance cover and business continuity plans; and
- reviews and approves the Group Risk Management policy and plan as well as risk indicators.

THIRD LEVEL OF ASSURANCE

External Auditors * External Assurance Providers * Independent External Reports * Regulatory/Legislative audits

INDEPENDENT ASSURANCE OF MITIGATING CONTROLS SUPPORTING MATERIAL RISKS

SECOND LEVEL OF ASSURANCE

Group Internal Audit conducts a formal review of the risk management process annually and provides an independent opinion on the effectiveness of the implemented risk management process. The Group Internal Audit plan is designed to perform risk-based internal audits over the internal audit cycle.

The Group Executive Risk Forum reviews business unit risk registers and risk reports. This Forum also monitors the extent to which the Group Risk Management Policy is embedded throughout the Group. The Group's most material risks are identified, the effectiveness of related mitigating plans are evaluated and summarised in a report to the Audit & Risk Committee. This is done twice a year in consultation with business unit management teams and Group financial managers.

FIRST LEVEL OF ASSURANCE

The Business Unit Executive Management Team identifies and mitigates risks on a day-to-day basis through the implementation of preventative and detective internal, IT, governance and financial controls.

The Group Financial Manager monitors adherence to the Risk Management Policy, monitors the effectiveness of business unit risk governance structures and evaluates the adequate execution of approved risk plans on an ongoing basis.

The Subsidiary Board of Directors formally evaluates the effectiveness of business unit risk mitigation plans in alignment to strategy twice a year and approves the business unit risk plans annually.

PREPARATION AND APPROVAL OF RISK REGISTERS AND RISK REPORTS

REVIEW AND VALIDATION OF RISK REGISTERS AND RISK REPORTS

APPROVE AND MONITOR RISK PLAN PER RISK REGISTER

Risk categories include: strategic, operational, financial and compliance risks. Overarching these is reputational risk. Uncertain risks are also considered.

*** VISION * VALUES * GROUP STRATEGIC OBJECTIVES * MATERIAL ISSUES**
*** RESPONSIBLE CORPORATE CITIZENSHIP PHILOSOPHY**

Risk management

KEY RISKS AND MITIGATING ACTIVITIES

An overview of the Group's key risks and mitigating activities is presented below.

Risk indicator	Mitigation of risk
Strategic risk	
Ability to source products for the product pipeline	• New Business Development and New Product Development departments manage the Group's product pipeline in line with the organic growth strategy. • In-market brand acquisition opportunities and/or product licensing opportunities are identified and evaluated on an ongoing basis by regional executives in consultation with the New Business Development team. • A strong emphasis is placed on developing and updating market intelligence for targeted territories and product ranges. • Strong relationships have been established and fostered with leading multinational pharmaceutical companies and other emerging peers to identify mutually synergistic opportunities for growth. Committed effort is applied, on an ongoing basis, to maintain and develop these relationships.
Aspen leadership succession	• Succession and retention plans for key executive positions are monitored by the Remuneration & Nomination Committee. • Accountability for achievement of strategic objectives is decentralised to business unit management teams. • Coaching of executive managers and integration into strategic business processes as relevant.
Effective and consistent implementation of human resources philosophy	• Medium term Human Resources strategy is in place and being implemented over two phases with Phase 1 implementation of policies and procedures in South Africa, followed by Phase 2 replication across International businesses. • An executive Human Resources Forum is in place to monitor and review the progress of the Human Resources strategic plan. • Decentralised Human Resources management teams are in place at business units and receive support from Group Human Resources. • A performance management system is in place for all eligible staff in South Africa and for professional and managerial staff members in the International business units. • Scarce skills have been identified in South Africa and interventions are in place to develop and retain such skills. • Succession and retention plans have been initiated in the South African business for key positions and will be implemented in the International business. • Recruitment of candidates is conducted in accordance with a formalised and transparent process, at the business unit level. Recruitment of key executive positions is done in consultation with Group Human Resources to identify high-calibre candidates globally. • Training programmes are designed in accordance with a business needs matrix in South Africa. Training in the International business units will receive focus with effect from the forthcoming year.

Risk indicator	Mitigation of risk
Effectiveness of corporate communications, investor relations and stakeholder engagement processes	• A corporate communications policy is in place and governs media and investor relations. • Relationships with investors are managed in accordance with a structured protocol and investor feedback is monitored to measure alignment of investor expectations to the Group's strategy and performance indicators. • Investor engagement takes place on an ongoing basis during open periods and the Group's results and strategy are presented to investors at the annual and interim results presentations. • A detailed Annual Report is accessible to all investors and contains pertinent financial and non-financial, integrated information. • A stakeholder engagement process is in place and implemented by designated business executives. Material issues are identified and addressed appropriately. Material stakeholder engagement activities are reported quarterly. • External consultants and/or the Group's corporate sponsor are consulted when required to effectively manage stakeholder relationships, without prejudice.
Effective integration of acquisitions into the Group and adoption of Aspen's corporate culture	• Experienced and competent leadership teams are in place. • A Global Executive Conference is held annually to align business unit strategies with Group objectives and to promote integration among the Group's business leaders. • New acquisitions are integrated in accordance with a structured integration plan with reference to people, products, processes, systems and strategic objectives.
Effectively managing Group corporate governance and internal controls	• The Board monitors compliance with King III and a King III gap analysis is completed and reviewed annually. • The Group's reputational risks and status of related mitigation activities are reported to the Board twice a year. • During the year the Social & Ethics Committee was formed in accordance with the Companies Act. • Good progress has been made with the review, amendment and implementation of Group policies and procedures across the Group following approval by the relevant Board Committees as necessary. • Internal Audit performs risk-based audits and internal controls reviews in accordance with an audit plan which is approved annually by the Audit & Risk Committee. • The Audit & Risk Committee applies a combined risk assurance model in the evaluation of internal, financial, IT and governance controls in the Group.
Effective strategy and ability to ensure the long-term growth of the Aspen Group	• The Group Chief Executive and Deputy Group Chief Executive continuously monitor the relevance and sustainability of the Group strategy and update the Board at least quarterly. • The Group's strategy is reviewed and approved by the Board annually. • The strategy provides for an entrepreneurial response to a dynamic operating environment. • The Group's strategy is translated into annual budget plans and the key performance indicators of the business are monitored quarterly.

Risk management continued

KEY RISKS AND MITIGATING ACTIVITIES continued

Risk indicator	Mitigation of risk
Operational risk	
Ability to launch products effectively throughout the Group to support the Group's organic growth strategy	• Regional product launch managers are in place across the Group. • Product launch activities across the Group are centrally monitored. • Effective integration exists between the product launch management and new business development processes. • Effective and integrated product launch systems are in place. • Products are only launched after all necessary regulatory and legislative requirements are met.
Adequacy and effectiveness of IT governance and integration of IT systems	• A Chief Information Officer takes overall responsibility for IT across the Group. • The IT Steering Committee monitors the effectiveness of IT systems and progress of Group IT projects as required and aligned to business objectives. • Formal disaster recovery plans and back-up strategies are in place and steps are being taken to enhance the capability of disaster recovery in all business units. • Decentralised IT structures are in place to provide IT support to business units. • The Group's IT risk governance process is reviewed annually by external assurance providers.
Integration of Group supply chain	• A Supply Chain Steering Committee is in place and monitors the effectiveness of the Group supply chain processes to deliver products to customers efficiently and in a responsible manner. • Focused supply chain projects are in place to enhance supply chain effectiveness and to automate functionality where appropriate, progress of which is closely monitored by the Steering Committee.
Financial risk	
Effectiveness of corporate finance activities	• The Group has a robust finance structure with capable, competent and high-integrity individuals in key finance roles throughout the Group. • Complex or unusual transactions are referred to the Group's auditors where required. • Financial reporting systems in the Group are integrated. • Experienced tax expertise resides internally and, where required, external advice is procured. • Strategic transactions are subject to a thorough due diligence process and performance indicators are applied to evaluate the feasibility of a transaction. • External auditors perform the statutory audit annually and the Internal Audit Department performs an audit of financial internal controls. • All transactions are authorised in accordance with an approvals framework. • Comprehensive insurance cover is in place.
Treasury management	• Diversification of the Group's geographic presence has facilitated strong mitigation against currency risk. • Borrowings are spread across a number of banks and geographies. • Gearing and interest cover are carefully considered before taking on additional debt. • Debt covenants are monitored and complied with. • Relationships with lending institutions are professionally managed and debt obligations are met. • Funding has been separated into three separate funding pools, matched to cash flows in the same currencies. • Forward cover is in place for foreign exchange denominated imports into South Africa and for foreign strategic investments where considered appropriate. Foreign exchange transactions are not hedged for trading transactions in Aspen's offshore businesses. • Stringent cash flow monitoring controls are conducted on a weekly basis.

Risk indicator	Mitigation of risk
Compliance risk	
Effectiveness of Group legislative compliance processes	• Regional legal compliance officers have been appointed and are supported by the Group Legal structure. • The Aspen Legislative Compliance policy has been implemented across the Group. • Annual Legislative Compliance audits are performed at each subsidiary. • External legal services are sourced for specialist areas of compliance.
Effectiveness of Group regulatory compliance processes	• Decentralised regulatory resources support regulatory compliance requirements to each business unit. • The Group Regulatory Department provides support on areas of intellectual property management and pharmacovigilence is managed by business unit regulatory teams. • Decentralised Quality Assurance and Quality Control departments are in place at the manufacturing facilities to monitor compliance of the sites to GMP requirements. • Quality compliance is monitored through quality and GMP compliance audits conducted at third-party manufacturers. • Relevant regulatory authorities audit facilities periodically to validate facility accreditation in accordance with GMP requirements. • Regulatory intelligence is developed for each region to ensure compliance with relevant regulatory requirements in each territory. • Effective integration exists between regulatory, supply chain and manufacturing management teams as necessary. • Throughout the product lifecycle, and as part of regulated processes governing the pharmaceutical industry, stringent protocols are in place in the value chain to monitor the quality of manufactured products and compliance with relevant regulatory requirements.
Responsible corporate citizenship philosophy is in place with reference to economic, social and environmental indicators	• A Responsible Corporate Citizenship Philosophy is in place. • All employees are employed in accordance with the labour regulations applicable to the relevant country and employee rights are protected. • Employees and suppliers sign the Aspen Code of Conduct, upholding the Group's ethical standards. • Terms of Reference have been approved for the Social & Ethics Committee in alignment with the objectives of the Employment Equity Act and BBBEE Act in South Africa, the 10 principals of the UN Global Compact and the Organisation for Economic Cooperation and Development (OECD) recommendations regarding corruption. • A review and improvement of health, safety and environmental management systems is receiving focus throughout the Group. • An environmental management policy is in place. • A comprehensive CSI programme is in place. • A GRI-based sustainability reporting process is in place and key performance indicators are reported to the Board quarterly. • The Group actively participates annually in the JSE's SRI assessment process and the South African business participates in the CDP. • Empowerdex conducts an annual audit to verify Aspen's BBBEE status in South Africa.

1. Stephen Bradley **Saad** (48)

CA(SA)

Appointed: January 1999

Classification: Executive director; Group Chief Executive

A founder of Aspen, Stephen is the Group Chief Executive of Aspen.

2. Michael Guy (Gus) **Attridge** (51)

CA(SA)

Appointed: January 1999

Classification: Executive director; Deputy Group Chief Executive

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

3. Nobuhle Judith (Judy) **Dlamini** (52)

MBChB, DOH, MBA (Wits)

Appointed: July 2005

Classification: Non-Executive; Chairman of the Board

A medical doctor by profession, Judy spent some 10 years in practice prior to attaining her MBA and making the full-time move to business.

Judy is a shareholder and non-executive director of Imithi Investments (Pty) Limited, Aspen's black economic empowerment shareholder. She is currently the Managing Director and Executive Chairman of Mbekani Health & Wellbeing (Pty) Limited, Chairman of Masibulele Pharmaceuticals (Pty) Limited and Chairman of CEPPWAWU Development Trust. Her other non-executive directorships include Northam Platinum Limited and Eyomhlaba Investment Holdings Limited. Judy is also a trustee and founder of Mkhiwa Trust, a family trust for rural development and education of previously disadvantaged individuals, and a member of the South African National AIDS Council.

Judy was appointed as Chairman of the Board in November 2007. She is a member of the Remuneration & Nomination and Social & Ethics Committees.

4. Douglas (Kuseni) **Dlamini** (44)

MPhil (Oxon); BSocSci (Hons), (Natal)

Appointed: April 2012

Classification: Independent Non-Executive

Kuseni was previously Chief Executive Officer of Old Mutual South Africa and Emerging Markets. He brings a wealth of economic and business skills to the Board having previously held positions as the Head of Anglo American South Africa and Executive Chairman of Richards Bay Coal Terminal Company.

Kuseni is the non-executive Chairman of both South African National Parks (SANParks) and KDI (Pty) Limited and has been appointed as the interim Chairman of Times Media Group Limited. He is also a non-executive director of Mvelaphanda Group Limited. He is a former member of the World Economic Forum's Global Agenda Council on Economic Growth and Poverty Alleviation. He is active in academic and professional bodies which include the council of the University of Pretoria, South African Institute of International Affairs and the advisory boards of the Wits Business School and Common Purpose.

5. Roy Cecil **Andersen** (64)

CA(SA), CPA (Texas)

Appointed: August 2008

Classification: Lead Independent Non-Executive

Roy is a Chartered Accountant with extensive experience in various industry sectors, both locally and abroad. He was previously Chairman and Chief Executive of Ernst & Young, Chief Executive of the Liberty Group Limited and a former President of JSE Limited.

Roy is currently Chairman of Murray & Roberts Holdings Limited, as well as non-executive director of Nampak Limited, SASFIN Limited and a director of Business Against Crime. He is a member of the King Committee on Corporate Governance.

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

6. Mogammed Rafique **Bagus** (48)

BA, BA (Hons) (Economics), MA

Appointed: March 2003

Classification: Independent Non-Executive

Rafique is currently the Chief Executive of Morning-tide Investments Limited and has recently been appointed as the Chairman of Alexkor Limited. He was previously the Chief Executive of Trade and Investment South Africa, a division of the Department of Trade and Industry, Deputy Director General of the Department of Trade and Industry, and Special Advisor to the Minister of Public Enterprises.

Rafique is a member of the Social & Ethics Committee.

7. John Frederick **Buchanan** (68)

CA(SA), BTh, EDP (Columbia)

Appointed: May 2002

Classification: Independent Non-Executive

John brings vast experience to the Board having held a number of executive positions with leading South African companies. He was previously the Group Finance Director of Metal Box (South Africa) Limited and Cadbury Schweppes (South Africa) Limited, as well as a past executive director of Nampak Limited.

In addition to his non-executive directorship of Aspen, he is the Chairman of the Audit & Risk Committee and is a member of the Remuneration & Nomination Committee.

8. Shah Abbas **Hussain** (47)

BSc (Hons)

Appointed: December 2009

Classification: Non-Executive

Abbas has worked extensively in the global pharmaceutical industry holding a number of senior executive positions in companies internationally. He is currently the President: Europe and Emerging Markets/Asia Pacific of GSK. Abbas also sits on the Board of Viiv Healthcare (UK), a global specialist HIV company and the Duke/NUS Medical School in Singapore.

Abbas was appointed to the Board of Aspen following the series of transactions concluded with GSK in December 2009.

9. Christopher (Chris) Nattle **Mortimer** (51)

BA, LLB

Appointed: January 1999

Classification: Non-Executive

Chris has been a full-time practising attorney since 1988 and has extensive commercial experience. As Chris' firm is intermittently called upon to provide legal advice to the Group, he has not been classified as an independent non-executive director.

10. Sindiswa (Sindi) Victoria **Zilwa** (45)

CA(SA), BCompt (Hons), CTA, Advanced Taxation Certificate, Advanced Diploma in Financial Planning and Advanced Diploma in Banking

Appointed: September 2006

Classification: Independent Non-Executive

Sindi is the Chief Executive Officer of Nkonki Chartered Accountants. Sindi currently serves as a non-executive director of Discovery Holdings Limited, Woolworths Holdings Limited, Rebosis Limited and ATNS SOC Limited, is a member of the South African Institute of Chartered Accountants and Independent Regulatory Board for Auditors. Sindi previously served as Chairman of Airports Company South Africa and as a non-executive director of the Institute of Directors, Primedia Limited, Wiphold Limited and Ethos Private Equity. She has also previously chaired the BUSA Standing Committee on Transformation.

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

Company Secretary

Riaan **Verster** (36)

BProc, LLB, LLM (Labour Law), ACIS

Appointed: December 2011

Corporate governance statement

Corporate governance includes the structures, processes and practices that the Board of Directors uses to direct and manage the Group's operations.

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

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

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

APPLICATION OF KING III AND COMPLIANCE WITH COMPANIES ACT

The Group's efforts to enhance its application of King III during the current financial year and to ensure its ongoing compliance with the South African Companies Act, 2008 ("Companies Act") effective from 1 May 2011, resulted in certain further incremental changes being made to the Group's governance structures and in the preparation of the Company's Memorandum of Incorporation ("MOI"). This MOI will be tabled for shareholder approval at the annual general meeting of the Company to be held on 4 December 2012.

Statement of Governance Compliance

The directors are of the opinion that the Group has applied the requirements of King III except as disclosed in the gap analysis provided on page 94 of this Annual Report and complied with the corporate governance provisions prescribed by the JSE Listings Requirements.

Highlights of significant governance changes

As indicated, the Group's corporate governance practices are reviewed on an ongoing basis to ensure alignment with internal developments and to ensure ongoing adherence to legislation, regulation and global governance trends. The following further enhancements were made to the Group's governance framework during the reporting period:

- reviewing the Board Charter, Terms of Reference of the Board committees and relevant Group policies and procedures in light of the requirements brought about by the Companies Act and implementing additional amendments where necessary;
- obtaining shareholder confirmation of the Group's remuneration policy at the Company's annual general meeting held on 1 December 2011;
- establishing a Social & Ethics Committee in accordance with the provisions of the Companies Act and best practice; and
- rolling out an ethics management programme to all businesses within the Group.

THE BOARD OF DIRECTORS

Aspen is led by a unitary Board of Directors, currently constituted as required in terms of the Companies Act, and the Company's current MOI.

There are no fixed term service contracts in place for the executive directors and their tenure is subject to the normal terms and conditions on which the Company appoints members of senior management.

Board composition, appointment and independence of non-executive directors

The Board currently comprises 10 directors, two of whom are executive directors with the remainder being non-executives. Five of these are considered independent non-executive directors within the criteria determined by King III and constitute the majority of non-executive directors on the Board.

The composition of the Board ensures that there is a balance of power and authority in decision-making processes. Non-executive directors are appointed by the Board in terms of a formally documented and transparent process which takes place under the guidance of the Remuneration & Nomination Committee. Non-executive directors are selected on the basis of their skills, business experience, reputation and qualifications. Gender and racial diversity is also considered in the appointment of new directors. The non-executive directors collectively bring a wealth of skills, knowledge and experience from their own fields of business to the Board, ensuring that the Board's consideration of matters of strategy, policy and performance are always robust, informed and constructive. The terms and conditions of appointment of each of the non-executive directors are contained in a letter of appointment which, together with the Board Charter, forms the basis of the director's appointment. The Remuneration & Nomination Committee is responsible for making recommendations to the Board for the identification and removal of underperforming or unsuitable directors, should this prove necessary.

In terms of the Company's Memorandum and Articles of Association, one-third of the non-executive directors retire by rotation at each annual general meeting. Directors who retire may, if eligible, offer themselves for re-election. The names of the directors who retire by rotation at the next annual general meeting appear in the notice of annual general meeting on page 175 of this report. The re-election of retiring directors by shareholders is subject to a recommendation by the Remuneration & Nomination Committee, following an evaluation of those directors' performance. Directors who may be appointed during a reporting period must have their appointments ratified at the next annual general meeting.

Non-executive directors have no fixed term of appointment, however, the Board Charter provides for the automatic retirement of a director at the age of 70. At the Board's discretion, the retiring director may thereafter be invited to serve as a non-executive director on a year-to-year basis.

The fees of the non-executive directors are independent of the Group's financial performance. In line with the requirements of the Companies Act, the fees payable to the non-executive directors for the 2012 financial year were approved by a special resolution of Aspen's shareholders at the Company's annual general meeting in December 2011. The fees payable to these directors through to the annual general meeting in 2013 will be approved at the Company's annual general meeting to be held on 4 December 2012.

The independence of the non-executive directors is tested on a regular basis to ensure that there are no business or other relationships which could materially interfere with a director's capacity to act independently. At least once annually, Aspen actively solicits details of its directors' interests in the Group, their external shareholdings and other directorships so as to determine whether there are any actual or potential conflicts of interest. A register containing the directors' declarations of interest is kept by the Company Secretary and is available for inspection by any of the directors on request. In addition, the agenda at each scheduled Board meeting allows the Board to consider any conflicts arising from changes to the directors' declarations of interests. The Board has satisfied itself that no relationships exist which could adversely affect the classification of its independent non-executive directors, and accordingly that the classification of each of the directors is appropriate. The independence of John Buchanan and Rafique Bagus was independently assessed by the Remuneration & Nomination Committee, due to them having served on the Board of Aspen for more than nine years. John Buchanan, a member of the Remuneration & Nomination Committee, recused himself from deliberations on this matter. This assessment concluded that their ongoing qualification as independent non-executive directors is beyond question and this conclusion was supported by the Board as a whole. A brief *curriculum vitae*, and the classification of each director, appears on pages 84 and 85 of this report.

Director induction, training and access to information

Newly appointed directors are required to participate in an induction programme co-ordinated by the Chairman together with the Company Secretary. In addition to providing an orientation in respect of the Group's operations, directors are guided in their fiduciary duties, provided with information relating to the relevant statutory and regulatory frameworks and

Corporate governance statement continued

introduced to key members of management. The programme also makes directors aware of relevant policies such as those relating to dealing in the Company's securities, the duty to declare conflicts of interest and the Company's Code of Conduct.

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

To facilitate the proper functioning of the Board, all directors have unrestricted access to all Group information, records, documents and facilities through the office of the Company Secretary, subject to the prior notification of the Group Chief Executive or, in his absence, the Deputy Group Chief Executive. In addition, non-executive directors have unrestricted access to members of management and, where appropriate, are entitled to access the external auditors without members of management being present. Directors, after discussion with the Chairman, may also seek independent professional advice at the Group's expense should they deem it necessary for the proper execution of their directorial role.

Board mandate

A formally documented and approved Board Charter outlines the composition, scope of authority, responsibilities, powers and functioning of the Board. The Board Charter is reviewed at least once annually to ensure that it remains relevant, appropriate and in line with governance best practice. The key responsibilities of the Board are, in the main, to:

- approve and review the strategic direction of the Group and monitor the execution of strategic plans;
- monitor and oversee major capital expenditure, acquisitions and disposals;
- consider financial reports and to review and approve annual budgets and business plans;
- monitor the financial performance of the Group and to approve annual and interim financial reports and capital distributions or dividends;
- identify and monitor key risk areas;
- review risk management strategies and ensure the implementation of effective internal controls;
- approve the appointment and replacement, where necessary, of the Group Chief Executive and other senior executives and to oversee succession planning;
- approve the nomination of directors and to monitor the performance of all the directors, including the Chairman and the Group Chief Executive;
- make decisions on key issues or matters at levels deemed material to the Group and to delegate authority for the day-to-day running of the business of the Group to management; and
- identify and oversee the Group's communication with key stakeholders.

Board leadership

The Chairman of the Board is appointed by the directors annually after each annual general meeting of shareholders, and remains in office for a period of one year at a time. The Chairman is absent during the discussion of, and the vote on, her reappointment.

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

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

Succession planning

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

Board meetings

The Board meets at least once every quarter. Additional meetings may be convened to discuss specific issues which arise between scheduled Board meetings. The Board compiles an annual work plan to ensure all relevant matters for Board consideration are prioritised, included on the agenda and addressed at the appropriate time. Four meetings and a strategy session were held in the year under review.

The table below sets out the attendance by directors at Board meetings.

Board meetings are convened by formal notice to the directors. There are comprehensive management reporting disciplines in place with strategic, financial, operational, risk and governance reports tabled. A Board pack, containing detailed proposals and management reports, is distributed by the Company Secretary to all directors in a timely manner in advance of scheduled meetings, and directors are afforded ample opportunity to study the material presented and to request additional information from management where necessary.

Decisions taken at Board meetings are decided by a majority of votes, with each director having one vote. Where resolutions need to be taken between Board meetings, a written proposal is circulated to, and requires signature by all directors to be valid. A resolution passed in this manner is effective as at the date of signature of the last-signing of the directors and is formally noted at the next Board meeting.

During the year under review four Board meetings and a strategy session were held – the table below sets out the attendance by the directors at these meetings:

Director	Board meeting 13 September 2011	Board meeting 1 December 2011	Board meeting 7 March 2012	Strategy session 28 June 2012	Board meeting 29 June 2012
Roy Andersen	✓	✓	✓	✓	✓
Gus Attridge	✓	✓	✓	✓	✓
Rafique Bagus	✓	✓	✓	✓	✓
John Buchanan	✗	✓	✓	✓	✓
Kuseni Dlamini#	n/a	n/a	n/a	✓	✓
Judy Dlamini	✓	✓	✓	✓	✓
Abbas Hussain	✓	✗	✓	✓	✓
Chris Mortimer	✓	✓	✓	✓	✓
David Nurek*	✗	n/a	n/a	n/a	n/a
Stephen Saad	✓	✓	✓	✓	✓
Sindi Zilwa	✓	✓	✓	✓	✓

 # Joined the Board with effect from 1 April 2012.
** Resigned from the Board with effect from 1 December 2011.*

Corporate governance statement continued

Board of Directors

Judy Dlamini	Chairman, Non-Executive
Roy Andersen	Lead Independent Non-Executive
Gus Attridge	Deputy Group Chief Executive
Rafique Bagus	Independent Non-Executive
John Buchanan	Independent Non-Executive
Kuseni Dlamini	Independent Non-Executive
Abbas Hussain	Non-Executive
Chris Mortimer	Non-Executive
Stephen Saad	Group Chief Executive
Sindi Zilwa	Independent Non-Executive

Audit & Risk Committee

John Buchanan*
Roy Andersen
Sindi Zilwa

Remuneration & Nomination Committee

Roy Andersen*
John Buchanan
Judy Dlamini

Social & Ethics Committee

Sindi Zilwa*
Gus Attridge
Rafique Bagus
Judy Dlamini

** Committee chairman*

Board committees

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

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

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

The Terms of Reference of each of the Board committees is approved annually by the Board and specifies the committee's constitution, mandate, relationship and accountability to the Board. The Company Secretary is the secretary to all committees of the Board and assists in ensuring that the committees operate within the limits of their respective mandates, in terms of an agreed annual work plan and that a formal process of reporting is in place.

Regular meetings of the Board's committees are scheduled, in advance, in the Group's corporate calendar. In addition, any of the committees may convene *ad hoc* meetings should the business of the Group so require. The number of meetings held by each committee and the directors' attendance at those meetings appear in the reports of the committees in this Annual Report. The Board committees report formally to the Board at each Board meeting following any meeting of a committee.

In line with the requirements of the Companies Act the members of the Audit & Risk Committee are required to be elected by shareholders at the next annual general meeting.

Detailed reports on the constitution, role and performance of each of the Board committees are included on pages 96 to 113 of this Annual Report.

Evaluation of Board performance

An evaluation of the performance of the Board, the Board committees, the Chairman, the Group Chief Executive, the Company Secretary and of each of the individual directors is conducted annually. The evaluations carried out in 2012 focused on the effectiveness of:

- the Board's composition, governance processes and procedures;
- the Board's committees in discharging their respective mandates;
- the Chairman of the Board;
- each of the directors and their individual contributions;
- the Group Chief Executive; and
- the Company Secretary.

The evaluations were designed to gain an insight into how each of the directors of the Board believes the Board is meeting its objectives. The evaluations provided guidelines for evaluating the Board's effectiveness and focused on areas where the Board's performance may possibly be enhanced or improved, as well as assessing the individual contributions of the directors.

Responses were collated by the Company Secretary and reported to the Chairman and, subsequently, the Board. The Board found the results of these evaluations to be satisfactory.

The Company Secretary

The Company Secretary is also the Group Governance Officer and plays a pivotal role in the corporate governance of the Group. The Company Secretary attends all Board and committee meetings and provides the Board and directors, collectively and individually, with guidance on the execution of their governance role. The Board has considered and is satisfied with the qualification, competence and expertise of the Company Secretary. The Company Secretary is not a director of the Company and the Board has also satisfied itself of the fact that the Company Secretary continues to maintain an appropriate arm's-length relationship with the Board. Abbreviated biographical details of the Company Secretary are set out on page 85 of this Annual Report.

All directors have access to the advice and services of the Company Secretary. The Company Secretary is appointed by and is accountable to the Board as a whole.

CORPORATE VALUES AND ETHICS

Aspen's values of Integrity, Innovation, Excellence, Commitment and Teamwork are fundamental to its business philosophy and guide the way the Group conducts its business and interacts with all stakeholders.

Further information in respect of the Group's ethics management programme and its Code of Conduct are contained in the report of the Social & Ethics Committee on pages 110 to 113 of this Annual Report.

LEGISLATIVE COMPLIANCE

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

The Group Compliance Officer's function includes:

- identifying and advising the Group on existing and new legislation applicable to the Group's business in the jurisdictions where it operates companies; and
- developing and implementing the annual Legislative Compliance Audit Plan across the Group.

A Legislative Compliance Policy has been implemented and will be reviewed annually.

Developments in legislation and the implementation of new legislation in jurisdictions where Aspen operates companies is monitored by the Aspen

Corporate governance statement continued

Legal department. The Group Compliance Officer reports to the Board on a quarterly basis. The Group Compliance Officer has unrestricted access to management, employees, activities and all information considered necessary for the proper execution of legislative compliance.

Based on the principal laws effective during the year, there are no material areas of non-compliance within the Group. No notable fines were incurred nor were there any prosecutions of Group companies or directors and officers for failure to comply with any applicable legislation or codes of conduct.

The Group voluntarily complies with the following non-binding rules, codes and standards:

Australia

- Australian Self Medication Industry Association Codes
- Medical Technology Association of Australia Codes, including the Medical Devices Code
- Medicines Australia Code
- Generic Medicines Industry Association Code of Practice

South Africa

Trade associations

Aspen is a voluntary member of the following trade associations:

- Pharmaceuticals Made in South Africa
- Self Medication Manufacturers Association of South Africa
- The Health Products Association of Southern Africa
- The Infant Feeding Association of South Africa
- Cosmetic, Toiletry & Fragrance Association of South Africa

Food Quality and Safety

- ISO 22000:2008
- BSi PAS220
- ISO 9001
- ISO 17025:2005
- SANS 10049:2011

Industry

- Marketing Code for Medicines (Pharmaceutical Council of South Africa)
- Constitution of Pharmaceuticals Manufactured in South Africa
- Constitution of Self Medication Association of South Africa

Regulative

- MCC: Guidelines on Proprietary Names for Medicinal Products
- WHO: Guidance on International Non-proprietary Names

Europe

Aspen Ireland adheres to:

- Irish Pharmaceutical Healthcare Association Code of Marketing Practice
- European Union directive 2001/83/EC
- Statutory Instrument, S.I of 2007, 2008 and 2009
- Pharmaceutical Price Regulation Scheme (United Kingdom)

ENGAGEMENT WITH STAKEHOLDERS

The Board acknowledges it is ultimately responsible for the management of relationships with the Group's major stakeholders. The Board receives formal feedback from management on a quarterly basis as to the nature of interaction with stakeholders.

A summary of engagement with key stakeholders is contained on pages 114 to 117 of this Annual Report.

RISK GOVERNANCE

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

A summary of the Group's risk management process, its key risks and corresponding mitigating activities is contained on pages 80 to 83 of this Annual Report. The Group's strategic objectives and challenges in achieving these objectives are detailed on pages 18 to 25 of this Annual Report.

IT GOVERNANCE

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

During the reporting period an independent assessment was performed of the Group's IT governance processes and the application of King III to these processes. It was reported to the Audit & Risk Committee and Board that the Group's material operating subsidiaries were applying all the IT governance principles contained in King III and that Aspen's IT governance maturity was at a high level compared to the IT governance maturity levels of other large South African companies.

INTERNAL AUDIT

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

The role of this function is more fully described in the internal audit charter as approved by the Board, read with the terms of reference of the Audit & Risk Committee. Further information regarding this function's activities and its focus for the year under review can be found in the Audit & Risk Committee report on pages 96 to 99 of this Annual Report.

DISPUTE RESOLUTION

In line with the Group's stakeholder engagement policy, conflict and dispute resolution is dealt with through constructive dialogue with the relevant parties. Where this preferred method does not result in adequate resolution of the matter, external legal advisers, mediators and/or arbitrators are engaged to expedite resolution.

GOING CONCERN

The Board has assessed the Group's going concern status and is satisfied that it has adequate resources to continue operating for the next 12 months and into the foreseeable future, based on the following considerations:

- the appropriateness of the capital structure, funding and liquidity ratios of the Group, given the nature of the Group's business and operations;
- the Group's continued ability to meet solvency and liquidity requirements as set out in section 4 of the Companies Act; and
- the appropriateness of the going concern basis of reporting the Group's results and its likely continuing appropriateness for the ensuing 12 months.

The Annual Financial Statements of the Group and the Company have been prepared on the going concern basis. These statements are included on the compact disc in the insert on the back inside cover of this report, and are available online at www.aspenpharma.com.

King III gap analysis

The Board continues to commit extensive amounts of time to the review and enhancement of the Group's governance structures and application of the King III report. As required by the JSE Listings Requirements, the following table discloses the areas in which the Group does not currently fully apply King III, the reasons for such non-application and corrective measures, if any, that the Board has agreed to institute in that regard.

Key to compliance level:
† Under review ‡ Partially compliant/mitigated ✗ Non-compliant

King III requirement		Comment
Chapter 1 – Ethical leadership and corporate citizenship		
Management (having been delegated this task by the Board) has set up a well-designed and properly implemented ethics management process/ programme.	‡	Management has addressed all of the material areas relating to ethics management. An ethics management programme under the direction of the Social & Ethics Committee is at an advanced stage of being implemented throughout the Group.
Measurement of the impact, or lack thereof, of its CSI programme.	‡	Assessment is conducted on a subjective basis.
Chapter 2 – Boards and directors		
Appointment by the Board of the Chief Executive and input on senior management appointments.	‡	The Group Chief Executive is appointed by the Board but specified senior executive appointments are approved by the Remuneration & Nomination Committee. The Board is kept informed of these appointments.
The Board has established an Audit Committee and defined its composition, purpose and duties in the Memorandum of Incorporation.	†	This is currently regulated by the Audit & Risk Committee Terms of Reference and this fact is confirmed in the MOI that has been recommended for approval by shareholders at the annual general meeting scheduled for 4 December 2012.
Separate performance drivers are in place for long-term and short-term incentives – no duplication of performance drivers, with balance struck with the need to reward success over the short and long term.	✗	The achievement of budgeted operating profit and individual key performance targets are used as performance measurements for both the annual incentive and the medium-term incentive schemes. This exception does not apply to the executive directors whose performance measures are fully described on page 104 of this Annual Report. Aspen does not have a long-term incentive scheme.
Vesting of share incentive awards conditional on achieving performance conditions.	✗	Upon the achievement of the prescribed performance requirements, all awards granted in terms of the Group's medium-term incentive schemes vest unconditionally after three years.
Chapter 3 – Audit committees		
Recommend to the Board to engage an external assurance provider to provide assurance over material elements of the sustainability part of the Integrated Report.	†	For the reporting period under review reliance has been placed upon internal sources of assurance. Consideration is being given to obtaining external assurance on certain material elements of the Sustainability Report by means of a phased approach.
Preparation of a summarised Annual Report in addition to the complete Annual Report.	‡	It has been decided not to produce a summarised Annual Report as is permitted by the Companies Act. The summarised Group Annual Financial Statements have been included in the Integrated Report on pages 118 to 129.

Key to compliance level:
† Under review ‡ Partially compliant/mitigated ✗ Non-compliant

King III requirement		
Chapter 4 – The governance of risk		
Accountability to the Board regarding the execution of the risk management process lies with the Group Chief Executive.	‡	Accountability lies with the Deputy Group Chief Executive.
Chapter 5 – The governance of information technology		
Formal processes are in place to manage information that encompasses protection of information, management of information and protection of personal information processed.	†	Standard information security procedures are in place. Information is managed according to business requirements and personal information is identified on the system where it resides. As part of the roll out of the Information Security Management System a high level Information Classification Framework will be implemented for each Aspen business.
Ensure the Information Security Management System is developed, implemented and recorded.	‡	An information security policy exists, but a formal Information Security Management System has not yet been established. A formal Information Security Management System policy has been developed for the Group and the implementation thereof for Aspen's South African businesses has recently been initiated. Similar projects will be undertaken across the organisation.
Chapter 7 – Internal audit		
The Chief Audit Executive is apprised formally on the strategy and performance of the Company through meetings with the Chairman, Group Chief Executive or both.	‡	The Chief Audit Executive is briefed by the Deputy Group Chief Executive. The Chief Audit Executive has direct access to the Chairman of the Board and Chairman of the Audit & Risk Committee.
Chapter 9 – Integrated reporting and disclosure		
The Annual Financial Statements are included in the Integrated Report.	‡	The Summarised Group Annual Financial Statements are included in the Integrated Report. The full Annual Financial Statements are provided to shareholders electronically (on compact disc and on the Company's website at www.aspenpharma.com) or, upon request, in hard copy.
A formal process of assurance with regard to sustainability reporting has been established.	‡	For the reporting period under review reliance has predominantly been placed upon internal sources of assurance. Consideration is being given to obtaining external assurance on certain material elements of the Sustainability Report by means of a phased approach.

Audit & Risk Committee report

During the year under review the Board's committee structure was revised to accommodate the establishment of a Social & Ethics Committee which resulted in the dissolution of the Risk & Sustainability Committee. Consequently the Audit Committee has been reconstituted as the Audit & Risk Committee, assuming the risk responsibilities as delegated to it by the Board.

The information below comprises the report of the reconstituted Audit & Risk Committee in respect of the financial year ended 30 June 2012 and of the Risk & Sustainability Committee in respect of the risk responsibilities performed by it up until the date of its dissolution in December 2011.

Audit & Risk Committee Terms of Reference

The Audit & Risk Committee has adopted formal Terms of Reference as incorporated in the Board Charter which have been approved by the Board of Directors. The Terms of Reference are reviewed annually and were revised and approved by the Board on 1 December 2011. The Committee has conducted its affairs in compliance with these Terms of Reference and has discharged its responsibilities contained therein.

Audit & Risk Committee members and attendance at meetings

The Audit & Risk Committee is constituted as a statutory committee in terms of the provisions of section 94 of the Companies Act and has an independent role with accountability to both the Board and shareholders. In applying the recommendations of King III, the Audit & Risk Committee consists of three independent, non-executive directors selected by the Board on the recommendation of the Remuneration & Nomination Committee. The Board elects the Chairman of the Audit & Risk Committee.

The Deputy Group Chief Executive, Group Finance Officer, Chief Audit Executive, Company Secretary, Group Risk & Sustainability Manager and representatives of the internal and external auditors attend meetings by invitation. The Chairman of the Board has a standing invitation to attend the Committee's meetings. From time-to-time other executives and directors of the Group attend meetings of the Audit & Risk Committee as requested. The Committee has unrestricted access to the external and internal auditors.

In accordance with the Terms of Reference, the Committee meets at least four times annually, but more often if necessary. During the current financial year, the Committee met eight times. The minutes of these meetings are included in the quarterly Board papers. The Chairman of the Committee provides the Board with a verbal report of the Committee's activities at each Board meeting.

The Chairman of the Committee represents the Audit & Risk Committee at the annual general meeting each year.

The Company Secretary is also the Secretary of the Committee.

The Remuneration & Nomination Committee, through its nomination process, ensures that members are sufficiently qualified and experienced in matters such as financial and sustainability reporting, internal financial controls, external and internal audit processes, corporate law, risk management, financial sustainability issues, IT governance as it relates to integrated reporting and governance processes.

The following table of attendance at Audit & Risk Committee meetings reflects the Committee's meetings held during the year and the attendance of these meetings by its members during the year:

Committee member	15 July 2011	12 September 2011	11 October 2011	21 October 2011	20 February 2012	6 March 2012	17 April 2012	27 June 2012
Roy Andersen	✓	✓	✓	✓	✓	✓	✓	✓
John Buchanan (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓
Sindi Zilwa	✓	✓	✓	✓	✗	✓	✓	✓

The following table reflects the meetings and attendance of the Risk & Sustainability Committee until its dissolution in December 2011:

Committee member	6 September 2011	4 October 2011
Rafique Bagus (Chairman)	✓	✓
John Buchanan	✓	✓
Judy Dlamini	✓	✓
David Nurek	✓	✓

Roles and responsibilities

The Audit & Risk Committee has an independent role with accountability to both the Board and shareholders. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other senior members of management.

The Committee is, *inter alia*, responsible for assisting the Board in discharging its duties in respect of the safeguarding of assets, accounting systems and practices, internal control processes and the preparation of accurate Annual Financial Statements. As mentioned, the Committee has also assumed the risk responsibilities previously performed by the Risk & Sustainability Committee prior to its dissolution.

Statutory duties

In the conduct of its duties, the Audit & Risk Committee has performed the following statutory duties prescribed by the Companies Act:

- nominated and recommended the appointment of the external auditor of the Company and the Group who is a registered auditor and who, in the opinion of the Audit & Risk Committee, is independent of the Company and the Group;
- determined the fees to be paid to the auditor and the auditor's terms of engagement;
- ensured that the appointment of the auditor complies with the Companies Act, and any other legislation relating to the appointment of the auditor;
- determined the nature and extent of any non-audit services that the auditor may provide to the Group;
- pre-approved any proposed agreement with the auditor for the provision of non-audit services to the Group;
- prepared a report which has been included in the Annual Financial Statements;
- received and dealt with any concerns or complaints relating to the accounting practices and internal audit of the Company and the Group, the content or auditing of the Company's and the Group's Annual Financial Statements, including the Summarised Group Annual Financial Statements contained in this Annual Report, the internal financial controls of the Company and the Group or any related matter; and
- made submissions to the Board on any matter concerning the Company's and the Group's accounting policies, financial controls, records and reporting.

External auditor

The Committee has satisfied itself that the external auditor was independent of the Group, as required by the Companies Act, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year ended 30 June 2012.

The external auditors are invited to and attend all Audit & Risk Committee meetings and are required to meet independently with the Audit & Risk Committee at least annually. Findings by the external auditors arising from their annual statutory audit are tabled and presented at an Audit & Risk Committee meeting following the audit. The Committee endorses action plans for management to mitigate noted concerns. The external auditor has expressed an unqualified opinion on the Annual Financial Statements for the year ended 30 June 2012.

There is a formal procedure that governs the process whereby the external auditor is considered for non-audit services. The Committee approved the terms of the service agreement for the provision of non-audit services by the external auditor, and approved the nature and extent of non-audit services that the external auditor provided in terms of the agreed pre-approval policy.

The Committee has nominated, for election at the annual general meeting, PricewaterhouseCoopers Incorporated as the external audit firm. Tanya Rae will be the designated auditor responsible for performing the functions of auditor, for the 2013 financial year. The Audit & Risk Committee has satisfied itself that the audit firm and designated auditors are accredited as such on the JSE list of auditors and their advisers.

Internal financial controls

During the year, the Group undertook a formal review of the key internal financial controls in operation and documented this review in a formalised financial controls framework. The review was undertaken in all the significant operating businesses within the Group. During April 2012, prior to year-end, a new IT system (SAP) was implemented at Aspen Brazil and consequently the internal control systems for the new systems will be reviewed during the 2013 financial year. The external audit approach was adapted and extended where appropriate to take this into account for the current financial year.

The Aspen Philippines business was incorporated on 5 October 2011 and started operating from March 2012. The accounting procedures and internal control frameworks will be documented during the 2013 financial year. The external audit approach was adapted and extended where appropriate to take this into account for the current financial year.

Based on the results of the formal documented review of the design, implementation and effectiveness of the Company's system of internal financial controls conducted by Group Internal Audit, supported by approved outsourced internal audit service providers during the 2012 year and, in addition, considering information and explanations given by management and discussions with the external auditor on the results of their audit, nothing has come to the attention of the Audit & Risk Committee that caused the Committee to believe that the Group's system of internal financial controls is not effective and does not

Audit & Risk Committee report continued

form a sound basis for the preparation of reliable Annual Financial Statements.

Expertise and experience of the Financial Director and the finance function

The Audit & Risk Committee has considered and is satisfied with the expertise and experience of the Deputy Group Chief Executive who performs the duties of the Company's Financial Director.

Furthermore, the Committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the Group's finance function and experience of the senior members of management responsible for the Group's finance function, including the Group Finance Officer.

Annual Financial Statements

The Audit & Risk Committee assists the Board with all financial reporting and reviews the Annual Financial Statements as well as trading statements, preliminary results announcements and interim financial information.

The Audit & Risk Committee has reviewed the Annual Financial Statements of the Company and the Group and is satisfied that they comply with IFRS.

Going concern

The Audit & Risk Committee reviewed a documented assessment by management of the going concern premise of the Group before concluding to the Board that the Group is a going concern and will remain so for the foreseeable future.

Duties assigned by the Board

The duties and responsibilities of the members of the Committee are set out in the Audit & Risk Committee Terms of Reference included in the Board Charter, which is approved by the Board.

The Audit & Risk Committee fulfils an oversight role regarding the Group's Annual Report and the reporting process, including the system of internal financial controls. It is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority within the Group to enable it to discharge its duties. Furthermore, the Audit & Risk Committee oversees co-operation between the internal and external auditors.

During the year, the Committee met with the external auditors and with the Chief Audit Executive without management being present. No matters that required attention arose from these meetings.

The Committee ensures that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities.

The Audit & Risk Committee is satisfied that it has complied with its legal, regulatory and other responsibilities.

Internal audit

The Audit & Risk Committee is responsible for overseeing Internal Audit and has considered and approved the internal audit charter and Internal Audit's annual risk-based audit plan.

Internal Audit reports centrally with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the Group's significant operations. The internal audit plan follows a three-year cycle and is revised regularly in accordance with the risk profiles as discussed and tabled at the Audit & Risk Committee meetings with any changes to the internal audit plan being approved by the Committee.

Each internal audit conducted is followed up by a detailed report to operational and senior management, including recommendations on aspects requiring improvement. The Chief Audit Executive is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the Audit & Risk Committee at each Committee meeting. Copies of the detailed reports are also provided to the Audit & Risk Committee together with an overall summary of the audit result for each audit.

The Chief Audit Executive has direct access to the Audit & Risk Committee, primarily through its Chairman, and attended all the Risk & Sustainability Committee meetings prior to its dissolution and attends Audit & Risk Committee meetings by invitation.

The Audit & Risk Committee is responsible for the appointment and removal of the Chief Audit Executive. The Committee is also responsible for the assessment of the performance of the Chief Audit Executive and the internal audit function. The Committee has considered and is satisfied with the effectiveness of the internal audit function.

An external assessment of Internal Audit was performed during the 2012 financial year in line with the five-year external review. The assessment indicated positive results and a general conformance with the Institute of Internal Auditors Standards.

Whistle-blowing

The whistle-blowing arrangements are approved and monitored by the Audit & Risk Committee and the Social & Ethics Committee. The Chief Audit Executive receives and deals with any concerns or complaints, whether from within or outside the Group through an independent specialised tip-offs call centre and tables this information and the results of follow-ups at each Social & Ethics Committee meeting. Financial related tip-offs are then also tabled at the Audit & Risk Committee meetings.

Both Committees are satisfied that instances of whistle-blowing were appropriately dealt with.

Sustainability reporting

The Audit & Risk Committee considered the Group's sustainability information as disclosed in the Annual Report and in the Sustainability Report and has assessed its consistency with operational and other information known to the Audit & Risk Committee members, and for consistency with the Annual Financial Statements. The Audit & Risk Committee has discussed the sustainability information with management.

The Committee is satisfied that the sustainability information is reliable and consistent with the financial results.

Risk management

As a result of the dissolution of the Risk & Sustainability Committee during the year under review the Board has assigned oversight of the Group's risk management function to the Audit & Risk Committee.

The Board considers risk management to be a key process in the responsible pursuit of strategic objectives and in the effective management of material issues across the Group. Aspen's management culture is underpinned by effective risk identification and mitigation activities which are applied, on a day-to-day basis, through a system of internal controls, monitoring mechanisms and relevant stakeholder engagement activities. In accordance with the Group's risk philosophy, business activities and business plans are aligned to the Group's economic, environmental and social aspirations.

The Board of Directors is responsible for governance of risk across the Group, for setting the risk appetite and for monitoring the effectiveness of Aspen's risk management processes. This responsibility is delegated to the Audit & Risk Committee.

The integrated risk management model considers strategic, operational, financial and compliance risks. Reputational risks and uncertain risks, which are inherent to Aspen's business and to the pharmaceutical industry in general, are also identified, monitored, mitigated and recorded. Risk indicators and risk appetite are reviewed and approved by the Board on an annual basis or more frequently where required. Risk appetite represents the amount and type of risk an organisation is willing to accept in pursuit of its business objectives. The Boards of Directors at the subsidiary companies are responsible for oversight of the risk management processes implemented at the relevant business units and for monitoring the effectiveness of the implemented risk management system.

A formal risk reporting process is in place and a schematic description of this process is contained on page 79 of this Annual Report. Evaluations of material risks and of the effectiveness of the risk management process were conducted twice during the year by the Group Executive Risk Forum which reported on these evaluations to the Audit & Risk Committee. Following a comprehensive review of risks and mitigating controls at the Audit & Risk Committee meeting, the Committee formulated an overall conclusion and submitted a formal risk review report to the Board. The Committee's report included an opinion on the overall status of material inherent, residual, reputational and uncertain risks as well as the adequacy of related mitigating controls with reference to the approved risk appetite. The report also presented an opinion on the effectiveness of the risk management process implemented in the Group, supported by the internal audit opinion.

In arriving at its opinion, the Audit & Risk Committee undertook the following activities:

- monitored the implementation of the Group Risk Policy and Group Risk Plan as approved by the Board;
- reviewed and considered the activities and reports of the Group Executive Risk Forum;
- reviewed and considered business unit risk reports presented to the Committee;
- reviewed and considered the positive report by Internal Audit on the integrity and robustness of the Group's risk management processes;
- reviewed and considered the status of financial, IT and internal controls, for the year under review, as reported by the Group's internal and external auditors; and
- reviewed and approved the adequacy of the Group's insurance cover.

At year-end, Aspen's Board was satisfied with the status and effectiveness of risk governance in the Group and adequacy of mitigation plans for material risks. Internal Audit found the implemented risk management process to be effective and has made recommendations for improvement which will be implemented as part of the continuous improvement process.

During the year, members of Aspen's Board attended a risk governance workshop to refine their insight into the requirements of Chapter 4 of King III. Board members also gained a better understanding of risk management principles as relevant to the effective discharge of their responsibilities. Internal refresher training sessions were also conducted for management teams and Group Financial Managers in a committed effort to improve the quality and effectiveness of the formalised risk reporting process.

Aspen's Group Risk Management policy can be viewed at: www.aspenpharma.com.

Recommendation of the Annual Report for approval by the Board

The Audit & Risk Committee has, at its meeting held on 22 October 2012, reviewed and recommended the Annual Report for approval by the Board of Directors.

John Buchanan
Audit & Risk Committee Chairman

22 October 2012

Remuneration report

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

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

REMUNERATION & NOMINATION COMMITTEE TERMS OF REFERENCE

The Remuneration & Nomination Committee has adopted formal Terms of Reference as incorporated in the Board Charter which have been approved by the Board of Directors. The Terms of Reference are reviewed annually and were revised and approved by the Board on 1 December 2011. The Committee has conducted its affairs in compliance with these Terms of Reference and has discharged its responsibilities contained therein.

REMUNERATION & NOMINATION COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

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

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

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

Committee member	15 July 2011	6 March 2012	12 July 2012
Roy Andersen (Chairman)	✓	✓	✓
John Buchanan	✓	✓	✓
Judy Dlamini	✓	✓	✓

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

The Company Secretary is also the Secretary of the Committee.

REMUNERATION PHILOSOPHY AND POLICY

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

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

Executive and management remuneration principles

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

Base salary

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

Annual incentive

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

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

A further discretionary bonus may be paid in cash to employees who are considered by the Remuneration & Nomination Committee to have rendered exceptional service in any given year. These discretionary bonuses have never exceeded 10% of any recipient's total remuneration and a limited number of these bonuses have been paid in respect of the year under review.

Medium-term incentive

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

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

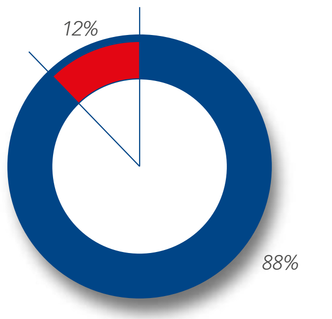
The Aspen South African Management Deferred Incentive Bonus Scheme

The scheme is designed to acknowledge performance and reward individuals for achievement of both the eligible employee's employer company within the Group and individual performance for the trading period immediately preceding the date that the award is made. This scheme is also aimed at ensuring critical executive and professional skills retention and enhancing congruence between the interests of senior employees and shareholders. The eligible employee is given the choice at the date of the award to receive the deferred incentive bonus either in cash or Aspen shares. These awards vest three years after the date of the award. An enhancement of 10% is given to employees who elect to receive the award in shares. Alignment between shareholder and employee interests has been successful as most eligible employees have historically elected to receive the value of the award in Aspen shares as graphically reflected on page 102 of this report.

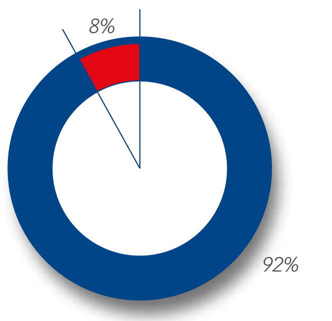
Remuneration report continued

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

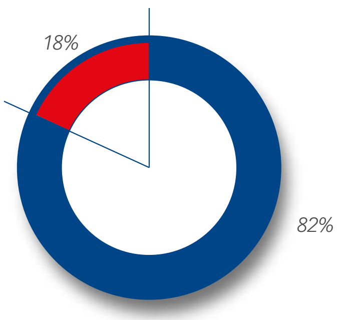
2011



2010



2009



● Shares ● Cash

* *Includes incentive awards taken in shares by executive directors.*

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

The Aspen International Phantom Share Scheme

In order to incentivise the management of Aspen's International businesses in the medium term, a phantom share scheme exists for selected international employees. Awards are linked to performance of the employee, the business and growth in the Aspen share price. The scheme has been designed to incentivise managers for the medium term, align their goals with those of the Aspen Group and to match their reward to movements in the Aspen share price. Due to regulatory restrictions in respect of transfer and ownership of Aspen shares to offshore employees, the scheme is operated on a phantom basis, which is designed to give an employee the same economic benefit as ownership of shares. The phantom shares entitle eligible employees to receive a bonus based initially on a predetermined value and thereafter on changes in the Aspen share price. As this scheme does not result in the issue of shares or other Company securities, it is not regulated by the JSE, it does not require shareholder approval and it does not lead to dilution in shareholding.

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

Legacy share schemes

The following share schemes are still operational in terms of awards which were previously made. No new awards are being made under the schemes other than awards of share appreciation rights to two executives in terms of existing contractual arrangements.

> Aspen Share Incentive Scheme

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

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

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

The maximum number of shares that can be issued in terms of these legacy share schemes which are operated by the Group is currently limited to 64 741 611 (14% of the Company's issued share capital), and the maximum number of shares issued to any single employee is limited to 6 474 161 shares. These limits were approved by shareholders at the annual general meeting held on 26 November 2010. Since this approval was granted, 3 930 616 shares have been issued in terms of these legacy schemes, representing 0,9% of the Company's issued share capital. From the date of inception of these schemes in 2001, 37 474 749 shares have been issued under the schemes comprising 8,24% of issued share capital. This constitutes an average dilution rate of less than 1% per year. As future issues of shares under the legacy share schemes in terms of existing incentive arrangements will be relatively small, the approval of shareholders will be sought at the upcoming annual general meeting to reduce the limit of future shares issues in terms of these legacy share schemes from the current level of 14% to 10% of issued share capital.

A detailed indication of the maximum number of shares that may result from awards granted in terms of the Share Incentive Scheme is contained in note 15 of the Group Annual Financial Statements. The number of shares that may result from awards made under the Share Appreciation Plan can only be determined at the date of exercise. Refer to note 15 of the Group Annual Financial Statements.

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

Benefits

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

Retirement fund contributions – South African operations

The Group's policy is to contribute to retirement funds by payment to separate funds which are statutorily independent from the Group.

In South Africa, employees, other than those required by legislation to be members of various industry-related funds, are covered by way of defined contribution provident funds governed by the Pension Funds Act, 1956, with varying contributions. Benefits are determined in proportion to each member's equitable share of the total assets of the funds on termination of membership.

Retirement fund contributions – International businesses

Australian law controls the requirements for Aspen Australia to contribute a minimum payment to superannuation funds of the employee's choice. Aspen Australia complies with its legal obligations in this regard.

In Mauritius, it is a prerequisite of an employee's employment contract that the employee independently procures adequate retirement assurance. The employee must cover the costs and expenses in relation to his/her retirement requirements.

Remuneration report continued

In Brazil, employees are covered by the Brazilian Social Security Scheme in terms whereof they receive a retirement, retrenchment or disability benefit depending on their age and period of contribution. Aspen Brazil contributes 28,8% of the employee's salary while the employee contributes between 8% and 11%, limited to BRL430,78 per month, of his or her salary depending on the employee's remuneration level.

In Uganda, there is a statutory requirement that all permanent employees must belong to a provident fund. The employee contributes 5% and the employer 10% of the employee's gross salary.

In Kenya, a statutory requirement provides that all employees must contribute KES200 to the National Social Security Fund on a monthly basis, with the employer matching this contribution. A retirement benefit scheme is also in place for all permanent employees in terms whereof these employees contribute 5% of their gross monthly salary and the employer contributes 8% of the employees' gross monthly salary to this scheme.

In Tanzania, retirement benefits are generally covered by the Employment and Labour Relations Act, 2004. Contribution to a selection fund is 20% of either basic or gross salary depending on the Pension Funds Act. Employers are obliged to register their employees with a pension fund. Further, legislation allows additional, separate industrial arrangements between employers and employees, provided such arrangements do not contravene the governing laws.

In Mexico, the Salary and Labour Benefit Scheme in place does not yet include a private pension plan or retirement funding. However, companies are subject to the mandatory occupational pension programme ("Sistema de Ahorro para el Retiro") for which the employer absorbs 100% of the contribution, calculated on 2% of each employee's salary.

In Venezuela, the Salary and Labour Benefit Scheme in place does not yet include a private pension plan or retirement funding. However, companies are subject to a mandatory contribution to a social security plan which includes an employee contribution of 2% of the employee's salary. When employees attain 55 years of age in the case of female and 60 years of age in the case of male employees they receive a monthly pension that is currently equal to the statutory minimum salary. To be eligible for this benefit, employees must have completed 650 weeks of combined employment.

In Germany, a compulsory state pension fund affords the employee a pension equivalent to approximately 80% of the employee's last salary prior to retirement. The Company pension fund serves as a top-up for the shortfall in earnings after retirement. As part of existing terms of employment, Aspen Bad Oldesloe contributes an average of 2,5% of the income of the employee with a corresponding contribution by the employee not being required. The return on the fund is based on the AAA Euro Bonds yield. In terms of the scheme rules, surpluses are reviewed every 10 years and credited to the employee's pension fund.

Executive directors

The principles in terms of which the remuneration packages of the Group's executive directors are determined mirror those applicable to other executives and management. Executive directors accordingly receive a base salary, an annual incentive and a medium-term incentive which are determined in accordance with the principles applicable to executives and management and are calculated as set out on page 107 of this report. In the case of the executive directors, the maximum annual incentive is 100% of their total remuneration cost (excluding incentives).

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

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

In respect of the year to 30 June 2012 the targets were:

- the three-year CAGR of the Group's headline earnings per share. The maximum target was the South African Consumer Price Index +8% and the minimum threshold for achievement of the incentive was Consumer Price Index +1%. The weighting of this portion of the incentive was 70% of the total incentive; and
- a weighting of 30% on their key performance indicators.

In respect of the year to 30 June 2013 the targets are:

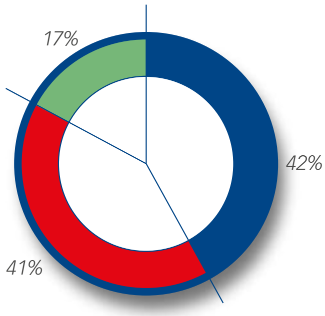
- the three-year CAGR of the Group's fully diluted headline earnings per share from continuing operations. The maximum target is the three-year compound annual South African Consumer Price Index +8% and the minimum threshold for the achievement of the incentive is the three-year annual compound Consumer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

In addition to the annual incentive, executive directors are, subject to the approval of the Remuneration & Nomination Committee, awarded a medium-term incentive bonus under the terms and conditions of the South African Management Deferred Incentive Bonus Scheme referred to above, capped at a maximum of 41,25% of their total remuneration cost (excluding incentives). For purposes of the executive directors the extent of this award is determined with reference to the achievement of the Group's performance targets (with the budgeted operating profit for the Group for the relevant financial year being used as a performance measure) and the achievement of certain pre-determined key performance indicators in respect of each of the executive directors as agreed with them and approved by the Remuneration & Nomination Committee.

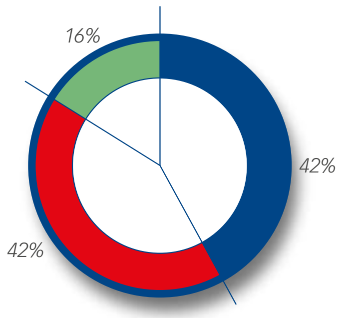
Neither of the executive directors has a long-term service contract with the Group and, in both instances, the service contracts of the executive directors are terminable on six months' written notice.

Stephen Saad

2012



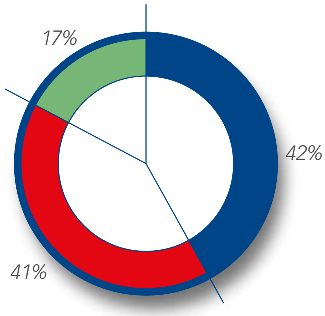
2011



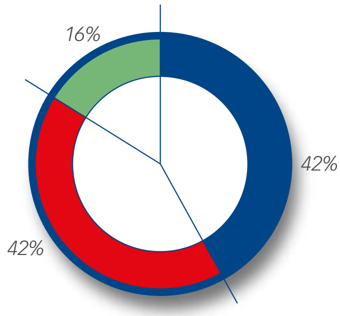
Salary *Incentive bonus*
Deferred bonus

Gus Attridge

2012



2011



Salary *Incentive bonus*
Deferred bonus

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

Non-executive directors

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

Remuneration report continued

After review of such proposals, the Remuneration & Nomination Committee makes appropriate recommendations, other than for fees for services rendered to the Remuneration & Nomination Committee, to the Board. The proposal endorsed by the Board is tabled for approval by shareholders at the annual general meeting. In line with the requirements of the Companies Act, the fees payable to the non-executive directors for the 2012 financial year were approved by a special resolution of Aspen's shareholders at the Company's annual general meeting held in December 2011. The fees payable to these directors through to the annual general meeting in 2013 will be submitted for approval at the Company's annual general meeting to be held on 4 December 2012. An additional fee increment has been proposed for the members of the Audit & Risk Committee in light of the additional risk responsibilities they have assumed as a result of the dissolution of the Risk & Sustainability Committee.

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

Consistency of application and approval

The remuneration philosophy is consistently applied across all companies forming part of the Group. In line with the recommendation of King III, the Group will table this Remuneration Policy at its 2012 annual general meeting for a non-binding advisory vote by shareholders.

Directors' remuneration and shareholding

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

Non-executive directors	2012 R'000	2011 R'000
Archie Aaron*	–	73
Roy Andersen	437	345
Rafique Bagus	356	361
John Buchanan	578	509
Judy Dlamini	770	716
Kuseni Dlamini†	70	–
Abbas Hussain	216	165
Chris Mortimer	216	185
David Nurek#	85	255
Sindi Zilwa	406	319
	3 134	2 928

† Kuseni Dlamini was appointed with effect from 1 April 2012. The payment reflected above includes payments made from this date.
 # David Nurek retired as a non-executive director of the Group on 1 December 2011. The payment reflected above includes payments made until this date.
** Archie Aaron retired on 26 November 2010. The payment reflected above includes payments made until this date.*

Executive directors 2012	Remuneration R'000	Retirement and medical aid benefits R'000	Performance bonus R'000	Share-based payment expenses R'000	Total R'000
Gus Attridge	**4 340**	**517**	**4 852**	**2 434**	**12 143**
Stephen Saad	**5 234**	**616**	**5 869**	**3 260**	**14 979**
	9 574	**1 133**	**10 721**	**5 694**	**27 122**
2011					
Gus Attridge	3 870	491	4 321	2 139	10 821
Stephen Saad	4 687	584	5 254	2 623	13 148
	8 557	1 075	9 575	4 762	23 969

Refer to note 26 of the Group Annual Financial Statements for prior year emoluments paid to directors.

Directors' interests in Aspen shares

Shares under option offered to and accepted by executive directors in terms of the Aspen Share Incentive Scheme are as follows:

	Grant price (R)	Expiry date	Options outstanding on 30 June 2011 ('000)	Options exercised ('000)	**Options outstanding on 30 June 2012 ('000)**
Gus Attridge	9,20	Aug 2011	400	400	**–**
Stephen Saad	9,20	Aug 2011	800	800	**–**
			1 200	1 200	**–**

No share options lapsed or were cancelled during the year. The last tranche issued in terms of this scheme was awarded in September 2007.

Remuneration report continued

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

	Grant price (R)	Expiry date	Rights outstanding on 30 June 2011 ('000)	Exercised ('000)	**Rights outstanding on 30 June 2012 ('000)**	**Vested ('000)**	**Non-vested ('000)**
Gus Attridge	32,82	Sept 2011	159	159	**–**	**–**	**–**
	35,53	Sept 2012	157	–	**157**	**157**	**–**
	41,03	Sept 2013	150	–	**150**	**150**	**–**
			466	159	**307**	**307**	**–**
Stephen Saad	32,82	Sept 2011	193	193	**–**	**–**	**–**
	35,53	Sept 2012	190	190	**–**	**–**	**–**
	41,03	Sept 2013	181	–	**181**	**181**	**–**
			564	383	**181**	**181**	**–**
			1 030	542	**488**	**488**	**–**

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

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

	Price (R)	Maturity date	Shares outstanding on 30 June 2011 ('000)	Awarded during the year ('000)	**Shares outstanding on 30 June 2012 ('000)**
Gus Attridge	64,70	Oct 2012	24	–	**24**
	86,88	Nov 2013	19	–	**19**
	89,68	Oct 2014	–	20	**20**
			43	20	**63**
Stephen Saad	64,70	Oct 2012	29	–	**29**
	86,88	Nov 2013	24	–	**24**
	89,68	Oct 2014	–	25	**25**
			53	25	**78**
			96	45	**141**

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

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

Director	Direct ('000) 2012	Direct ('000) 2011	Indirect ('000) 2012	Indirect ('000) 2011
Roy Andersen	**40**	40	**–**	–
Gus Attridge	**3 654**	3 154	**15 169**	15 169
Rafique Bagus	**–**	–	**9**	–
John Buchanan	**–**	–	**30**	30
Judy Dlamini	**–**	–	**2 627**	1 316
Abbas Hussain	**–**	–	**–**	–
Chris Mortimer	**78**	78	**–**	–
David Nurek	**–**	–	**19**	19
Stephen Saad	**3 801**	2 747	**51 303**	51 303
Sindi Zilwa	**–**	–	**–**	–
	7 573	6 019	**69 157**	67 837

None of the directors held any non-beneficial shares in the Company at 30 June 2012.

A legal opinion obtained by the Company has confirmed that there are no individuals who can be considered as prescribed officers of the Company.

Roy Andersen
Remuneration & Nomination Committee Chairman

22 October 2012

Social & Ethics Committee report

The Transformation Committee was reconstituted as the Social & Ethics Committee in March 2012, well before the deadline date for the establishment of this Committee in terms of the Companies Act (1 May 2012). The mandate of this reconstituted committee is to assist the Board in, *inter alia*, the following:

- reviewing and approving the policy, strategy and structure to manage social and ethics issues in the Group, including the application of the Aspen Group Code of Conduct;
- monitoring that subsidiaries develop policies, guidelines and practices congruent with the Group's social and ethics policies;
- assessing and measuring performance in social and ethics areas with reference to the JSE SRI Index, employment equity legislation and regulations and the King III;
- considering substantive national and international regulatory developments as well as practice in the fields of social and ethics management;
- consulting and communicating with internal and external stakeholders with respect to social and ethics issues;
- ensuring that management has allocated adequate resources to comply with social and ethics policies, codes of best practice and regulatory requirements; and
- recommending such measures and/or activities which in the Committee's opinion may serve to enhance the overall social and ethics objectives of the Group.

Social & Ethics Committee Terms of Reference

The Social & Ethics Committee has adopted formal Terms of Reference as incorporated in the Board Charter which have been approved by the Board of Directors. The Terms of Reference are to be reviewed annually. The Committee has conducted its affairs in compliance with these Terms of Reference and has discharged its responsibilities contained therein.

Social & Ethics Committee members and attendance at meetings

In accordance with the relevant provisions of the Companies Act and applying the recommendations of King III, the Social & Ethics Committee consists of a majority of independent non-executive directors, one of whom chairs the Committee's meetings. The Deputy Group Chief Executive is also a member of this Committee. Members and the Chairman of this Committee are elected by the Board.

Senior executives of the Group attend meetings of the Committee as appropriate.

In accordance with the Terms of Reference, the Committee will meet at least four times annually, but more often if necessary. During the year under review, the Committee met twice. The following table of attendance at Social & Ethics Committee meetings reflects the Committee's meetings held during the year and the attendance of these meetings by its members during the year:

Committee member	9 May 2012	21 June 2012
Sindi Zilwa (Chairman)	✓	✓
Judy Dlamini	✓	✗
Rafique Bagus	✓	✓
Gus Attridge	✗	✓

The Chairman of the Committee will represent the Social & Ethics Committee at the annual general meeting each year and report to shareholders as required in terms of the Companies Act.

The Company Secretary is also the Secretary of this Committee.

The following aspects fall within the specific remit of this Committee:

BBBEE

ASPEN'S BBBEE PHILOSOPHY

Aspen's heritage and its most material business is South African. As such, Aspen is acutely aware of the need for transformation in South African society in order to overcome the consequences of previous discrimination and to create an equitable society in which all individuals have equal opportunities, free from prejudice. By so doing, South Africa will benefit from the social reparation of past injustices and the added economic contribution of inclusive and unrestricted participation by all citizens.

To this end, Aspen is fully supportive of constructive measures introduced by government to facilitate effective transformation in South Africa. Aspen has embraced the BBBEE Codes and, through transformation, Aspen seeks to harness the strength and power of its diversity, respecting each person for his/her individuality. Aspen has embarked on a transformation journey and has made meaningful progress in this regard.

THE SOCIAL & ETHICS COMMITTEE'S ROLE IN PROMOTING BBBEE

The primary role of the Social & Ethics Committee is to assist the Board in ensuring that it discharges its fiduciary duties and obligations in respect of the South African business's transformation in accordance with approved policy. The Board recognises the critical role it has to play in the development and empowerment of historically disadvantaged individuals in South Africa and that transformation is essential to the economic and social sustainability of the country. The Social & Ethics Committee, which is responsible for developing and implementing the Group's transformation strategy, while striving to ensure that management embraces transformation across the South African business, ensures alignment with the Department of Trade and Industry's BBBEE Act, 2003/2004, and the associated Codes of Good Practice of 2007.

The Social & Ethics Committee has defined clear guidelines and objectives for each of the seven elements of the BBBEE Codes and has an ongoing responsibility to monitor and review all aspects of the Group's BBBEE strategies.

ASPEN'S BBBEE PERFORMANCE IN 2012

In the current financial year, based on the verification recently completed by Empowerdex, the Group scored 79,7 points (2011: 75,8 points) equating to an "AA" value-adding rating with a procurement recognition level of 137,5%. An overview of the Group's progress towards compliance is outlined below:

BBBEE Codes	Progress	Target under the Codes	**Verified scorecard rating (October 2012)**	Verified scorecard rating (October 2011)
Ownership	Full ownership points were achieved due to BBBEE equity holding and benefits retained on prior year disposals of Aspen shares	20,0	**22,0**	22,0
Management control	Score maintained due to stability in numbers of top and senior black management	10,0	**6,1**	6,3
Employment equity	Score reduced due to more onerous scoring measures implemented in the year	15,0	**8,9**	11,1
Skills development	Level of skills spend maintained in the 2012 financial year	15,0	**12,2**	12,5
Preferential procurement	Score reduced due to more onerous scoring measures implemented in the year	20,0	**16,3**	17,5
Enterprise development	Funding of black-owned enterprises, for the purposes of acquiring an ownership stake in a pharmaceutical distributor, implemented with effect from July 2011	15,0	**9,2**	1,9
Socio-economic development	Increased spend on CSI projects which focus on the upgrading of clinics, improving access to healthcare and combatting HIV/Aids	5,0	**5,0**	4,5
Overall score		100,0	**79,7**	75,8

Aspen retained its "Level 3" contributor status in accordance with the Department of Trade and Industry's Codes of Good Practice, which have been revised recently to provide for increased targets under the Codes. Aspen's retention of this status, despite the increased targets, is considered a major achievement in its transformation objectives.

The Group's efforts in respect of employment equity, skills development, preferential procurement and socio-economic development are more fully dealt with in the Sustainability Report contained on pages 134 to 154 of this Annual Report.

During the year, in terms of the BBBEE Codes, the Group invested 38% of its total qualifying procurement spend in South Africa on locally based suppliers.

Ethics management and code of conduct

Aspen has a zero tolerance approach to unethical behaviour and is committed to ensuring that the Group and its employees uphold Aspen's laudable reputation. The Group Code of Conduct governs the conduct of all Aspen's employees throughout the Group and is aligned with the Organisation for Economic Co-operation and Development recommendations regarding corruption. Furthermore, Aspen's service providers and suppliers are required to adhere to the Group's Code of Conduct in accordance with relevant clauses included in agreements with these stakeholders.

The areas covered by the Group Code of Conduct include:

- acting in accordance with Aspen's values;
- equitable treatment for all;
- acting as ambassadors of Aspen;
- business integrity;
- gifts, entertainment and bribery;
- integrity of qualitative and quantitative information;
- protection and use of property;
- business controls;
- confidential information;
- insider trading;
- safety, health, quality and the environment;
- competition law;
- political activities;
- compliance;
- accountability; and
- corporate governance.

Social & Ethics Committee report continued

The Code of Conduct is available on the Company's website at www.aspenpharma.com.

In line with King III recommendations, a formalised ethics management programme has been initiated at all of the Group's businesses. This programme is managed by the Group Governance Officer under the direction of the Social & Ethics Committee and is aimed at:

- assisting the Audit & Risk Committee and the Social & Ethics Committee in assessing the Group's ethics profile, risks and opportunities; and
- assisting the Social & Ethics Committee to monitor implementation and compliance with the Group's policies which guide expected ethical behaviour.

Aspen's induction programme educates new employees on the ethics, values and the business philosophy of the Group. All new employees are given a copy of, and are required to sign an acceptance of, the Code of Conduct on commencement of their employment with the Group. The Code of Conduct is available to all employees on the Group's intranet and is also contained in the employee handbook.

The Group conducts its business in a highly regulated environment, however, one in which the potential for unethical marketing and promotional practices remains inherent. Aspen endorses the ethical marketing of medicines and subscribes to the rigorous application of the Marketing Code of Practice of the Pharmaceutical Industry Association of South Africa. The Group has a written policy on gifts and benefits in terms of which employees of the Group, including directors, are prohibited from accepting or giving gifts or hospitality that are not of a nominal value or participating in events sponsored by current or prospective customers or suppliers. Any employee who receives a gift or other benefit exceeding the local currency equivalent of USD100 is required to disclose this in writing to the Company Secretary. Some types of gifts, benefits or entertainment are prohibited even if the value falls below this threshold. A Group-wide register of gifts is maintained by the Company Secretary and is noted by the Social & Ethics Committee on a periodic basis. This register is also made available for inspection by the Board or any member of senior management on request.

Aspen does not make payments or other contributions to political parties, organisations or their representatives or take part in party politics. Employees are free to participate in the political process in their private capacity provided it does not constitute a breach of the principles set out in the Code of Conduct and/or the relevant employee's obligations to Aspen under contracts of employment and does not negatively influence their productivity or the credibility of the Group.

Tip-Offs Anonymous Hotline

Aspen endeavours to promote a culture of openness and transparency throughout the Group and employees and other stakeholders are encouraged to report unethical conduct and other transgressions of which they become aware.

An independently monitored whistle-blowing hotline, Deloitte's *Tip-Offs Anonymous®*, has been rolled out to employees across the Group's businesses, whereby employees can report suspected fraud and/or activities which are considered to be transgressions of the Group's Code of Conduct. Tip-offs training and awareness sessions are conducted periodically to promote utilisation of the facility where necessary. The Tip-offs service has also been extended to key customers and suppliers in the South African business. The introduction of this service to selected suppliers and customers at Aspen's International businesses is at various stages of progress in accordance with an implementation plan.

All logged calls were reported to relevant managers timeously. Corrective action has been implemented in all instances to improve controls and to prevent recurrence of the incident.

Conflicts of interest

The Board has adopted a formal policy to regulate conflicts of interest and trading in the Company's securities. The latter policy, which incorporates the requirements of the JSE Listings Requirements and the Securities Services Act, 2004 (as amended), prohibits any trade in the Company's shares by any director or employee of the Group during a closed period. The Group currently has two formal closed periods, commencing 24 hours prior to the close of the interim reporting period (31 December) and the financial year-end (30 June) up to the end of 24 hours after the respective results announcement is made. In addition, the Group may declare other closed periods or restrict dealing in the Company's shares at any other time if directors and employees have access to potentially price-sensitive information which is not in the public domain.

At all other times, directors (including directors of any of its material subsidiaries) and the Company Secretary may only trade with prior written approval from the Chairman. Such approval is sought and co-ordinated through the office of the Company Secretary. An announcement of all directors' share dealings is published in compliance with the JSE Listings Requirements.

Human rights and labour practices

Aspen's Code of Conduct requires all employees and others to be treated with fairness, equality and respect to foster an open, transparent, progressive and trusting environment which is free from prejudice, discrimination, bias, harassment and/or violation. The reference to discrimination includes gender, race, physical health, sexual orientation and/or belief systems. All employees sign the Code of Conduct.

During the year the Social & Ethics Committee reviewed those policies and procedures which apply to the Group as a whole to ensure that these were aligned and in accordance with the letter and spirit of the 10 principles set out in the UN Global Compact. These principles deal, *inter alia*, with human rights and basic labour rights. Minor changes to these policies and procedures were proposed and accepted by the Board.

Suppliers and service providers are required to sign the Ethical Standards and Human Rights Undertaking which is contained in all new supplier and service provider contracts. In signing this document, signatories warrant that:

- they do not use or engage in child labour;
- no forced or indentured labour is used;
- a safe and healthy workplace is provided for employees;
- employees are not unfairly discriminated against;
- no corporal punishment, any form of abuse nor cruelty is applied nor supported;
- each employee is paid at least a minimum wage or a fair representation of the prevailing industry wage;
- all laws on working hours and employment rights relevant to the business are complied with; and
- employees are free to join and form independent trade unions and have the freedom of association.

In accordance with BBBEE Codes in South Africa, Aspen's Transformation Policy promotes employment equity and the provision of advancement opportunities to historically disadvantaged individuals. During the year, no incidents of discrimination were identified in the Group (2011: zero).

Aspen's employees are free to belong to employee trade unions and collective bargaining groups. A detailed explanation on Aspen's recognition of employees' rights to belong to trade unions and collective bargaining groups is provided in the Sustainability Report, on pages 134 to 169 of this Annual Report.

The following aspects also fall within the remit of the Social & Ethics Committee:

- environment, health and public safety, including the impact of the activities of the Group and its products and services (these issues are more fully dealt with in the Sustainability Report as contained on pages 134 to 169 of this Annual Report); and
- consumer relationships, including advertising, public relations and compliance with consumer protection laws.

Aspen's vision to deliver value to its stakeholders as a Responsible Corporate Citizen that provides quality, effective, affordable medicines and products globally is contained in its Responsible Corporate Citizenship Philosophy which is available online at www.aspenpharma.com.

Sindi Zilwa
Social & Ethics Committee Chairman

22 October 2012

Stakeholder engagement

The Group's stakeholder engagement policy is available online at www.aspenpharma.com. Set out below are the key stakeholders with whom the Group engages on a regular basis and the means of engagement.

Stakeholder engagements and communication

Stakeholder	Means of engagement
People	
Employees	• Routine and specifically scheduled functional and cross-functional meetings as required; • Notice boards to display relevant announcements are accessible to staff across the departments; • Company intranet is available for online access to key notices and pertinent information; • The Aspen News, a newsletter published twice per year with a message from the Group Chief Executive and information on business unit activities affecting the Group, is disseminated to employees; • Sales conferences are held and attended by the sales teams, executives and representatives from relevant support functions; • An annual strategic conference is held for executives to discuss Group strategy; • Letters/emails are sent to employees regarding policies, procedures and/or employment-related information; • Workshops and training sessions are held to create an awareness of and provide training on new processes, new technology, and for continuous learning; • Employment equity committees exist in South Africa to promote the development and advancement of previously disadvantaged individuals; • Annual results presentations and selected strategic announcements are delivered to Group executives and management who then disseminate the information to operational staff; • An open-door policy/culture exists for ongoing communication and interaction among colleagues; • The tip-offs hotline is managed independently by Deloitte for the reporting of fraud, theft and unethical behaviour; and • Regional Ethics Officers have been appointed in all businesses to assist in the implementation of the Group's ethics management programme, to promote employee awareness on the Group's ethical standards and to facilitate the application of the Group's policies in this respect.
Trade Unions	• Union representatives are elected to liaise with management on matters affecting union members; and • Human Resources managers are responsible for managing the relationship with the employee unions and relevant industrial labour organisations and to represent the Company at the Commission for Conciliation, Mediation and Arbitration in South Africa.
Bargaining Councils	• Meetings are held with the Bargaining Councils as required; and • The Human Resources Manager – Operations represents the Company at the Bargaining Council meetings in South Africa.
Academia/educational institutions	• Interaction is managed with educational institutions and academia as required by a dedicated executive; and • Aspen is represented at seminars, conferences, student days hosted by educational institutions and also participates in career development programmes.

Stakeholder	Means of engagement
Operations	
Pharmaceutical regulatory authorities	• Audits and site inspections are conducted by authorities against notification; • Correspondence, as required, is entered into with regulatory authorities for purposes of managing regulatory matters regarding the regulatory status of facilities and the registration status of intellectual property; and • Meetings are held with regulatory authorities when necessary.
Healthcare industry	• Representation on pharmaceutical industry bodies and relevant commercial and trade associations.
Suppliers	• A centralised Procurement Department exists in South Africa to identify new suppliers and manage supplier relationships; • A vendor rating process is in place for supplier performance assessments, the results of which are communicated with suppliers and corrective action plans are negotiated; • Meetings are held with vendors as necessary; • Vendor audits are conducted where required; • Relevant vendors are involved in assisting with the supply of materials for new product launch processes where necessary; and • Representatives attend international supply symposiums to identify new suppliers and meet with existing suppliers.
Government and local authorities	• Interaction with government departments and officials as required; • Cooperation in and contributions to community upliftment projects initiated by government departments and local authorities; and • Commenting on policy proposals.
Customers including national and provincial departments of health, healthcare practitioners, healthcare providers, healthcare funders and patients and/or consumers	• Direct calling by qualified sales representatives for the various customer groups; • Representatives participation at relevant conferences to interact with customers; • Product/brand advertising is undertaken to create brand awareness and market products as permissible by marketing codes; • Implementation of product/brand awareness campaigns and product awareness sessions as relevant; • Correspondence, as required, is sent to customers; • Interaction via Aspen's website www.aspenpharma.com; • Aspen newsletters are sent to customers containing product information, general, relevant information and information about events; • Dedicated sales teams interact with specific customer groups; • Customer hotlines and Medical Information hotline; • Site visits to manufacturing facilities as arranged; and • Participation in State tenders.

Stakeholder engagement continued

Stakeholder	Means of engagement
Non-governmental Organisations and Public Benefit Organisations/ Public Funders	• Interaction by means of conferences and other collaborative engagements, including CSI initiatives with non-governmental organisations focused on social and community upliftment; • Commercial negotiations regarding the procurement of pharmaceutical products by various multilateral procurement agencies; • Interaction with activist organisations either through multilateral forums attended by the relevant senior executives or through personal one-on-one interaction by these executives; and • Engagement with international organisations via direct, indirect and multilateral engagements.
Business partners	• Ongoing communication and interaction; • Meetings as required; • Site visits to manufacturing facilities as arranged; • Personal interaction with third parties by relevant senior executives; • Information sharing projects are undertaken for mutual benefit; and • Dedicated technical transfer project teams are formed to manage manufacturing transfer plans and distribution transfer teams to manage supply arrangements.
Investors, healthcare analysts and media	• A dedicated Investor Relations Manager is responsible for the information needs of existing and potential investors and healthcare analysts; • Corporate presentations are delivered, by the Group Chief Executive and Deputy Group Chief Executive, to investors, analysts and media for the communication of financial results and for information regarding significant corporate activity; • A conference call follows corporate announcements to accommodate international investors and analysts to provide an opportunity for investor participation; • One-on-one meetings and interviews are held to cater for specific information needs of investors, analysts and media groups; • Within the confines of the rules of the JSE, continuous interaction with investors and media between closed periods; • Distribution of a comprehensive Annual Report and the interim results to all investors; • Periodic scheduled site visits conducted for investors and analysts; • Stock Exchange News Service announcements are made to communicate information pertaining to corporate activity and Group results; and • Investor-relevant information can be accessed on the Aspen website at www.aspenpharma.com.

Stakeholder	Means of engagement
Corporate	
Shareholders	• Annual general meetings are held as per statutory requirements; • The Aspen Annual Report is distributed to shareholders; • Shareholders are able to access disclosable information though the Company Secretary and engage with him in respect of any queries they wish to raise in respect of their shareholding in Aspen; • Stock Exchange News Service announcements communicate information pertaining to statutory corporate activities which impact shareholders and directors' share dealings; • Selected statutory information is available on the Aspen website at www.aspenpharma.com; • Selected announcements are published in both English and Afrikaans in the printed press after release on the Stock Exchange News Service; • Statutory correspondence is posted to shareholders as required by the Companies Act and other applicable legislation; and • Institutional shareholders can access information regarding corporate activity through the Investor Relations Manager.
Communities	• Aspen supports local community projects through its CSI programme; • Aspen participates in the Nelson Mandela International Day held on the 18th of July every year; • A dedicated CSI Manager liaises directly with community project leaders and visits project sites; and • Peer educators offer HIV/AIDS training to communities in the Port Elizabeth area.
Consultants and service providers	• Information sharing and interaction when services are procured for expert/specialist services including technical consultants and the media for public relations and corporate communications; and • A dedicated communications consultant to coordinate liaisons and interaction with members of the media.
Funders and corporate bankers	• Regular communication with funders regarding performance against covenants; • Frequent contact with providers of finance to keep abreast of conditions in the capital markets; and • Engagement with bankers in respect of the Group's potential funding requirements.

Statement of responsibility by the Board of Directors

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

The directors consider that in preparing the Summarised Group Annual Financial Statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the Summarised Group Annual Financial Statements fairly presents the results of operations for the year and the financial position of the Group at year-end. The directors also prepared the other information included in the Annual Report and are responsible for both its accuracy and its consistency with the Summarised Group Annual Financial Statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group to enable the directors to ensure that the Summarised Group Annual Financial Statements comply with the relevant legislation.

The preparation of the Summarised Group Annual Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Summarised Group Annual Financial Statements and the reported expenses during the reporting period. Actual results could differ from those estimates.

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

The going concern basis has been adopted in preparing the Summarised Group Annual Financial Statements. The directors have no reason to believe that the Group or any company within the Group will not be going concerns in the foreseeable future, based on forecasts and available cash resources. These Summarised Group Annual Financial Statements support the viability of the Group.

The Code of Conduct has been adhered to.

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

The Summarised Group Annual Financial Statements were prepared by the Group Finance Officer, Sean Capazorio CA(SA), and approved by the Board of Directors on 22 October 2012 and are signed on its behalf:

Judy Dlamini
Chairman

Gus Attridge
Deputy Group Chief Executive

Johannesburg
22 October 2012

Independent auditors' report to the shareholders of Aspen Pharmacare Holdings Limited

The Summarised Group Annual Financial Statements, which comprise the Summarised Group statement of financial position at 30 June 2012, the Summarised Group statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, as set out on pages 120 to 129, are derived from the audited Group Annual Financial Statements of Aspen Pharmacare Holdings Limited for the year ended 30 June 2012. We expressed an unqualified audit opinion on those Group Annual Financial Statements in our report dated 22 October 2012.

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

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation of Summarised Group Annual Financial Statements in accordance with the requirements of section 8.57 of the JSE Listings Requirements and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

AUDITORS' RESPONSIBILITY

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

OPINION

In our opinion, the Summarised Group Annual Financial Statements derived from the audited Group Annual Financial Statements of Aspen Pharmacare Holdings Limited for the year ended 30 June 2012 are consistent, in all material respects, with those Group Annual Financial Statements, in accordance with the requirements of section 8.57 of the JSE Listings Requirements and the requirements of the Companies Act as applicable to summarised financial statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Incorporated
Director: Eric Mackeown
Registered Auditor

Johannesburg
22 October 2012

Basis of presentation and accounting policies

These Summarised Group Annual Financial Statements for the year ended 30 June 2012 have been prepared in terms of the recognition and measurement requirements of the International Financial Reporting Standards, the AC 500 series pronouncements as issued by the Accounting Practices Board, the JSE Listings Requirements, the requirements of the South African Companies Act, No 71 of 2008, and the presentation and disclosure requirements of IAS 34. Accounting policies used are consistent with those applied in the previous Annual Financial Statements and IFRS. These results have been audited by the Company's auditors, PricewaterhouseCoopers Incorporated.

A supplementary unaudited reconciliation between headline earnings and normalised headline earnings is provided for convenience only as it is a useful measure for shareholders of the Group's sustainable operating performance.

The results of the Sigma pharmaceutical business are included for the full 12 months with a five-month comparative in the prior year. The segmental analysis for the year ended 30 June 2011 was restated to disclose the Asia Pacific region as a separate segment due to the increased materiality of this region to the Group.

Summarised Group statement of financial position

at 30 June 2012

	Notes	2012 R'million	2011 R'million
ASSETS			
Non-current assets			
Property, plant and equipment		**3 807,0**	3 651,5
Goodwill	G#	**5 343,9**	4 626,6
Intangible assets	H#	**11 869,8**	8 916,7
Other non-current financial receivables		**31,5**	11,8
Deferred tax assets		**234,4**	216,5
Total non-current assets		**21 286,6**	17 423,1
Current assets			
Inventories		**3 292,0**	2 628,1
Receivables, prepayments and other current assets		**3 825,2**	3 263,8
Cash and cash equivalents		**3 313,5**	3 039,2
Cash restricted for use		**1,2**	28,7
Total operating current assets		**10 431,9**	8 959,8
Assets classified as held-for-sale		**–**	414,5
Total current assets		**10 431,9**	9 374,3
Total assets		**31 718,5**	26 797,4
SHAREHOLDERS' EQUITY			
Share capital and share premium (including treasury shares)		**4 703,1**	4 776,2
Reserves		**12 686,3**	8 288,0
Ordinary shareholders' equity		**17 389,4**	13 064,2
Preference shares – equity component		**–**	162,0
Non-controlling interests		**8,7**	61,1
Total shareholders' equity		**17 398,1**	13 287,3
LIABILITIES			
Non-current liabilities			
Preference shares – liability component		**–**	381,3
Borrowings		**6 254,1**	4 249,0
Deferred revenue		**143,6**	148,2
Deferred tax liabilities		**536,0**	504,9
Retirement benefit obligations		**66,4**	18,8
Total non-current liabilities		**7 000,1**	5 302,2
Current liabilities			
Trade and other payables		**2 929,2**	2 830,8
Borrowings*		**4 127,1**	5 138,0
Other current liabilities		**241,9**	142,6
Derivative financial instruments		**22,1**	65,6
Total operating current liabilities		**7 320,3**	8 177,0
Liabilities associated with assets held-for-sale		**–**	30,9
Total current liabilities		**7 320,3**	8 207,9
Total liabilities		**14 320,4**	13 510,1
Total equity and liabilities		**31 718,5**	26 797,4
Number of shares in issue (net of treasury shares)		**454 186**	433 883
Net asset value per share (cents)		**3 828,7**	3 011,0

 # See notes on Supplementary information.
** Bank overdrafts are included within borrowings under current liablities.*

Summarised Group segmental analysis

for the year ended 30 June 2012

	2012 R'million	2012 % of total	Restated 2011 R'million	Restated 2011 % of total	Change
REVENUE FROM CONTINUING OPERATIONS					
South Africa	6 159,9	38	6 296,2	48	(2%)
Sub-Saharan Africa	1 651,7	10	1 300,9	10	27%
Asia Pacific	6 021,0	37	3 003,5	23	100%
International	2 522,9	15	2 613,5	19	(3%)
Total gross revenue	16 355,5	100	13 214,1	100	24%
Adjustment*	(1 099,7)		(830,9)		
Total revenue	15 255,8		12 383,2		23%
OPERATING PROFIT BEFORE AMORTISATION FROM CONTINUING OPERATIONS					
Adjusted for specific non-trading items ("EBITA")					
South Africa	1 768,4	40	1 934,1	55	(9%)
Operating profit#	1 616,2		1 857,4		(13%)
Amortisation of intangible assets	66,8		51,1		
Insurance compensation – capital component	–		(14,3)		
Restructuring costs	3,4		11,3		
Impairment of assets	82,0		28,6		
Sub-Saharan Africa	247,9	6	177,4	5	40%
Operating profit#	241,9		182,4		33%
Amortisation of intangible assets	4,2		3,7		
Profit on sale of non-current assets	–		(8,7)		
Restructuring costs	1,7		–		
Impairment of assets	0,1		–		
Asia Pacific	1 460,2	33	641,7	19	128%
Operating profit#	1 291,6		551,1		134%
Amortisation of intangible assets	100,2		51,2		
Profit on sale of non-current assets	–		(6,4)		
Transaction costs	–		24,5		
Restructuring costs	68,4		21,3		
International	938,5	21	735,4	21	28%
Operating profit#	790,9		558,1		42%
Amortisation of intangible assets	41,1		37,0		
Transaction costs	–		61,6		
Impairment of assets	106,5		78,7		
Total EBITA	4 415,0	100	3 488,6	100	27%
ENTITY-WIDE DISCLOSURE – REVENUE FROM CONTINUING OPERATIONS					
Analysis of revenue in accordance with customer geography					
South Africa – pharmaceutical	5 161,7	32	5 177,7	39	0%
South Africa – consumer	998,2	6	1 118,5	9	(11%)
Sub-Saharan Africa	1 651,7	10	1 300,9	10	27%
Asia Pacific	6 088,8	37	3 090,8	23	97%
Latin America	1 023,7	6	924,9	7	11%
Rest of the world	1 431,4	9	1 601,3	12	(11%)
Total gross revenue	16 355,5	100	13 214,1	100	24%
Adjustment*	(1 099,7)		(830,9)		
Total revenue	15 255,8		12 383,2		23%

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

 # This total of R3 940,6 million (2011: R3 149,0 million) agrees to the statement of comprehensive income.

Summarised Group statement of comprehensive income

for the year ended 30 June 2012

	Notes	Change	2012 R'million	2011 R'million
CONTINUING OPERATIONS				
Revenue		23%	**15 255,8**	12 383,2
Cost of sales			**(7 979,5)**	(6 769,7)
Gross profit		30%	**7 276,3**	5 613,5
Selling and distribution expenses			**(1 967,4)**	(1 460,7)
Administrative expenses			**(1 101,8)**	(827,3)
Other operating income			**218,9**	192,8
Other operating expenses			**(485,4)**	(369,3)
Operating profit	B#	25%	**3 940,6**	3 149,0
Investment income	C#		**275,4**	193,2
Financing costs	D#		**(776,0)**	(605,3)
Profit before tax		26%	**3 440,0**	2 736,9
Tax			**(772,3)**	(582,1)
Profit after tax from continuing operations			**2 667,7**	2 154,8
DISCONTINUED OPERATIONS				
Profit after tax for the year from discontinued operations	E#		**159,2**	434,0
Profit for the year		9%	**2 826,9**	2 588,8
OTHER COMPREHENSIVE INCOME, NET OF TAX				
Currency (losses)/gains on net investment in Aspen Australia			**(53,3)**	81,2
Net investment hedge profit/(loss) in Aspen Australia			**6,8**	(66,1)
Net gains from cash flow hedging in respect of the Sigma pharmaceutical business			**–**	216,8
Cash flow hedges realised			**–**	4,6
Currency translation gains/(losses)			**1 494,4**	(223,0)
Unrealised cash flow hedges recognised			**32,6**	59,7
Total comprehensive income			**4 307,4**	2 662,0
Profit for the year attributable to				
Equity holders of the parent			**2 817,8**	2 577,8
Non-controlling interests			**9,1**	11,0
			2 826,9	2 588,8
Total comprehensive income attributable to				
Equity holders of the parent			**4 295,4**	2 655,3
Non-controlling interests			**12,0**	6,7
			4 307,4	2 662,0
Weighted average number of shares in issue ('000)			**436 303**	432 914
EARNINGS PER SHARE				
Basic earnings per share (cents)				
From continuing operations		23%	**609,3**	495,2
From discontinued operations			**36,5**	100,3
		8%	**645,8**	595,5
Diluted earnings per share (cents)				
From continuing operations		23%	**588,2**	476,5
From discontinued operations			**35,0**	95,5
		9%	**623,2**	572,0
CAPITAL DISTRIBUTION				
Capital distribution per share (cents)		50%	**105,0**	70,0

The capital distribution of 105,0 cents relates to the distribution declared on 13 September 2011 and paid on 17 October 2011 (the capital distribution of 70,0 cents relates to the distribution declared on 15 September 2010 and paid on 11 October 2010).

 # See notes on Supplementary information.

Summarised Group statement of headline earnings

for the year ended 30 June 2012

	Change	2012 R'million	2011 R'million
HEADLINE EARNINGS			
Reconciliation of headline earnings			
Profit attributable to equity holders of the parent	9%	**2 817,8**	2 577,8
Continuing operations			
– Impairment of goodwill (net of tax)		**43,6**	–
– Impairment of property, plant and equipment (net of tax)		**25,2**	7,4
– Net impairment of intangible assets (net of tax)		**107,9**	83,8
– Profit on the sale of tangible and intangible assets (net of tax)		**(0,7)**	(11,8)
– Insurance compensation – capital component (net of tax)		**–**	(11,5)
Discontinued operations			
– Profit on the sale of the Oncology business (net of tax)		**–**	(367,9)
– Profit on the sale of Co-Pharma Limited (net of tax)		**–**	(7,4)
– Profit on the sale of the personal care products in South Africa (net of tax)		**(35,6)**	(18,1)
– Profit on the sale of the Campos facility and related products in Brazil (net of tax)		**(121,9)**	–
	26%	**2 836,3**	2 252,3
Headline earnings			
From continuing operations	28%	**2 834,6**	2 211,7
From discontinued operations		**1,7**	40,6
	26%	**2 836,3**	2 252,3
Headline earnings per share (cents)			
From continuing operations	27%	**649,7**	510,9
From discontinued operations		**0,4**	9,4
	25%	**650,1**	520,3
Diluted headline earnings per share (cents)			
From continuing operations	28%	**626,9**	491,4
From discontinued operations		**0,4**	8,9
	25%	**627,3**	500,3

Summarised Group statement of changes in equity

for the year ended 30 June 2012

	Share capital and share premium (including treasury shares) R'million	Reserves R'million	Preference shares – equity component R'million	Total attributable to equity holders of the parent R'million	Non-controlling interests R'million	Total R'million
BALANCE AT 1 JULY 2010	5 089,0	5 580,0	162,0	10 831,0	55,2	10 886,2
Total comprehensive income	–	2 655,3	–	2 655,3	6,7	2 662,0
Profit for the year	–	2 577,8	–	2 577,8	11,0	2 588,8
Other comprehensive income	–	77,5	–	77,5	(4,3)	73,2
Capital distribution	(302,9)	–	–	(302,9)	–	(302,9)
Dividends paid	–	–	–	–	(1,7)	(1,7)
Issue of ordinary share capital – share schemes	10,0	–	–	10,0	–	10,0
Treasury shares purchased	(20,1)	–	–	(20,1)	–	(20,1)
Deferred incentive bonus shares exercised	0,2	(0,2)	–	–	–	–
Share options and appreciation rights expensed (including deferred incentive bonus)	–	26,3	–	26,3	–	26,3
Equity portion of tax claims in respect of share schemes	–	23,6	–	23,6	–	23,6
Hyperinflationary adjustment – Venezuela	–	3,0	–	3,0	0,9	3,9
BALANCE AT 30 JUNE 2011	**4 776,2**	**8 288,0**	**162,0**	**13 226,2**	**61,1**	**13 287,3**
Total comprehensive income	**–**	**4 295,4**	**–**	**4 295,4**	**12,0**	**4 307,4**
Profit for the year	**–**	**2 817,8**	**–**	**2 817,8**	**9,1**	**2 826,9**
Other comprehensive income	**–**	**1 477,6**	**–**	**1 477,6**	**2,9**	**1 480,5**
Capital distribution	**(457,6)**	**–**	**–**	**(457,6)**	**–**	**(457,6)**
Subsidiary capital reduction	**–**	**1,0**	**–**	**1,0**	**–**	**1,0**
Acquisition of non-controlling interests in subsidiaries	**–**	**(117,3)**	**–**	**(117,3)**	**(64,3)**	**(181,6)**
Capital funding from non-controlling interests	**–**	**–**	**–**	**–**	**0,9**	**0,9**
Dividends paid	**–**	**–**	**–**	**–**	**(2,0)**	**(2,0)**
Issue of ordinary share capital	**401,9**	**–**	**–**	**401,9**	**–**	**401,9**
Issue of ordinary share capital – share schemes	**25,1**	**–**	**–**	**25,1**	**–**	**25,1**
Issue of ordinary share capital – conversion of preference shares	**376,8**	**–**	**–**	**376,8**	**–**	**376,8**
Treasury shares purchased	**(19,3)**	**–**	**–**	**(19,3)**	**–**	**(19,3)**
Deferred incentive bonus shares exercised	**1,9**	**(1,9)**	**–**	**–**	**–**	**–**
Share options and appreciation rights expensed (including deferred incentive bonus)	**–**	**24,5**	**–**	**24,5**	**–**	**24,5**
Equity portion of tax claims in respect of share schemes	**–**	**30,6**	**–**	**30,6**	**–**	**30,6**
Conversion of preference shares	**–**	**162,0**	**(162,0)**	**–**	**–**	**–**
Hyperinflationary adjustment – Venezuela	**–**	**4,0**	**–**	**4,0**	**1,0**	**5,0**
BALANCE AT 30 JUNE 2012	**4 703,1**	**12 686,3**	**–**	**17 389,4**	**8,7**	**17 398,1**

Summarised Group statement of cash flows

for the year ended 30 June 2012

	Notes	2012 R'million	2011 R'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash operating profit		**4 746,0**	3 845,0
Working capital movements		**(869,6)**	(463,2)
Cash generated from operations		**3 876,4**	3 381,8
Net financing costs paid		**(513,9)**	(401,3)
Tax paid		**(454,1)**	(534,6)
Cash generated from operating activities		**2 908,4**	2 445,9
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure – property, plant and equipment		**(469,6)**	(651,5)
Proceeds on the sale of property, plant and equipment		**36,5**	2,8
Capital expenditure – intangible assets		**(2 148,8)**	(188,7)
Proceeds on the sale of intangible assets		**2,8**	197,5
Acquisition of subsidiaries and businesses	M#	**(315,6)**	(5 893,2)
Disposal of associate and joint ventures		**–**	628,1
(Increase)/decrease in other non-current financial receivables		**(19,7)**	25,1
Proceeds on the sale of assets held-for-sale	L#	**250,4**	10,3
Advance proceeds on assets held-for-sale		**–**	290,2
Net investment hedge profit/(loss) in Aspen Australia		**6,8**	(66,1)
Capital funding from non-controlling interests		**0,9**	–
Cash used in investing activities		**(2 656,3)**	(5 645,5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from borrowings		**138,3**	3 567,8
Dividends paid		**(2,0)**	(1,7)
Proceeds from issue of ordinary share capital		**25,1**	10,0
Treasury shares purchased		**(19,3)**	(20,1)
Capital distribution		**(457,6)**	(302,9)
Decrease/(increase) in cash restricted for use as security for borrowings		**27,2**	(6,1)
Cash (used in)/generated from financing activities		**(288,3)**	3 247,0
Movement in cash and cash equivalents before translation effects of foreign operations		**(36,2)**	47,4
Translation effects on cash and cash equivalents of foreign operations		**273,2**	(107,3)
CASH AND CASH EQUIVALENTS			
Movement in cash and cash equivalents		**237,0**	(59,9)
Cash and cash equivalents at the beginning of the year		**1 752,8**	1 812,7
Cash and cash equivalents at the end of the year		**1 989,8**	1 752,8

	Change	2012	2011
Operating cash flow per share (cents)			
From continuing operations	20%	**666,2**	554,8
From discontinued operations		**0,4**	10,2
	18%	**666,6**	565,0
THE ABOVE INCLUDES DISCONTINUED OPERATIONS			
Cash generated from operating activities		**1,7**	44,2
Cash and cash equivalents per the statement of cash flows		**1,7**	44,2
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents per the statement of finanical position		**3 313,5**	3 039,2
Less: Bank overdrafts		**(1 323,7)**	(1 286,4)
		1 989,8	1 752,8

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

#See notes on Supplementary information.

Summarised Group supplementary information

for the year ended 30 June 2012

		2012 R'million	2011 R'million
A.	**CAPITAL EXPENDITURE**		
	Incurred	2 618,4	840,2
	Tangible assets	469,6	651,5
	Intangible assets	2 148,8	188,7
	Contracted	171,5	183,2
	Tangible assets	158,8	134,2
	Intangible assets	12,7	49,0
	Authorised but not contracted for	3 713,6	333,4
	Tangible assets	456,4	275,3
	Intangible assets	3 257,2	58,1
B.	**OPERATING PROFIT HAS BEEN ARRIVED AT AFTER CHARGING/(CREDITING)**		
	Depreciation of property, plant and equipment	252,7	215,0
	Amortisation of intangible assets	212,3	143,0
	Impairment of property, plant and equipment	32,3	10,0
	Impairment of intangible assets	112,7	97,3
	Impairment of goodwill	43,6	–
	Share-based payment expenses – employees	31,5	30,6
	Transaction costs	–	86,1
	Restructuring costs	73,5	32,6
	Insurance compensation	(63,0)	(156,5)
C.	**INVESTMENT INCOME**		
	Interest received	275,4	193,2
D.	**FINANCING COSTS**		
	Interest paid	(754,7)	(611,1)
	Capital raising fees	(26,8)	(33,2)
	Net foreign exchange gains	2,5	60,8
	Fair value gains on financial instruments	24,0	1,2
	Notional interest on financial instruments	2,1	3,3
	Preference share dividends paid	(23,1)	(26,3)
		(776,0)	(605,3)
E.	**PROFIT AFTER TAX FOR THE YEAR FROM DISCONTINUED OPERATIONS**		
	Profit after tax for the year from discontinued operations	1,7	40,6
	Profit on the sale of the Campos facility and related products in Brazil	121,9	–
	Profit on the sale of the personal care products in South Africa	35,6	18,1
	Profit on the sale of Co-Pharma Limited	–	7,4
	Profit on the sale of the Oncology business	–	367,9
		159,2	434,0

		2012 R'million	2011 R'million
F.	**CURRENCY TRANSLATION MOVEMENTS**		
	Currency translation movements on the translation of the offshore businesses is as a result of the difference between the weighted average exchange rate used for trading results and the closing exchange rate applied in the statement of financial position. For the year the weaker closing Rand translation rate significantly increased the Group net asset value.		
G.	**GOODWILL MOVEMENT**		
	Carrying value at the beginning of the year	**4 626,6**	456,1
	Sigma Pharmaceutical business	**104,3**	4 029,0
	Impairment of goodwill	**(43,6)**	–
	Translation of foreign operations	**656,6**	141,5
	Carrying value at the end of the year	**5 343,9**	4 626,6
H.	**INTANGIBLE ASSETS MOVEMENT**		
	Carrying value at the beginning of the year	**8 916,7**	8 609,9
	Additions	**2 148,8**	188,7
	Disposals	**(2,8)**	(179,0)
	Amortisation	**(212,3)**	(144,4)
	Acquisition of subsidiaries and businesses	**4,2**	1 083,9
	Software projects implemented	**22,2**	31,5
	Impairment	**(112,7)**	(97,3)
	Hyperinflationary adjustment – Venezuela	**0,5**	–
	Transferred to assets held-for-sale	**–**	(29,4)
	Translation of foreign operations	**1 105,2**	(547,2)
	Carrying value at the end of the year	**11 869,8**	8 916,7
I.	**CONTINGENT LIABILITIES**		
	There are contingent liabilities in respect of:		
	Additional payments in respect of the Quit worldwide intellectual property rights	**8,1**	6,7
	Contingency arising from product liability claim	**21,3**	17,6
	Contingencies arising from labour cases	**4,2**	24,8
	Guarantees covering loan and other obligations to third parties	**3,3**	1,7
	Import duty contingency	**10,8**	10,3

Summarised Group supplementary information continued

for the year ended 30 June 2012

		2012 R'million	2011 R'million
J.	**TAX CONTINGENCY**		
	Following an audit, the South African Revenue Services (SARS) notified Aspen by way of a combination of letters of findings and notices of assessment of its intention to impose tax on various South African companies relating to the current and prior years. These letters of findings deal mainly with corporate income tax and employees tax issues. Aspen has responded to these letters of findings and is in the process of objecting to the assessments raised. Aspen believes that all issues raised by SARS are defendable and that Aspen has sufficient evidence to support its views and treatment of these tax matters. Due to the uncertainties inherent in the process, particularly in the early stages, the quantum of the amounts claimed by SARS and the timing of resolution of these matters cannot be determined.		
K.	**GUARANTEES TO FINANCIAL INSTITUTIONS**		
	Material guarantee given by Group companies for indebtedness of subsidiaries to financial institutions	**5 003,0**	5 787,6
L.	**PROCEEDS FROM SALE OF ASSETS HELD-FOR-SALE**		
	Campos facility and related products in Brazil	**175,0**	–
	Personal care products in South Africa	**75,4**	–
	Beta facility in Kenya	**–**	10,3
		250,4	10,3

Campos facility and related products in Brazil

An agreement was reached in June 2011 for the sale of the Campos facility and related products in Brazil to Strides as the specialised manufacture of penicillins and penems, primarily for the public sector and contract manufacturing business, is not considered to be core to the product offering of Aspen Brazil. The conditions precedent were fulfilled in December 2011.

Personal care products in South Africa

The sale of the South African toothpaste business to the Unilever group was concluded in September 2011.

M. ACQUISITION OF SUBSIDIARIES AND BUSINESSES

2012

The Company acquired the remaining 40% non-controlling shareholding in Shelys Africa Limited effective from 14 April 2012. This increases the ownership in Shelys Africa Limited to 100%.

The Company acquired a further 42,5% shareholding in Brimpharm SA (Pty) Limited effective from 31 May 2012. This increases the ownership in Brimpharm SA (Pty) Limited to 92,5%.

	Total R'million
Shelys Africa Limited purchase consideration	**141,8**
Brimpharm SA (Pty) Limited purchase consideration	**39,8**
AHN purchase consideration*	**45,4**
Sigma pharmaceutical business#	**88,6**
As per the statement of cash flows	**315,6**

	Formule Naturelle (Pty) Limited R'million	AHN R'million	Sigma pharma-ceutical business R'million	Total R'million
Final 2011				
Fair value of assets and liabilities acquired in subsidiaries and businesses				
Property, plant and equipment	–	2,6	471,0	473,6
Intangible assets	20,2	31,5	1 036,4	1 088,1
Inventories	3,5	18,8	521,3	543,6
Trade and other receivables	6,7	29,3	338,5	374,5
Current tax assets	0,2	3,8	–	4,0
Cash and cash equivalents	6,1	22,3	–	28,4
Non-current borrowings	–	(12,0)	–	(12,0)
Deferred tax assets/(liabilities)	2,3	(15,2)	35,0	22,1
Trade and other payables	(2,0)	(35,7)	(391,3)	(429,0)
Fair value of net assets acquired	37,0	45,4	2 010,9	2 093,3
Goodwill acquired	–	–	4 133,3	4 133,3
* Deferred consideration paid in 2012 financial year	–	(45,4)	–	(45,4)
# Payment of pre-acquisition liabilities identified during the 2012 financial year	–	–	(88,6)	(88,6)
Decrease in investment in associate	(2,0)	–	–	(2,0)
Purchase consideration paid	35,0	–	6 055,6	6 090,6
Net gains from cash flow hedging in respect of the Sigma pharmaceutical business	–	–	(169,0)	(169,0)
Cash and cash equivalents in acquired subsidiaries	(6,1)	(22,3)	–	(28,4)
Cash outflow/(inflow) on acquisition	28,9	(22,3)	5 886,6	5 893,2

The initial accounting for these business combinations has been finalised in the year ended 30 June 2012. No significant changes were made to the initial provisional values.

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

Normalised headline earnings reconciliation (unaudited) – annexure 1

for the year ended 30 June 2012

The calculation of normalised headline earnings per share is based on the normalised profit attributable to equity holders of the parent, divided by the weighted average number of ordinary shares in issue during the year. The presentation of normalised headline earnings is not an IFRS requirement.

	Change	2012 R'million	2011 R'million
Normalised headline earnings per share			
Reconciliation of normalised headline earnings			
Headline earnings	26%	2 836,3	2 252,3
Adjusted for			
Restructuring costs (net of tax)		52,0	26,8
Transaction costs (net of tax)		24,8	121,7
Foreign exchange gain on transaction funding (net of tax)		(34,5)	–
Normalised headline earnings	20%	2 878,6	2 400,8
Normalised headline earnings			
From continuing operations	22%	2 876,9	2 356,5
From discontinued operations		1,7	44,3
	20%	2 878,6	2 400,8
Weighted average number of shares in issue ('000)*		436 303	432 914
Normalised headline earnings per share (cents)			
From continuing operations	21%	659,4	544,3
From discontinued operations		0,4	10,2
	19%	659,8	554,5
Normalised diluted headline earnings per share			
Normalised diluted headline earnings per share is calculated on the same basis used for calculating diluted earnings per share, other than normalised headline earnings being the numerator.			
Normalised headline earnings	20%	2 878,6	2 400,8
Adjusted for:			
Preference shares dividends paid		23,1	26,3
Notional interest – liability component of preference shares		(4,5)	(5,3)
Adjusted normalised headline earnings	20%	2 897,2	2 421,8
Normalised diluted headline earnings			
From continuing operations	22%	2 895,5	2 377,5
From discontinued operations		1,7	44,3
	20%	2 897,2	2 421,8
Weighted average number of shares for diluted headline earnings per share ('000)		455 160	454 360
Adjustment for share options and share appreciation rights ('000)		1 355	3 846
Total number of convertible preference shares ('000)		17 502	17 600
Weighted average number of shares in issue ('000)*		436 303	432 914
Normalised diluted headline earnings per share (cents)			
From continuing operations	22%	636,2	523,3
From discontinued operations		0,4	9,7
	19%	636,6	533,0

**After deduction of weighted average number of treasury shares.*

Currency conversion for convenience purposes (unaudited) – annexure 2

CURRENCY OF FINANCIAL STATEMENTS

The Annual Financial Statements are expressed in Rand.

SELECTED GROUP FINANCIAL DATA TRANSLATED INTO US DOLLARS FOR CONVENIENCE PURPOSES (UNAUDITED)

The statements of comprehensive income, financial position and cash flows have been translated from Rand into US Dollar to enable offshore shareholders to interpret the financial performance in a universally measurable currency. These translated statements are unaudited, have been provided for illustrative purposes only and may not fairly present the Group's financial position and results of operations and cash flows. The directors are responsible for the preparation of this information. A limited assurance report on this unaudited financial information prepared by the Company's auditors is available for inspection at the Company's registered office.

Statement of comprehensive income and statement of cash flows information were translated at an average rate of R7,78 (2011: R6,97).

The statement of financial position information was translated at a closing rate of R8,19 (2011: R6,78).

	2012 Unaudited USD'million	2011 Unaudited USD'million
UNAUDITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012 CONVERTED INTO US DOLLARS FOR CONVENIENCE PURPOSES		
Cash generated from operating activities	**374,0**	351,1
Cash used in investing activities	**(341,6)**	(810,5)
Cash (used in)/generated from financing activities	**(37,1)**	466,2
Translation effects on cash and cash equivalents of foreign operations	**2,1**	13,1
Movement in cash and cash equivalents	**(2,6)**	20,0
Cash and cash equivalents at the beginning of the year	**258,5**	238,5
Cash and cash equivalents at the end of the year	**255,9**	258,5

Currency conversion for convenience purposes (unaudited) – annexure 2 continued

	2012 Unaudited USD'million	2011 Unaudited USD'million
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012 CONVERTED INTO US DOLLARS FOR CONVENIENCE PURPOSES		
CONTINUING OPERATIONS		
Revenue	**1 961,9**	1 777,8
Cost of sales	**(1 026,2)**	(971,9)
Gross profit	**935,7**	805,9
Net operating expenses	**(401,7)**	333,3
Operating profit before amortisation	**534,0**	472,6
Amortisation of intangible assets	**(27,3)**	(20,5)
Operating profit	**506,7**	452,1
Investment income	**35,4**	27,7
Financing costs	**(99,8)**	(86,9)
Profit before tax	**442,3**	392,9
Tax	**(99,3)**	(83,5)
Profit after tax from continuing operations	**343,0**	309,4
DISCONTINUED OPERATIONS		
Profit after tax for the year from discontinued operations	**20,5**	62,3
Profit for the year	**363,5**	371,7
OTHER COMPREHENSIVE INCOME		
Other comprehensive income, net of tax	**190,4**	10,5
Total comprehensive income	**553,9**	382,2
Profit for the year attributable to		
Equity holders of the parent	**362,4**	370,1
Non-controlling interests	**1,1**	1,6
	363,5	371,7
Total comprehensive income attributable to		
Equity holders of the parent	**552,4**	381,2
Non-controlling interests	**1,5**	1,0
	553,9	382,2

	2012 Unaudited USD'million	2011 Unaudited USD'million
UNAUDITED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012 CONVERTED INTO US DOLLARS FOR CONVENIENCE PURPOSES		
ASSETS		
Non-current assets		
Property, plant and equipment	464,9	538,6
Intangible assets (including goodwill)	2 102,3	1 997,5
Other non-current financial assets	32,5	33,7
Total non-current assets	2 599,7	2 569,8
Current assets		
Inventories	402,0	387,6
Trade and other receivables	467,2	481,4
Cash and cash equivalents	404,7	448,3
Cash restricted for use	0,1	4,2
Total operating current assets	1 274,0	1 321,5
Assets classifed as held-for-sale	–	61,1
Total current assets	1 274,0	1 382,6
Total assets	3 873,7	3 952,4
SHAREHOLDERS' EQUITY		
Ordinary shareholders' equity	2 123,8	1 927,5
Preference shares – equity component	–	23,9
Non-controlling interests	1,1	8,4
Total shareholders' equity	2 124,9	1 959,8
LIABILITIES		
Non-current liabilities		
Preference shares – liability component	–	56,2
Borrowings	763,8	626,7
Other non-current financial liabilities	25,6	24,6
Deferred tax liabilities	65,5	74,5
Total non-current liabilities	854,9	782,0
Current liabilities		
Trade and other payables	357,7	417,5
Borrowings	504,0	757,8
Other current financial liabilities	32,2	30,7
Total operating current liabilities	893,9	1 206,0
Liabilities associated with assets held-for-sale	–	4 ,6
Total current liabilities	893,9	1 210,6
Total liabilities	1 748,8	1 992,6
Total equity and liabilities	3 873,7	3 952,4

Sustainability report

Message from the Group Chief Executive

Increasing and improving access to healthcare is a priority in most countries around the world and Aspen is in the business of supplying life-sustaining medicines to customers across six continents. Aspen strives to supply a diverse range of high quality products, at cost competitive prices, in order to address disease management requirements in territories to which it supplies. Our regional product portfolios target relevant therapeutic categories, are registered and manufactured in accordance with regulatory requirements and supplied in a responsible manner. In this way, the Group is able to support healthcare needs of its customers across more than 150 countries.

Through consistent development over a period of time, Aspen has established a solid foundation from which to further grow its global influence and leverage its credibility as an internationally recognised pharmaceutical brand and a business partner of choice. This achievement can be attributed to Aspen's entrepreneurial culture and the grounding provided by the Group's values of Integrity, Innovation, Excellence, Commitment and Teamwork. Accountable entrepreneurship requires a healthy balance between the quest for earnings growth and a responsibility for broader environmental consequences. This is reflected in our strategic objectives and supported by effective risk management strategies in order to sustainably add value to all stakeholders. The successful day-to-day implementation of this approach by the Group's leadership and management teams underpins the Group's successes to date.

Despite a competitive and challenging trading environment, compounded by once-off factors adversely affecting the South African business, the Group delivered double-digit growth for the 14th consecutive year, with compound annual growth since listing in the 40% to 50% range for revenue, operating profit and headline earnings per share. Value added per employee increased by 22% to R1.3 million. Aspen continues to be the leading supplier of scripted medicines in South Africa and Australia which is strong evidence of customer confidence in the Aspen brand. In June 2012, Aspen was ranked 25th in the JSE Top 40 Index, improving its position from 29th place the year previously.

The Group is well positioned to continue this growth trajectory through organic and acquisitive means. The IMS value of Aspen's five-year product pipeline is USD9,1 billion. Product launch structures have been strengthened to further stimulate the successful launch of new products across the regions. Significant investment has been made in establishing a sophisticated global supply chain network. The extensive international distribution platform continues to provide growth opportunities for the Group.

Committed steps were taken during the year to strengthen SHE management protocols throughout the Group. The South African business implemented a structured project plan to prepare policies, procedures and systems for OSHAS 18001 and ISO 14001 accreditation during the 2013 financial year. Legal compliance assessments were conducted in the international businesses to evaluate the status of and prioritise identified corrective actions for health, safety and environmental compliance.

The caring and strong sense of community of Aspen's employees around the world was evidenced in the way they embraced the Nelson Mandela International Day, investing many hours to make a difference in the lives of the less fortunate. During the week of 18 July 2012, 29 community upliftment projects were initiated across 11 countries on six continents. Some of these beneficiaries have been adopted into Aspen's long-term CSI plans to ensure that these communities continue to be supported.

Aspen qualified for the JSE's SRI for the second consecutive year and the South African business again participated in the CDP. Aspen's GRI-based sustainability reporting programme is progressing well, with material performance indicators having been further integrated into business processes and management reporting protocols during the year. Aspen remains committed to achieving its strategic objectives as a responsible corporate citizen. To this end, every endeavour will be made to uphold Aspen's reputation as a respected global supplier of high quality, affordable medicines and, simultaneously, be alert to those opportunities that will responsibly and sustainably enhance the Group's value proposition for its stakeholders.

Stephen Saad
Group Chief Executive

22 October 2012

PROGRESS OF ASPEN'S SUSTAINABILITY REPORTING PROCESS

GRI Compliance level

Aspen's 2011 Sustainability Report, included in the 2011 Annual Report, was released in November 2011. This report was self-assessed by Aspen at C-Level compliance. Following an application level check, we are pleased to report that Aspen's 2011 Sustainability Report was certified, by GRI Reporting Services, as B-Level compliance.

Aspen's 2012 Sustainability Report is self-assessed at B-Level compliance. The report will be submitted to GRI Reporting Services for an application level check in December 2012, following the release of the 2012 Annual Report.

Reporting parameters

The Sustainability Report is prepared annually, reflecting information for the financial year under review. To the extent that the information collected after 30 June supports initiatives which were in place at year-end, subsequent events are disclosed.

The Group's economic, environmental and social indicators are selected with reference to their relevance and materiality to the Group's sustainability objectives and to aid a broader understanding of the Group by its stakeholders. The sustainability indicators are formally monitored by the Board. Aspen's material KPIs are discussed under key sustainability themes which are considered to be relevant to the Group and as pertains to the pharmaceutical industry within which Aspen operates.

The scope of the Sustainability Report extends to the Group's continued operations in the South Africa, SSA, Asia Pacific and the International business. The report extends to operating subsidiary companies and businesses/facilities controlled by the Group. Comparative information is disclosed on a consistent basis to that of the relevant reporting period. Selected social and environmental indicators have been measured, managed and reported more comprehensively in respect of the South African business, due to the maturity of this business. During the year, active steps have been taken towards reviewing and considering necessary systems requirements to measure, monitor and report on these indicators in the offshore businesses. Current best practice economic, environmental and social governance frameworks, policies and protocols from the South African business have been shared with these offshore businesses as appropriate.

The application of environmental indicators is limited to the Group's manufacturing sites where environmental management indicators are material to these businesses. Economic and social indicators are applied across all reporting business units.

Reported data has been measured using generally accepted measurement techniques for reported indicators. Where comparative information was required to be restated owing to refinement of measurement systems and standardisation of recording methodologies, concise explanations support the restated values on the pages upon which these performance indicators are disclosed.

Following the establishment of Aspen's presence in Asia Pacific, information for the Hong Kong and Philippines businesses have been added to the 2012 information, where applicable.

Sustainability governance

The Board is responsible for monitoring sustainability in the Group and, consequently, regularly reviews performance indicators. The Social & Ethics Committee was constituted in March 2012 with the purpose of monitoring the governance of social and ethics issues in the Group in accordance with the provisions of the Companies Act. In performing its obligations, the Terms of Reference of this committee are aligned to the applicable global objectives advocated by:

- King III;
- JSE SRI;
- the Employment Equity Act and the BBBEE Act (South Africa);
- the 10 principles set out in the United Nations Global Compact Principles; and
- the Organisation for Economic Cooperation and Development (OECD) recommendations regarding bribery and corruption.

Following the establishment of this committee, policies and procedures governing ethics and social responsibility have been reviewed and amended in accordance with Aspen's strategic objectives and best practice. Focus areas of this committee include:

- ethics and ethics management – including prevention of fraud, corruption and dishonesty;
- human rights and non-discriminatory practices;
- CSI initiatives in South Africa;
- environment/public and occupational health and safety;
- consumer responsibilities and relationships in South Africa;
- labour and employment practices; and
- transformation objectives in South Africa.

Members of this committee have the necessary experience and insight to guide executive management on relevant matters related to sustainability management in the Group. As sustainability is considered to be a common thread weaving Group strategy with day-to-day operational, compliance

Sustainability report continued

and risk management activities, neither non-executive directors nor executive management performance measures consider sustainability aspects in isolation.

Evolution of Aspen's sustainability reporting programme

In alignment to the Group's sustainability reporting objectives, a culture of continuous improvement is being applied to evolving the underlying reporting process, developing a history of KPIs, benchmarking material indicators and promoting greater stakeholder inclusivity. In this way a more consistent base of information can be developed to identify, analyse and interpret trends meaningfully.

Steps are being taken to systematically prepare for external verification of material KPIs during 2013.

Benchmarked performance

Aspen's 2011 Sustainability Report was independently assessed as "GRI Compliant" in the 2012 Review of Sustainable Reporting in South Africa published by Integrated Reporting and Assurance Services (IRAS), a specialist sustainability consultancy in South Africa. This result confirmed that Aspen has adequately applied the GRI Guidelines, inclusive of the principle of 'materiality', ultimately achieving a compliance score of 63% against the Pharmaceutical and Biotechnology average of 53%.

Key sustainability themes are covered in the 2012 Sustainability Report and have been set out as follows:

SUSTAINING LIFE AND HEALTH THROUGH HIGH QUALITY, AFFORDABLE MEDICINES

Aspen is proud of its heritage, dating back more than 160 years, of supplying efficacious medicines to its customers. From its roots in South Africa, Aspen's customer base has expanded to more than 150 countries worldwide. The strategy for each business unit is carefully developed, monitored and refined to ensure that due consideration is given to addressing the current and emerging prevalent disease profiles, socio-economic conditions, regulatory requirements and commercial feasibility of Aspen's business model and product pipeline in each territory.

Aspen's product pipeline represents acquired or developed intellectual property for generic alternatives to existing originator molecules which have an IMS value of USD9,1 billion. Products in the pipeline are at various stages of registration as an authorised medicine. New generic products are launched only after regulatory approval is received and patent expiry is confirmed. This includes regulatory approval of artwork and packaging in accordance with registration requirements in each territory. This full process can take up to five years. The product pipeline is managed and monitored in alignment to the Group's organic growth objectives for each region. Products for the pipeline cover a diverse range of therapeutic categories in an attempt to address the evolving medicinal needs of the potential patient base, particularly in the emerging markets.

Aspen's pipeline by value

Therapeutic category	South Africa USD'million	Asia Pacific USD'million	Latin America USD'million	SSA[2] USD'million	Total USD'million
Analgesic	40	176	265	–	481
Anaesthetic	7	4	4	–	15
Anti-histamine	8	–	13	–	21
Anti-microbial	59	68	104	5	236
Anti-viral	2	24	19	–	45
ARV	1	32	–	–	33
Cardiovascular	71	830	1 968	4	2 873
Central nervous system	92	252	812	3	1 159
Cold and flu	44	–	55	–	99
Dermatological	–	56	18	–	74
Endocrine	61	11	221	–	293
Gastrointestinal	65	333	424	–	822
Hormonal	16	18	993	–	1 027
Immunomodulator	22	65	67	–	154
Musculoskeletal	1	46	–	–	47
Infant nutritional	–	–	85	–	85
Oncology	38	101	98	–	237
Ophthalmic	3	140	202	–	345
Respiratory	–	310	93	–	403
Urinary	7	112	356	–	475
Vitamin, herbal and complementary	24	–	149	–	173
Total	**561**	**2 578**	**5 946**	**12**	**9 097**
Anticipated launch in:					
0 – 2 years	378	1 871	3 211	12	5 472
2 – 5 years	183	707	2 735	–	3 625
Total	**561**	**2 578**	**5 946**	**12**	**9 097**

Important explanatory notes to the product pipeline table:

1. *With the exception of SSA, values stated have been derived from IMS. IMS is an independent measure of the pharmaceutical market in the respective territories. Public sector tender values have been excluded. The IMS values reported herein record the annual market value of the molecule for the year to 31 December 2011 for the products which were in Aspen's pipeline at 30 June 2012.*
2. *In the absence of IMS data, values for SSA represent Aspen's estimate of the value of the total private sector in SSA per molecule.*
3. *In assessing the potential value to Aspen of the molecule to be launched, the following needs to be taken into consideration:*
   (i) The generic equivalent of an originator molecule trades at a discount to the originator product.
   (ii) The entry of generic products to the market will result in greater competition.
4. *Products have only been included where Aspen has a physical product dossier in hand. Not all products have as yet been submitted to the applicable regulatory authorities for registration.*

Sustainability report continued

During the year the Group was successful in unlocking a material portion of the pipeline value with the launch of key brands such as Tribuss (ARV) in South Africa and Anastrol (oncology), Torvastat (cardiovascular) and Lanzek (central nervous system) in Australia. Molecules and infant milk formula, valued at USD393 million, were added to the pipeline over the last year. With respect to patent compliance requirements and confirmed timing of patent expiry dates, two molecules having an IMS value of USD212 million remain in the product pipeline but the anticipated launch milestones for these molecules have been postponed to beyond the five year horizon.

Aspen's new product launch process is designed to ensure that all products meet the necessary regulatory and quality requirements prior to being launched into the market.

All products supplied by Aspen are manufactured at facilities which are accredited by relevant regulatory authorities. Regulatory authorities perform inspections at the facilities periodically to verify the accreditation. Furthermore, raw materials are purchased from accredited suppliers who meet the necessary regulatory and quality requirements, in addition to compliance with Aspen's materials specifications. A significant portion of products are manufactured at Aspen-owned sites. The balance of production takes place at reputable third party manufacturers which are identified, audited and approved for manufacture through a prescribed process. All suppliers are monitored to ensure that the prerequisite quality, service and cost criteria are consistently adhered to. The Quality Assurance function conducts potential and existing vendor audits on an ongoing basis. This enables Aspen to retain its credibility as a reliable, responsive and cost effective supplier to customers.

Throughout the product lifecycle, and as part of regulated processes governing the pharmaceutical industry, stringent protocols are in place to monitor the quality of manufactured products and efficacy of products supplied to customers. Aspen's sales representatives or appointed third-party agents engage with prescribing doctors and dispensing pharmacists to monitor and evaluate customer feedback on the quality and efficacy of Aspen's products. Corrective action is prioritised, with urgency, to ensure patient safety and to maintain regulatory compliance.

During the year, Aspen recorded five (2011: three) product recalls. Two of these product recalls were quality related and appropriate remedial action has been taken. A further three products were recalled owing to stability/shelf life issues which are being actively addressed. Remedial action is being taken to address these recalls. Aspen is pleased to report that no adverse reactions to patients occurred as a result of the identified problems found in these recalled products.

Aspen has established itself as a leading supplier of medicines in South Africa and Australia. In South Africa one in four script lines dispensed by pharmacists continues to be for an Aspen product and Aspen supplies one in four tablets under the South African state tender. In Australia one in seven scripts written are for a product distributed by Aspen and the results of the Cegedim survey confirmed that Aspen Australia's sales representatives are recognised as the most effective and highly regarded in that market. Brand recognition is being strengthened in Latin America, SSA and South East Asia as the investment in promotional activities in these territories starts to produce returns and as new products are launched.

ADDING VALUE TO STAKEHOLDERS

The Group's value added statement for the year ended 30 June 2012 is shown below:

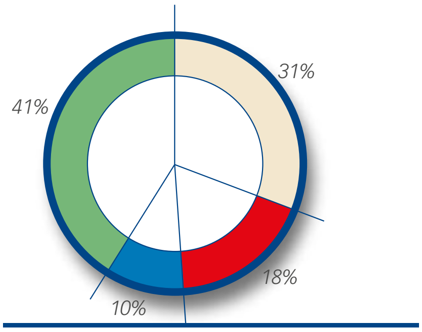
	Change	2012 R'million	%	2011 R'million	%
Net revenue	23%	**15 256**		12 383	
South Africa	(2%)	**6 160**		6 296	
Sub-Saharan Africa	17%	**552**		470	
Asia Pacific	100%	**6 021**		3 004	
International	(3%)	**2 523**		2 613	
Other operating income		**219**		193	
Less: Purchased materials and services	23%	**(8 921)**		(7 257)	
Value added from operations	23%	**6 554**	**96,0**	5 319	96,5
Investment income		**275**	**4,0**	193	3,5
Total wealth created	24%	**6 829**	**100,0**	5 512	100,0
Employees	19%	**2 124**	**31,0**	1 784	32,5
Providers of capital – finance costs	36%	**1 234**	**18,1**	908	16,5
Finance costs		**776**	**11,4**	605	11,0
Capital distribution paid to shareholders		**458**	**6,7**	303	5,5
Governments		**671**	**9,9**	577	10,4
Reinvested in the Group	25%	**2 800**	**41,0**	2 243	40,7
Depreciation and amortisation		**465**	**6,8**	354	6,5
Deferred tax		**125**	**1,8**	36	0,7
Income retained in the business	19%	**2 210**	**32,4**	1 853	33,6
Total value distribution	24%	**6 829**	**100,0**	5 512	100,0
Value added statistics					
Number of full-time employees*		**5 210**		5 168	
Ratios					
Revenue per employee ('000)	22%	**2 928**		2 396	
Value added per employee ('000)	22%	**1 258**		1 029	
Wealth created per employee ('000)	23%	**1 311**		1 067	
Monetary exchanges with government					
Current taxes (excluding deferred tax)		**647**		546	
Customs and excise duty		**19**		18	
Rates and similar levies		**5**		13	
Gross contribution to central and local governments		**671**		577	
Additional collections on behalf of government					
Employees' taxes		**448**		291	
Withholding taxes		**8**		–	
Net value added tax paid		**591**		588	
		1 047		879	

** The Group's total number of employees during the year comprises 5 210 (2011: 5 168) permanent employees and 969 (2011: 1 151) temporary employees, totalling 6 179 (2011: 6 319).*

Sustainability report continued

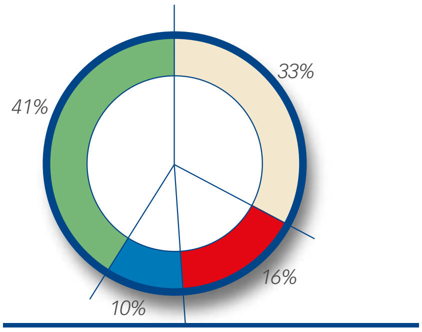
Total wealth created and total value distributed increased by 24% during the year. The largest portion of value distribution remains reinvested in the Group with employees being the second biggest recipient of value. Finance costs paid to lenders can be attributed mainly to the recent investments made in the acquisition of the Sigma pharmaceutical business for R5,9 billion in 2011 and for the acquisition of the OTC brands from GSK for R2,1 billion in April 2012 as well as the remaining debt in respect of strategic transactions concluded with GSK during 2008 and 2009. Borrowings comprise currency-denominated debt pools in Australian Dollars, US Dollars and South African Rand. Interest rates are mostly linked to BBSY, LIBOR and JIBAR for the respective debt pools. The synergies extracted from the Sigma investment are evident in the strong performance of the Asia Pacific segment. Further returns are expected over the medium term as the benefits of promotion and market penetration are realised.

Value added per employee and wealth created per employee grew by 22% and 23% respectively, indicating efficient contribution by employees to business performance. Gross contributions to central and local governments increased by 16% to R671 million representing Aspen's economic value add to the economies in which it operates. Aspen received subsidies mainly from the South African government for capital investment projects at the manufacturing sites and for investment in learnerships amounting to R16,7 million (2011: R4,9 million). In Brazil, an *Imposto sobre Circulação de Mercadorias e. Serviços* (ICMS) State Value-Added tax reduction is granted to companies registered locally on the import of goods where companies embark upon capital and technological investment projects and conduct foreign trade transactions.



Value distribution
2012: R6 829 million

- Employees
- Governments
- Reinvested in the Group
- Providers of capital-finance costs



Value distribution
2011: R5 512 million

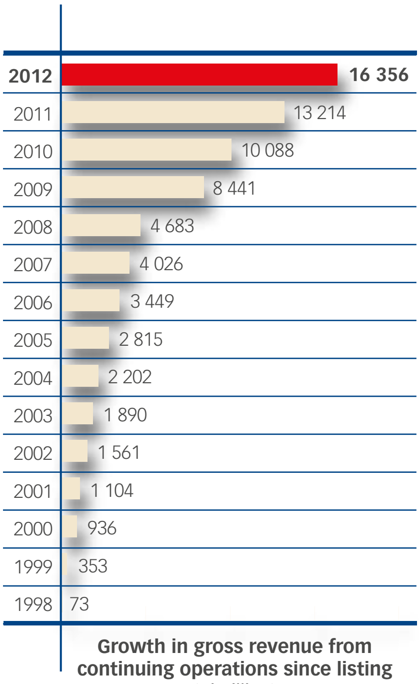
- Employees
- Governments
- Reinvested in the Group
- Providers of capital-finance costs

Taking consideration of the Group's performance during 2012 and status of cash flows to support short- and medium-term requirements, a capital distribution of 157 cents per share (2011: 105 cents) was declared in favour of shareholders. Despite a challenging economic climate across all territories, Aspen has been able to sustain favourable returns to shareholders.

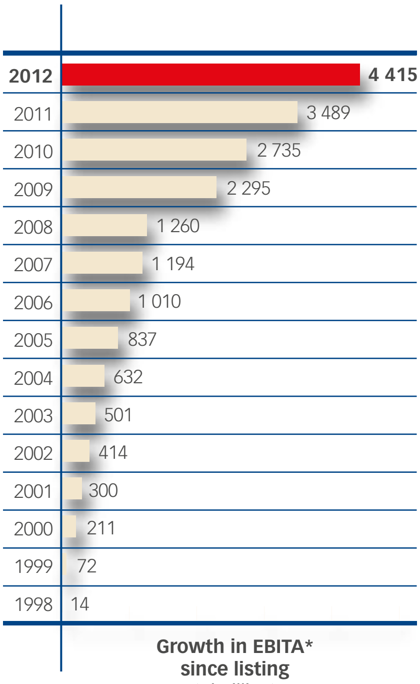
An investment in Aspen of R10 000 on 1 July 1999 would have been worth R311 600 on 30 June 2012 (2011: R246 418) with reinvestment of distributions to shareholders. The value of the investment would hence have grown by 31 times over 13 years. Aspen has delivered CAGR of 29% to shareholders who have remained continuously invested in the Company since 1 February 1999.

The Group has recorded double digit growth in revenue, EBITA* and normalised headline earnings per share for 14 consecutive years. This has been achieved through a combination of organic and inorganic strategies comprising sustained growth of pre-existing products and businesses, successful launches from the product pipeline, supplemented by strategic business and product acquisitions, as well as commercial alliances with leading multinational pharmaceutical companies.

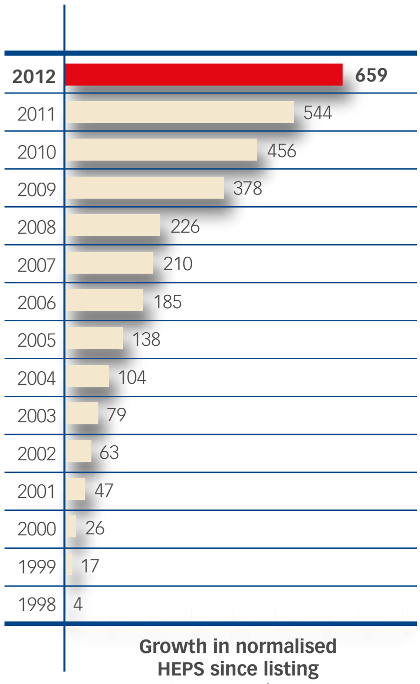
* *EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*



Growth in gross revenue from continuing operations since listing
(R'million)
CAGR = 47%



Growth in EBITA* since listing
(R'million)
CAGR = 51%



Growth in normalised HEPS since listing
(cents per share)
CAGR = 44%

GEOGRAPHIC DIVERSITY FOR FUTURE GROWTH

Once Aspen had established a leading position in the South African pharmaceutical industry, executive management recognised that, in order to achieve robust financial performance on an ongoing basis, it was imperative for the Group to diversify its geographic presence to territories outside South Africa. Aspen has favoured entry into emerging pharmaceutical markets ("pharmerging markets") where the future for generic penetration is high and where Aspen is able to respond to the developing healthcare needs in these territories with its integrated manufacture and distribution model and broad-range portfolio which offers essential but affordable medicines to patients who are often responsible for the costs of their medicines.

Today, Aspen has established companies trading on six continents across more than 150 countries. In the period 2008 to 2012, Aspen entered the Latin American, SSA and South East Asian pharmerging markets, sustained leadership in the South African market and has become a force in the Australian market. Aspen recorded a 24% growth in gross revenue from continuing operations during the year (2011: 31%) despite downward pricing pressures and rising competition in all its markets.

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Overview
Business unit reviews
Governance
Summarised financial statements
Sustainability
Shareholders' information

Sustainability report continued

The businesses in Latin America and SSA have been restructured and the momentum has been created to pursue steady growth with branded products in the private sector. In these regions, Aspen has significantly reduced reliance on the public sector in favour of more predictable demand and higher returns in the private sector. The businesses in Hong Kong and the Philippines represent Aspen's existing footprint in South East Asia with plans for further expansion into targeted territories such as Malaysia, Taiwan and Thailand currently being explored. Latin America and South East Asia are considered to have high potential for growing future contributions to the Group. Focus is now being given to developing a critical mass of products and volume through the distribution structures in these territories. This will accelerate revenue growth while improving economies of scale.

With reference to IMS growth forecasts, national healthcare spend priorities worldwide, increasing bias towards generics and the consumer's desire for trusted brands, management is confident that Aspen has built a strong foundation to optimise arising growth opportunities in the global pharmaceutical industry. It is expected that pharmerging markets and generics spend will increase by USD197 billion by 2015. Loss of exclusivity on originator products in the developed pharmaceutical markets is expected to yield negative growth.

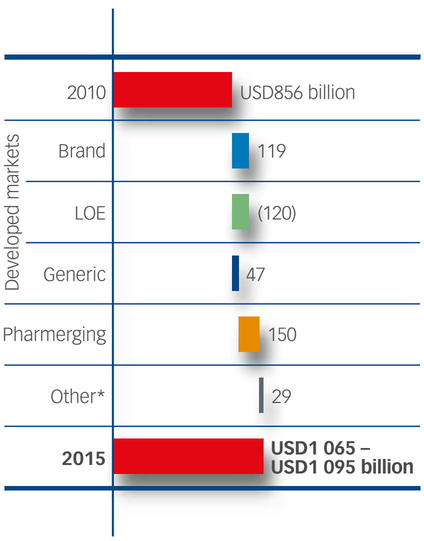
Aspen's current position in its key territories is summarised below.

Territory	Value* of the total pharmaceutical market	**Aspen's share* of the market and ranking 2012**	Aspen's share* of the market and ranking 2011
South Africa	USD3,4 billion	**16% (Ranked 1st)**	17% (Ranked 1st)
Australia	USD14,8 billion	**4% (Ranked 7th)**	4% (Ranked 7th)
Brazil	USD26,0 billion	**0,3% (Ranked 64th)**	0,3% (Ranked 54th)
Mexico	USD9,4 billion	**0,3% (Ranked 51st)**	0,3% (Ranked 50th)
Venezuela	USD7,2 billion	**0,2% (Ranked 69th)**	0,1% (Ranked 78th)

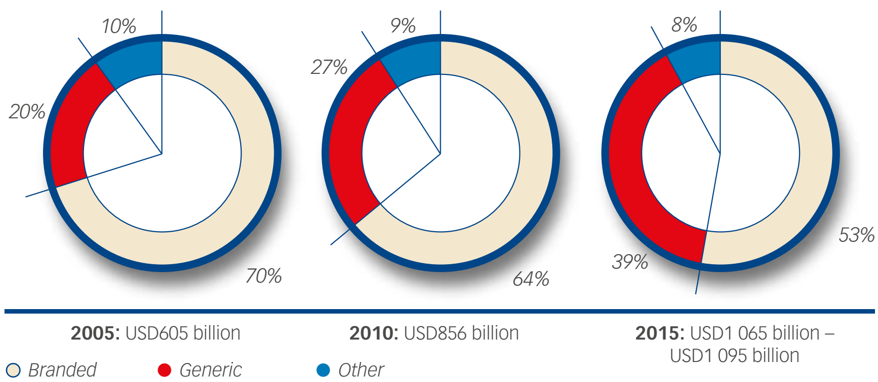
** Market value and share of the market are reported as per IMS data at June 2012. IMS information is not available for territories in SSA.*

An accelerated shift in spending on generics is expected to occur by 2015. IMS projects that global sales for generic products will increase to 39% from the 27% levels recorded in 2010. Generics are a key element of Aspen's business model and comprise almost all of the products in the Group's pipeline.

Pharmerging markets and generics are the only drivers of growth
IMS global market prognosis



**Other includes Rest of World*
+USD27 billion, other developed market growth
+USD17 billion, Exchange rate change – USD15 billion



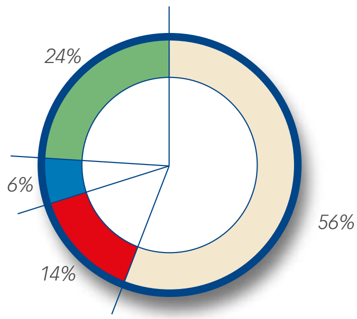
Source: IMS Market Prognosis, April 2011

Aspen's South African business model has, for a number of years, been based on the one-stop-shop strategy which offers customers a wide range of generics, branded, OTC and consumer products. The acquisition of the Sigma pharmaceutical business in Australia has enabled Aspen to adopt a similar one-stop-shop model in this territory. Aspen has an expanded range of global brands, being products which are sold and distributed in multiple territories worldwide. The global brands have been selected based upon established strong brand equity. The pharmerging countries are the focus areas for the global brands growth strategies. These products are sold either through Aspen's subsidiaries and, where critical mass has not yet been reached, through third party distributors.

In developed pharmaceutical markets, the healthcare regulators' intention to reduce the average cost of medicines has translated into legislated price reductions in many countries. This pricing pressure has diluted revenue value growth prospects in South Africa, Australia and in Europe. In both Latin America and SSA, there are better margins to be made in the private sectors where doctors and patients have the opportunity to make choices regarding the selection of high quality medicines which carry the premium associated with the assurance gained by choosing a credible brand. Concerted efforts have been made in both regions to dilute the public sector business in favour of growing the private sector exposure. The benefits of this strategy are starting to be realised – the reliance on public sector business has been reduced substantially in both Latin America and in East Africa.

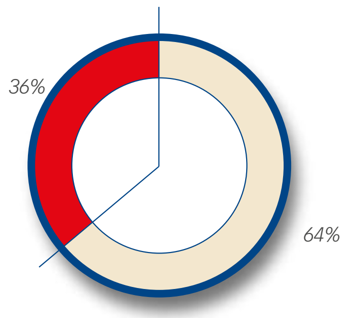
SUSTAINING A COST COMPETITIVE MANUFACTURING BASE

Aspen ranks among the top 12 global generic companies as reported by Generics Bulletin. Aspen's manufacturing headquarters are based in South Africa and, despite accelerated increases in the cost of labour and electricity, Aspen has maintained supply of cost competitive products through innovative leadership, a culture of excellence, committed employees, ongoing focus on continuous improvement and strategically sound investments in effective manufacturing solutions.



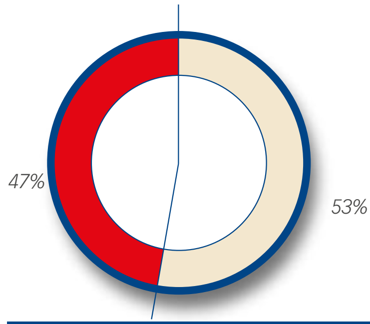
Allocation of conversion costs at the South African facilities

Payroll costs
Electricity
Depreciation
Other



Allocation of production costs at the South African facilities (including ARVs)

Material costs
Conversion costs

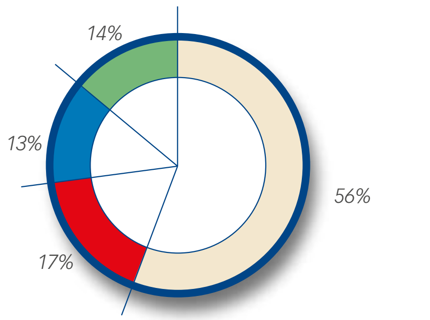


Allocation of production costs at the South African facilities (excluding ARVs)

Material costs
Conversion costs

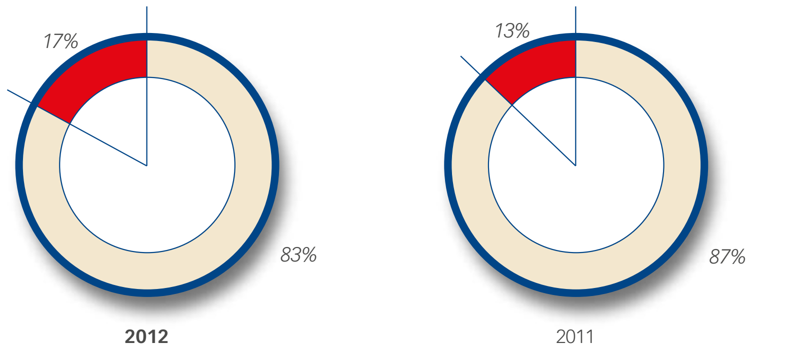
Significant investment has been made at the South African manufacturing facilities to homogenise production at designated facilities, consolidate site management and facility support services under single management structures and to create a manufacturing platform which is aligned to the Group's medium- and long-term commercial strategy. Capital investment projects have created a manufacturing infrastructure compliant with the requirements of regulators across the world and with the capacity to support the Group's growth plans. This world class infrastructure is being enhanced through ongoing projects which aim to optimise economies of scale. The benefits of such initiatives have already had a positive impact on the cost of goods and, in turn, supported gross margin stability in the Group.

Sustainability report continued



Analysis of Group tablet making capacity (19 billion tablets)

South Africa
Australia
Europe
Other



Allocation of domestic and international bulk manufactured volumes at the Port Elizabeth sites

South Africa
International

In Port Elizabeth, the current capacity utilisation is approximately 50% and the additional capacity has been installed to accommodate the manufacture of international production volumes, pending completion of technical manufacturing activity relocation projects. Should additional capacity be required, tabletting capacity can be substantially increased, using the existing manufacturing platform, with a modest capital investment and the addition of only incremental variable costs. To date, the manufacturing activity relocation of Zyloric from Bad Oldesloe and Moduretic from Australia is complete. A total of 4 billion tablets will be transferred into the Port Elizabeth site over the next two years as a result of this manufacturing activity relocation. Owing to economies of scale and procurement savings, there will be meaningful improvement in the cost of these products. Plans to construct specialist product suites are under consideration which will create capability for a broader range of products to be manufactured for both local and export markets.

Automation of routine processes, continuous improvement initiatives and resource conservation projects have all contributed towards extracting manufacturing efficiencies and optimising product cost at the Port Elizabeth site. Further to this, manufacturing staff have received the necessary training and exposure to new technologies, empowering them to add value in the expanded manufacturing environment.

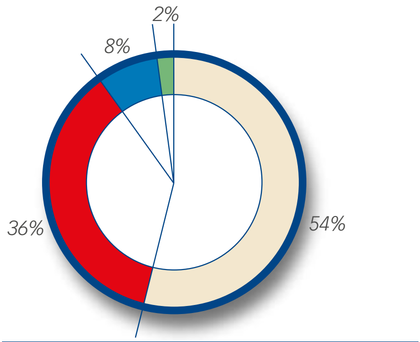
In Australia, the factory consolidation and rationalisation project is progressing well. Key facility support services and management structures have been consolidated and technical transfer projects are in progress to outsource production of selected products to the Group's Port Elizabeth site and to third party manufacturers. This project, which will see the closure of the Noble Park and Croydon sites by December 2013, has commenced and will result in Aspen's manufacturing in Australia being consolidated at the Dandenong site. In September 2012 a plan for the phased closure of the Baulkham Hills site was announced.

Commercial manufacturing opportunities are being evaluated at Aspen Bad Oldesloe and Aspen Mexico in order to attain better economies of scale. Capital expenditure investment at the Bad Oldesloe site, aimed at increasing capacity in preparation for the commercialisation of the Eltroxin line extension during 2013, is in progress. This, together with manufacturing efficiency and procurement savings projects, will position the German site to pursue other commercial manufacturing opportunities. Cost competitiveness of selected global brands will benefit further from cheaper sourced APIs which are being developed at FCC, the Group's specialist API manufacturing site in South Africa.

Sites in Brazil, Tanzania and Kenya manufacture products for the local markets. Manufacturing strategies at these sites are being reviewed to assess future production allocation.

Aspen's procurement strategies have delivered material savings in product costs and have enabled the Group to compete successfully against low-cost Asian suppliers. This experience and expertise is being leveraged across the Group. Supplier relationship management is receiving ongoing focus to ensure that the quality of materials and supply reliability criteria are met over and above competitive prices. Aspen has fostered long standing relationships with key suppliers which create mutually beneficial outcomes, supporting the sustainability of Aspen and its suppliers.

For products manufactured at sites in South Africa, a significant portion of APIs are purchased from foreign suppliers, primarily in USD. Packaging materials are largely procured from sources within South Africa.



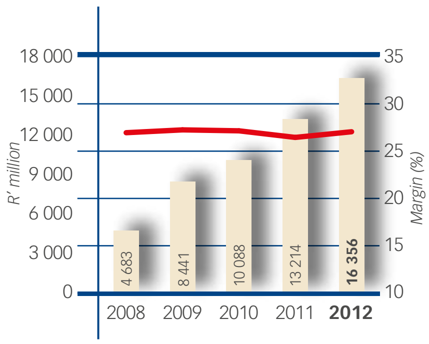
Currency exposure cost of materials purchased in the South African operations

USD *ZAR*
EUR *Other*

Standard product costs are set on an annual basis in accordance with budgeted exchange rates. Through the application of treasury management systems exchange rates are monitored on a daily basis and, where material movements occur, the need to revise standard costs is assessed. Forward cover is taken out in South Africa for each confirmed materials purchase order.

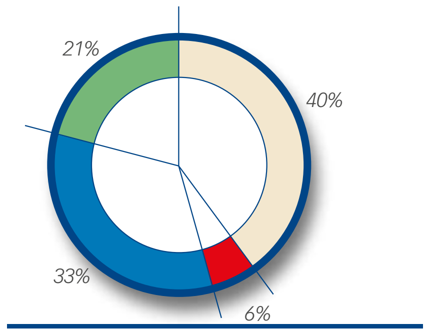
MAINTENANCE OF FINANCIAL HEALTH

Material economic indicators signal the Group's financial strength. Growth in normalised operating profit of 27% exceeds the 23% growth in revenue, thereby implying that the Group has managed to improve the cost effectiveness and promotional efficiency of its revenue generating activities. The geographic expansion of the business has assisted in improving the Group's overall operating margins to 27% despite pricing and inflationary pressures experienced across the business units.



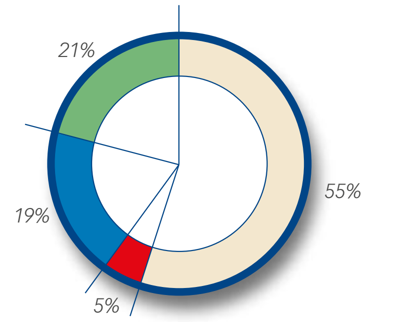
*Based on gross revenue and normalised EBITA**

For the first time in its history, profits from Aspen's International businesses exceeded those generated by the South African business. This shift in contribution is mainly attributed to Asia Pacific, following the acquisition of the Sigma pharmaceutical business and the accelerated realisation of synergistic benefits post integration. The target to double the pre-acquisition earnings before interest and tax from the acquired Sigma pharmaceutical business is well within reach.



EBITA*
2012: R4,4 billion

South Africa *SSA*
Asia Pacific *International*



EBITA*
2011: R3,5 billion

South Africa *SSA*
Asia Pacific *International*

Aspen strives for continuous improvement in each business in an effort to optimise performance. Following recent challenges experienced by the South African business, management in this business will focus strongly on organic growth through product launches, effective promotion of existing brands and through actively managing key customer relationships. Cost savings projects and new product launches are also targeted across Aspen's International businesses.

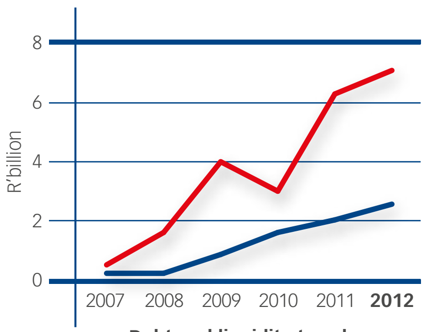
Strong cash flows were once again a feature of Aspen's performance and operating cash flow per share increased by 18% to 667 cents. As a result of stockbuild of global brands by subsidiary companies as well as stockbuild in

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Sustainability report continued

Australia, working capital as a percentage of revenue increased from 23% to 27%. This is well within Aspen's target range of 25% to 30%. Financial internal control systems in Aspen Brazil and Shelys have been strengthened by the implementation of new Enterprise Resource Planning systems and the reliance on manual controls has been reduced. Working capital management in these businesses is hence expected to improve. Demand management systems at Aspen Global have been enhanced to accommodate the increasing supply chain complexity in this business. Demand management systems in Australia, Europe, East Africa and Brazil are also receiving focus.

Net borrowings at year-end, mainly attributable to the loan facilities raised for the Sigma transaction as well as the recent acquisition of the OTC brands from GSK, increased by R0,8 billion to R7,1 billion during the past year. EBITA* covered interest paid by 9 times at year-end which is comfortably within the internal Aspen target of 5 times cover. The Group thus has sufficient capacity for further gearing to fund feasible acquisition opportunities. None of the Group's assets are encumbered.



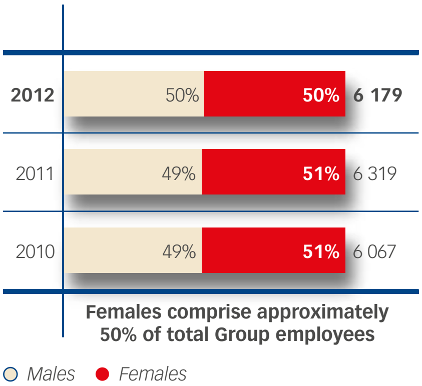
Debt and liquidity trends

- *Net borrowings*
- Cash flow from operating activities

CREATING AN ENVIRONMENT IN WHICH OUR EMPLOYEES CAN THRIVE

Nurturing and managing our employees

A total of 6 179 capable, competent and committed permanent and temporary staff members are employed by the Group across six continents, representing 42 nationalities. Female employees comprise 50% of the total workforce and 84% of employees are employed on a permanent basis.



Females comprise approximately 50% of total Group employees

To support the needs of a rapidly expanding and diversified business, a formalised human resources strategy is in place, aligned to the Group's strategic objectives. The Group Human Resources Department is responsible for driving this strategy. To this end, Aspen strives to become a preferred employer by attracting, developing and retaining the best talent.

A Human Resources Forum, comprising senior Group executives, is in place and meets quarterly to monitor and review the progress of the human resources strategic plan. The human resources strategic priorities target the following areas of focus as illustrated in the diagram on page 147.

Decentralised Human Resources departments are in place throughout the Group to manage employee affairs at each business unit. Where resident human resources capacity does not exist, the relevant business units receive support from the Group's Human Resources Department. Good progress has been made with the implementation of phase one of the Group human resources strategy in South Africa where policies and protocols are being reviewed and standardised across the business. Once this strategy is satisfactorily embedded in South Africa, phase two will see replication of validated policies and protocols across the International businesses with due consideration of local dynamics which influence acceptable policies and procedures. Some governance policies, including the Code of Conduct, have already been implemented throughout the Group. In the interim period, the Group Human Resources Executive has established formal engagement sessions with the relevant human resources managers at the International business units to provide the necessary expertise and support to facilitate consistent human resources practices and, further, to enhance integration of a growing employee base into the Group.

The pharmaceutical industry, in general, relies on the availability of a finite pool of qualified technical skills. Experienced pharmacists, chemists, artisans and engineers are in scarce supply and in high demand. In addition hereto, candidates offering the necessary capability and experience also need to be evaluated for suitability to meet Aspen's high performance culture. Aspen applies a transparent and methodical recruitment process to access high calibre candidates globally. Promotion of internal candidates, who meet the specified requirements, is encouraged. A Group Recruitment Manager has been appointed and recruitment of a Group Rewards Manager is in progress. These positions will contribute towards the better alignment

** EBITA represents operating profit from continuing operations before amortisation adjusted for specific non-trading items as set out in the segmental analysis on page 121.*

Human Resources strategic priorities

of strategic human resources processes with the requirements of an expanding multinational Group.

All employees are provided with equal opportunities based upon a fair and consistent evaluation of demonstrated capability, competence and identified potential. In South Africa, preference is given to historically disadvantaged individuals in accordance with the Group's transformation objectives. Employment Equity Forums are in place at each of the South African sites and these forums meet regularly to monitor the status of employment equity plans at the relevant sites. On an annual basis, employment equity indicators, which track Aspen's performance against its employment equity plan, are submitted to the Department of Labour. During the year, employment equity indicators are monitored by Social & Ethics Committee.

Talent is identified and nurtured. Aspen provides a learning environment where coaching and mentoring of staff forms part of management's core responsibility. Leadership and management development programmes have been planned for implementation in the South African business during 2013 to enhance the pool of managerial competence. This supports Aspen's culture which requires calculated and confident decision-makers who accept accountability.

Managers and key staff in the Group are managed and measured in accordance with a formalised performance management programme. Performance appraisals are completed annually and managers evaluate employee performance twice a year through constructive performance assessment and objective setting sessions. Performance incentives and annual salary increases for assessed staff are determined with reference to the completed appraisals. Development and training needs are also identified during this process.

In total, performance appraisals are conducted for all permanent skilled, professional and managerial staff, representing 72% of permanent employees in South Africa where an automated performance management system is currently being implemented. In East Africa, performance appraisals are completed for executive, senior and middle management staff, representing 60% of staff in Tanzania and 50% of staff in Kenya. In Latin America performance appraisals are in place for 10%, 93% and 97% of staff in Brazil, Mexico and Venezuela respectively. The scope of this process is currently being extended at Aspen Brazil to include professional and sales staff in addition to managers. Performance appraisals are completed for 100% of staff at both Aspen Global and Aspen Philippines and for 80% of employees at Aspen Bad Oldesloe.

The Board's Remuneration & Nomination Committee monitors the adequacy of succession plans for the Company's executive directors and the Group's senior executives. In South Africa, succession plans are in place for top management, senior management and professional staff. Departmental succession plans for the South African business units are monitored and approved by the Head of South African Operations or the Chief Executive Officer South Africa, as appropriate. Succession plans are also in place for key executives and managers in the International businesses. The adequacy of these succession plans is monitored by the responsible Group executives.

Similarly retention plans are in place for identified key staff members in each business. Retention plans are tailored in accordance with the nature of the position, availability of skills and experience and the employee's contribution to the Group. Appropriate steps are taken to retain key employees.

Sustainability report continued

Employment indicators

Employee movement	Group	South Africa	SSA	Asia Pacific	International
Number of employees at 1 July 2011	6 319	3 712	696	768	1 143
Appointment of new employees	1 398	610	79	291	418
Termination and/or expiry of employment contracts	(1 484)	(563)	(397)	(150)	(374)
Transfer of employees in the Group	–	1	–	–	(1)
Retirements	(33)	(27)	(2)	(1)	(3)
Medical retirements	(11)	(6)	(4)	–	(1)
Deaths	(10)	(10)	–	–	–
Total Group employees at 30 June 2012	6 179	3 717	372	908	1 182
– Percentage permanent employees	84%	78%	97%	98%	89%
– Percentage temporary employees	16%	22%	3%	2%	11%
– Percentage male employees	50%	45%	76%	57%	52%
– Percentage female employees	50%	55%	24%	43%	48%
Average permanent staff turnover % per region	18%	13%	35%	17%	25%
Average permanent staff turnover % per region (2011)	16%	12%	16%	26%	22%
Average permanent staff turnover % per region (2010)	16%	9%	16%	Not measured	46%

Employees are appointed in accordance with identified business needs and also to replace vacant positions. In Asia Pacific, 82 employees represent the recently established business in the Philippines. Appointments were also made at Aspen Global to strengthen the resource base required to manage the complex international distribution platform operated by this business. A further 34 employees were appointed at Aspen Ireland.

In accordance with Aspen's intention to facilitate mobility of experienced skills within the Group, four employees were transferred from Beta to Shelys in East Africa, one employee was transferred from Aspen Dubai to South Africa and one employee was transferred from Aspen Venezuela to Aspen Mexico during the year.

Across the businesses, resignations are mostly attributable to natural attrition of employees and expiry of contract periods for temporary employees. In total, 65 employees were dismissed in the Group for misconduct. Employees are expected to conduct themselves in a manner that upholds the Aspen values. To this end, formalised disciplinary procedures are followed to investigate and respond to incidents of employee misconduct.

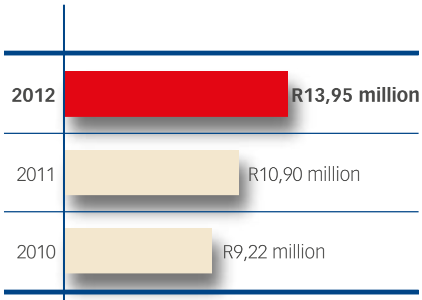
The Group's employee turnover has been calculated with reference to total permanent employee departures as a percentage of average permanent employees. Where benchmark industry indicators are available, these are applied to monitor internal turnover statistics against industry norms. Aspen values its employees and, to this end, all efforts are made to retain employees where possible and curtail the level of turnover. Average employee turnover in South Africa is 13% which is slightly higher than the South African industry average of 11% as reported by Deloitte. As a result of the site closures and site rationalisation programmes, the average turnover rates for the Asia Pacific and SSA regions are 17% and 35% respectively. In East Africa, the lack of locally available managerial skills increases the reliance on expatriates and this factor, to some extent, has also contributed to the high staff turnover. In respect of the International segment, the experience and competence of Aspen's sales representatives in Latin America have been recognised in the industry and, as a result, the turnaround of sales staff in the region has been high at 25%. As a consequence, remuneration packages for sales representatives have been benchmarked and appropriately adjusted to limit further loss of experienced skills.

Aspen regrets to report that 10 employees passed away during the year. One of these fatalities was as a result of an unfortunate work-related incident which occurred at the Aspen Nutritionals facility in South Africa. All necessary steps have been taken to carefully investigate and adequately address the cause of this incident. The remaining deaths occurred as a result of illnesses or accidents which were not work related.

Building the skills pool and developing future Aspen leaders

As the business evolves, Aspen's employees are upskilled to enable effective performance of responsibilities. Training and development programmes are aligned to business objectives and identified employee development needs.

During the year 3 715 employees attended training and development programmes, provided by external training providers, at an average cost of R2 689 per permanent employee (2011: R2 230). Training spend per employee for the comparative period, previously reported amount of R2 560, has been restated following a benchmarked denominator for this indicator using average permanent employees. Most employees also attended training and development programmes which were conducted internally. However, systems are not currently in place to measure the significant cost of internal training and steps are being taken to consider appropriate measures to quantify the value of such training.



Total investment in externally sourced employee training and development programmes

In the South African business, internal training programmes are conducted on an ongoing basis across the sites. These include policy and procedures training, GMP training, health and safety training, information systems training, product training as well as technical and functional training. Such training programmes are designed to maintain an awareness of compliance requirements and also to address specific training needs relevant to the effective performance of responsibilities. Employee personal development requirements are also considered in the application of training initiatives.

Owing to management's focus on developing the business infrastructures and entrenching strategic objectives, training programmes have not yet been formally implemented in the international businesses. Employee training requirements in these businesses are currently being addressed on a case-by-case basis. Workplace skills plans will be developed for the International business units following the roll-out of the human resources strategy in these businesses. There is a committed intent to address this requirement over the medium term. Continuity of a strong team of leaders is imperative to the future success of the Group. For this reason, practical leadership development programmes have been designed which promote Aspen's leadership philosophy.

In accordance with the employee retention strategy, leadership and management development programmes have been implemented in South Africa. These are designed to groom high potential employees into supervisory and management positions which become available in the Group. Learning modules are aligned to universal leadership principles which include, *inter alia,* self-awareness, managing personal effectiveness, relationship management, performance management as well as diversity and conflict management. A total of 485 employees participated in the leadership development programme during 2012 (2011: 269).

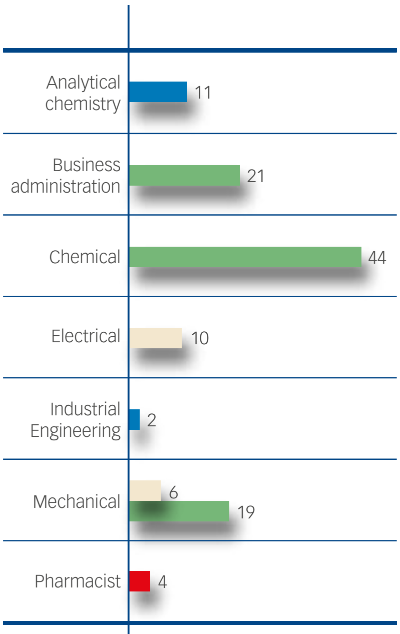
Three managers in South Africa are studying towards an MBA and one employee is studying towards a doctorate to develop general management capability.

In order to increase the skills pool and develop future talent, Aspen grants bursaries to individuals at selected institutions in South Africa. In 2012, 32 (2011: 61) such bursaries were granted

Sustainability report continued

to candidates who are studying towards obtaining qualifications which are relevant to Aspen's business such as pharmacy, chemistry, operations management, engineering, marketing, accounting and finance.

Internship and learnership programmes are in place in South Africa. During the year, 207 (2011: 228) internships and learnership programmes were in place with 99,5% of these learnerships being in favour of historically disadvantaged individuals. It is pleasing to record that a total of 117 (2011: 103) candidates were successful in completing their internship, learnership or apprenticeship programmes during the year.



117 successful candidates were added to the skills pool during the year in South Africa

Seventeen learnership programmes are also in place at Aspen Bad Oldesloe in the areas of business administration, logistics, engineering and production. In Venezuela, companies are obliged to subsidise school fees for students who, after completing their schooling, join a company for a period of 14 months of vocational training. One such learnership is currently active at Aspen Venezuela and a further three candidates will be sponsored during 2013.

RESPECTING HUMAN RIGHTS AND PROMOTING EQUALITY

Fair treatment of employees

In accordance with Aspen's Code of Conduct, employees are treated with fairness, equality and respect. Aspen promotes a working environment which is void of prejudice, bias, harassment and/or violation. Discrimination of employees on the basis of gender, race, physical health, sexual orientation, individual belief systems and/or any other unfair grounds is prohibited.

The Group's HIV/AIDS Policy ensures the fair, ethical and equitable treatment of infected employees and specifically prohibits any discrimination based on an employee's HIV/AIDS status, in particular, when considering promotion or other career opportunities. Adherence to fundamental human rights, throughout the Group, is monitored by Aspen's Social & Ethics Committee.

During the year, no incidents of discrimination, forced labour or compulsory labour were found to exist in the Group (2011: zero). These aspects are monitored for all business units.

Furthermore, there were no reported incidents in the Group where the rights of indigenous people were violated.

Recognising employees' rights to belong to trade unions and collective bargaining groups

Aspen's employees are free to belong to employee trade unions and collective bargaining groups. Strike action is an inherent risk where labour is represented by trade unions. Aspen generally has a positive and constructive relationship with the unions representing its employees. Employees at the South African manufacturing sites are affiliated to the chemical sector trade union. In a proactive response to mitigate labour issues, formal initiatives have been implemented to strengthen the relationship between management and trade union representatives through periodic dialogues. These discussions are intended to identify and address matters impacting employee relations on an ongoing basis.

In total, 29% of permanent employees in the South African businesses belong to CEPPWAWU, which is also a strategic shareholder in the Group. Approximately 1% of employees belong to the South African Chemical Workers Union. Both these trade unions are affiliated to the National Bargaining Council for the Chemical Industry in South Africa.

In Australia 33% of employees are members of the National Union of Workers, 2% belong to the Workers Union and 0,3% belong to the Electrical Trades Union. In total 40% of employees at Aspen Australia belong to the collective bargaining unit. Employees at Aspen Philippines do not belong to a trade union. Following an employee engagement session which was conducted during the year, an employee management forum has been initiated and will meet quarterly with elected employee representatives. This will provide an opportunity for employees at Aspen Philippines to openly engage with management and address pertinent matters affecting employee relations.

In East Africa, 47% of permanent employees at Shelys belong to the Tanzanian Union of Industrial and Commercial Workers and 92% of employees, excluding expatriates, belong to the collective bargaining unit. In Kenya 15% of permanent employees at Beta belong to the Kenya Chemical and Allied Workers Union and 2% of employees have opted to be affiliated to the collective bargaining unit.

Membership of the trade union is a voluntary decision made by each employee at Aspen Bad Oldesloe. In accordance with internal estimates, approximately 30% of staff are members of the German Chemical Industry Trade Union and 94% of employees belong to a collective bargaining unit.

In the Latin American businesses, 100% of employees in Brazil belong to the Sinfar or Tranquimfar trade unions and 16% of employees in Mexico belong to the employee trade union, Federacion Obrera Sindicalista. In both Brazil and in Mexico, working conditions as well as remuneration and benefits are subject to collective labour agreements which are reviewed annually. There are no unionised employees at Aspen Venezuela. Instead, a Council of Representatives, elected by employees, meets regularly to discuss matters impacting employee welfare. In addition, an employee representative body negotiates basic salaries, salary increases and other benefits on behalf of employees in the pharmaceutical and allied industries in accordance with parameters that are pre-approved by the Venezuelan government. These negotiations follow a two to three year cycle.

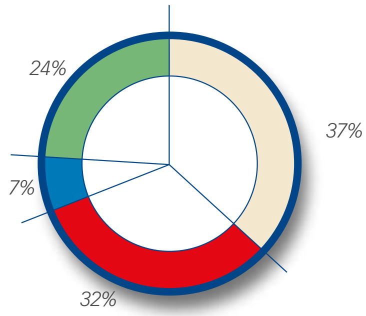
All material operational changes are communicated to the relevant employee trade unions within legislated timeframes. Employee wages, across the Group, are paid in accordance with legislated rates in the relevant jurisdictions and with reference to rates agreed upon with relevant trade unions and/or collective bargaining councils.

Gender equality and empowering historically disadvantaged individuals in South Africa

As a result of equitable working conditions provided to employees at Aspen, gender equality indicators are not material to Aspen's business environment and employee management information across Aspen's International businesses is not measured and monitored with specific reference to gender. In South Africa, in accordance with the BBBEE Codes and Aspen's transformation policy, the advancement of historically disadvantaged individuals, including females, is promoted and measured.

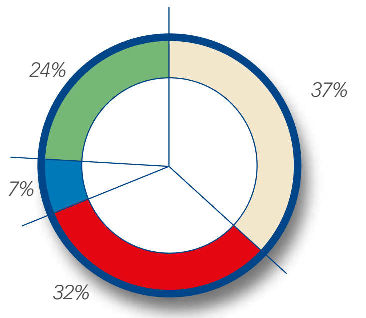
Aspen's Board is committed to the advancement of females into managerial roles within the Group and this objective is monitored by the Social & Ethics Committee. At year-end, 54% (2011: 55%) of permanent employees in South Africa comprised females. In order to promote retention of female employees in the South African business, the maternity leave policy was reviewed during the year and amended to ensure that remuneration paid to female staff during maternity leave was market-related.

With reference to the demographic composition of employees in South Africa, 76,0% of employees are black (2011: 75,8%).



Demographic composition of Aspen's permanent employees in South Africa
2012: 2 908 employees

Black *Coloured*
Indian *White*



Demographic composition of Aspen's permanent employees in South Africa
2011: 2 957 employees

Black *Coloured*
Indian *White*

Sustainability report continued

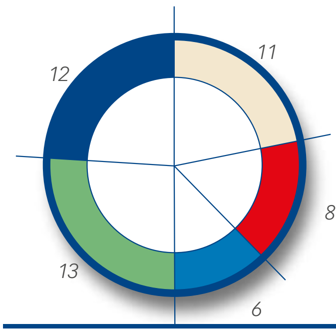
Encouraging progress has been made in achieving black representation among Aspen's management team in South Africa.

Management level	**2012 black representation achieved**	2012 target under the BBBEE codes	2011 black representation achieved
Senior management	**33%**	43%	30%
Middle management	**45%**	63%	44%
Junior management	**74%**	68%	67%

Aspen maintained its Level 3 contributor status as verified by Empowerdex in October 2012. This is a significant achievement particularly given the implementation of more onerous scoring in 2012. Combined with its accreditation as a value-adding supplier, Aspen's South African based customers are able to claim 137,5% BBBEE preferential procurement credits for the full value of purchases made from Aspen. During the year, Aspen procured 81% of its total qualifying spend from empowered suppliers, thereby contributing towards the development of historically disadvantaged entrepreneurs in South Africa.

CONTRIBUTING TO THE HEALTH OF THE COMMUNITY

Aspen's CSI is focused on building healthcare capacity in South Africa through the support of projects aimed at increasing access to primary healthcare clinics in the rural areas, HIV/AIDS and non-communicable disease management and increasing healthcare education and awareness. Such initiatives are considered to be relevant in a country where increasing access to affordable healthcare has become a national priority. Aspen participates in meaningful public/private initiatives to the extent that these are aligned to Aspen's strategic objectives, Responsible Corporate Citizenship Philosophy and Code of Conduct. Aspen's CSI objectives are monitored by the Social & Ethics Committee.



Number of CSI projects by project type
June 2012: 50 projects

HIV/AIDS
Healthcare
Clinics
Community upliftment
Healthcare, education and training

In total, 50 formal CSI projects (2011: 46 projects) were supported during the year, reaching close to 490 210 direct beneficiaries in South Africa. In the 2011 Sustainability Report, the Group reported that approximately 879 000 beneficiaries were supported. This number included direct and indirect beneficiaries in accordance with information received from beneficiary organisations. During the year, steps were taken to quantify and verify the number of direct beneficiaries reached through engagement with CSI recipients for this particular purpose. For this reason, it appears that the number of beneficiaries supported has decreased significantly.

In addition to these formal CSI programmes in South Africa, Aspen participated in the 2012 Nelson Mandela International Day (refer to page 154).

Aspen co-pioneered a private/public partnership, including key members of the healthcare industry and the Department of Health, which was formed in August 2012. Future CSI contributions will be pooled into a central fiduciary trust for distribution in accordance with mandated objectives of this Trust. Aspen's long-standing beneficiary organisations will continue to be supported.

Contribution towards the development of sustainable primary healthcare facilities

During the year, Aspen extended its financial support to the Tara and Tarlton clinics in Gauteng, the Qunu Clinic in the Eastern Cape and to the Nelson Mandela Children's Hospital in KwaZulu-Natal. Much needed medical equipment and furniture was donated to the Tara Psychiatric Hospital. Aspen subsidised the purchase of parkhomes to be used as mobile training centres for nursing students, studying through the University of Johannesburg, at the Tarlton Clinic.
In partnership with Samsung South Korea, Aspen assisted with the provision of medicines to support health risk assessments conducted by South Korean doctors at the Qunu Clinic.

The Sifiso Nxasana Paediatric Trust for the Children of Africa was formed during the year for the enhancement of public paediatric healthcare in South Africa. Aspen's Chief Executive, Stephen Saad and non-executive director, Chris Mortimer, participated in the 240km Aspen Trans Karoo Mountain Bike event and Stephen Saad secured sponsorship, per kilometre, to raise funds in support of this initiative. The Minister of Health, Dr Aaron Motsoaledi accepted an invitation to cycle the first few kilometres of this event in demonstration of his support. Pledges for sponsorships were secured from local and multinational organisations for the benefit of the Nelson Mandela Children's Hospital and the KwaZulu-Natal Children's Hospital.

Aspen continued to provide financial assistance to the following donor clinics in South Africa:

- Engcobo Clinic in the Eastern Cape;
- Daggakraal, Nyarhi (Utah) and Volksrust clinics in Mpumalanga;
- Mduku, Mnqobokazi and Thathezakhe clinics in KwaZulu-Natal; and
- Namahadi Clinic in Free State.

Assisting in the combat against the HIV/AIDS pandemic

In accordance with published WHO statistics, HIV/AIDS affects the lives of almost 6 million South Africans, approximately 5% of whom are children. Aspen remains cognisant of the risk which the high HIV/AIDS infection rate poses to the future of the country. Consequently, the Group continues to align its CSI projects to initiatives aimed at preventing the spread of HIV/AIDS and which provide disease management support to patients. To this end, financial support continued to be given to various organisations around South Africa, including:

- Alexandra Health Centre and Khotso-Caritas Care Centre in Gauteng;
- DCC Hope Centre Clinic in KwaZulu-Natal;
- Emmanuel Haven Wellness Centre, Inkhwezi Lokusa Wellness Centre and Missionvale in the Eastern Cape;
- SA Clinicians Society, South African Business Coalition on HIV and AIDS (SABCOHA), HIV and AIDS Awareness Initiatives and Medical Treatment and the National Department of Health which have national reach; and
- Waterberg Welfare Society in Limpopo.

Developing the pool of healthcare skills in South Africa

In view of the shortage of healthcare skills in South Africa, Aspen supported education training programmes to sponsor students studying towards medical qualifications such as medicine, pharmacy and nursing. In total, Aspen provided financial assistance towards 13 such projects throughout South Africa. Ongoing financial contributions were made in favour of:

- the Aspen Diploma Course in Clinical Nursing Science, Health Assessment, Treatment and Care and the course in Dispensing for Non-Pharmacist Healthcare Professionals– a public/private partnership, initiated by Aspen, for the training of nurses;
- Umthombo Youth Development Foundation – a bursary scheme through which Aspen supports seven medical students to work in rural hospitals after having obtained their post qualifications;
- Centre for Education in Economics and Finance Africa – a leadership development and distance learning programme, based in London, which sponsors economics, finance and policy management studies for previously disadvantaged individuals;
- The Foundation for Pharmaceutical Education – financial assistance was granted to six previously disadvantaged pharmacy students at the Nelson Mandela Metropole and Rhodes universities in the Eastern Cape; and
- Wits Rural Health Initiative – financial assistance was provided to six high potential students from rural areas studying towards obtaining a medical qualification. This initiative has been supported for a number of years.

Support was initiated in favour of new beneficiaries, some of which included:

- African Institute of Health & Leadership Development – a premier think tank on healthcare matters in southern Africa through inclusive dialogue with identified stakeholders comprising universities, business and the National Department of Health; and
- George Bizos SAHETI Scholarship and Bursary Trust – in conjunction with the National Department of Health, the funds from this trust are used for the strengthening of healthcare systems in South and southern Africa.

Contributing towards the upliftment of our communities

Eight community upliftment projects are supported in South Africa. These include continued support of the Rekopane Inclusive Development Centre for mentally and physically disabled children in Gauteng which was renovated by Aspen's staff as part of the 2011 Nelson Mandela International Day initiative. In a new initiative supporting literacy, Aspen sponsored the construction of a library at the Malusi High School in Limpopo province. This project, anticipated to be completed during 2013, is expected to benefit the educational needs of 1 300 pupils from disadvantaged communities.

In addition, Nelson Mandela International Day was celebrated across all businesses in the Group this year and Aspen's employees around the globe participated in 29 community upliftment projects. Beneficiary projects were identified and selected by the business units and employees volunteered at least 67 minutes of their time to a worthwhile cause. Selected beneficiaries have been adopted by Aspen for ongoing support as part of the formal CSI programme. Selected Nelson Mandela International Day projects which were embarked upon by business units during 2012 are described on page 154.

Sustainability report continued

SELECTED 2012 NELSON MANDELA INTERNATIONAL DAY INITIATIVES

Region	Project
South Africa	Over a five day period, employees constructed a home, in accordance with an approved building plan, for a widowed domestic worker who provides for four children and a grandchild in Orange Farm, outside Johannesburg. Employees at Aspen's corporate office in Durban refurbished and enhanced the infrastructure at Ekusizaneni Children's Home in a nearby township, which supports 52 children. Donations of food, clothes and household goods were also made. Nelson Mandela International Day projects in Port Elizabeth reached approximately 450 beneficiaries. Goods were donated to the Missionvale Care Centre and Echo Foundation. Lights were installed at the Sinethemba Children's Care Centre. Employees and suppliers at the East London site collaborated in donating goods and money to the Sange Child and Youth Centre which provides temporary shelter to 42 foster children and orphans. Aspen Nutritionals staff refurbished and donated goods to the Bulamahlo Home and Day Care Centre which provides day care to 33 indigent children in the Tembisa township. FCC extended support to more than 300 beneficiaries at Casa Maria, a pre-school for children with learning disabilities and Tehillah Community Centre, a care centre for abused, destitute, homeless, and abandoned women, men, children and youth. Employees donated a collection of goods to both beneficiaries and restorations were done at the Tehillah Community Centre.
Asia Pacific	Aspen Australia supported FoodBank Australia and Oxfam Australia. Employees volunteered to work at the distribution centres for a day and funds were raised to extend the contribution to the many lives touched by these organisations. Employees at Aspen Philippines invested time to promote and create an awareness about the benefits of education and application of critical life skills among 37 children at the House of Refugees Foundation Incorporated in Manila.
Sub-Saharan Africa	Staff at Shelys in Tanzania donated food and goods to the Kigamboni Home for the elderly and Chakwama Children's Home. Soaps were donated to prisoners at the Segerea Prison. In Kenya, employees donated goods to Havilla and Mother Teresa children's homes. In total, more than 2 300 beneficiaries had the opportunity to benefit from these contributions.
Latin America	Aspen Brazil provided support to 300 children in the Cidade de Deus district. Employees interacted with the children and presentations were made on infectious diseases, health management and environmental management. A special lunch was arranged for indigent children. Toys were also donated. In Toluca, Mexico, Aspen employees chose to support a foster home which provides food, shelter and primary education to 55 children who are victims of domestic violence. Employees painted parts of the home, maintained gardens and did repair work to the play area. Aspen Venezuela supported an organisation providing eight "family homes" to approximately 250 abandoned children. Employees, employee families and suppliers collaborated to donate food, clothing and other necessities and a financial donation was also made in favour of these children.
Rest of the World	Aspen Dubai collected books for children which were sold at the annual book fair in support of a programme run by Doctors without Borders. Aspen Global supported Foyer Namaste which provides a home to 60 abandoned children with mental and physical disabilities. A donation of a washing machine, food, clothing and household goods was made by Aspen employees. Five projects were run at Aspen Bad Oldesloe. Employees invested time in painting the floors and maintaining the garden at St. Joseph's Children's Home where 130 children reside. A group of elderly people were accompanied to town and nurtured by employees. Support was also offered to selected parents whose children were hospitalised, and life skills and support was provided to a local kindergarten.

PROVIDING A SAFE WORKING ENVIRONMENT

In accordance with its SHE policy, Aspen undertakes to provide adequate resources for the effective identification and management of SHE risks in order to maintain a safe and hazard-free working environment for employees as well as for visiting contractors and third parties. To this end, formalised policies and focused initiatives are in place to:

- ensure compliance with all applicable SHE legal and other relevant requirements;
- prevent injury and ill health of employees through the elimination or mitigation of health and safety risks; and
- prevent contamination and/or cross-contamination of the environment which could be harmful to people on the working premises or to the external environment surrounding the manufacturing facilities.

The Group's commitment towards improving compliance with SHE standards gained significant momentum during the year.

In South Africa, a project plan is in progress at the Port Elizabeth, East London and Johannesburg sites to achieve OHSAS 18001 certification, governing health and safety and ISO 14001 certification which governs environmental management. Policies and procedures have been revised and approved and compulsory training sessions have been conducted for all staff at these sites. Accredited certification is anticipated to be received in 2013.

There is room for significant improvement with health and safety management in the International businesses and this is being given due focus. SHE management representatives from Aspen's international manufacturing business units attended an Internal Global SHE Workshop in Port Elizabeth during March 2012. This workshop resulted in an improved understanding of the SHE management systems in place at the different manufacturing sites and set the platform for setting objectives towards standardisation of SHE compliance and measurement systems across the Group.

Some SHE training took place at the Group's International businesses. SHE awareness training was conducted in East Africa and Brazil. At Aspen Mexico employees attended SHE training courses which targeted hazardous waste management and chemical spillage emergencies.

Safety indicators

The Disabling Incident Frequency Ratio ("DIFR") and LWDFR are KPIs used to monitor health and safety at each manufacturing facility. The latter indicator was introduced during 2012 in order to enhance comparability of Aspen's safety management rate against peers and, consequently, comparative data is not available.

The calculation of DIFR has been updated to include all reversible disease cases and restricted workday incidents for more comprehensive incident reporting on all incident classifications.

The DIFR measures the percentage of employees who suffered disabling injuries in the last 12 months, irrespective of whether such incidents resulted in lost work days. DIFR tolerance at all sites is set at less than 1,00 (or 1%). The LWDFR indicates the percentage of employees who had to be booked off due to work related disabling injuries or for illnesses over the last 12 months. Both ratios are calculated with reference to 100 employees and 200 000 operating hours annually. LWDFR tolerance at all facilities is set at less than 0,75%.

Safety measures were not formally measured at the facilities at Aspen Mexico during 2012. Measures will be implemented during 2013.

Indicator	Group	South African Operations	FCC	Aspen Australia	Shelys	Aspen Brazil	Aspen Mexico	Aspen Bad Oldesloe
DIFR: Actual	0,94	0,64	0,87	1,68	2,11	0,16	Not yet measured	1,14
DIFR: Actual (2011)	0,81	0,65	3,24	Not measured	0,60	Not Measured	Not measured	0,60
LWDFR: Actual	0,87	0,61	0,87	1,68	1,89	0,16	Not yet measured	1,14
Number of permanent disabling injuries	4	3	0	0	1	0	0	0
Number of permanent disabling injuries (2011)	2	2	0	0	0	0	0	0

Sustainability report continued

In total four permanent disabling injuries were recorded in the Group. The permanent disabling injury at the Aspen Nutritionals facility was regrettably a fatality. The cause of this incident has been thoroughly investigated and, as a result, machine guarding has been improved, alert alarms have been installed to forewarn employees of pending automatic machine motion and an additional emergency stop has been added. Standard operating procedures governing this machine have been revised and employees have received refresher training. Two employees at the Port Elizabeth and East London sites suffered partial amputation of their fingers during routine operational cleaning procedures. As a result, employee safety measures related to these machines have been improved and standard operating procedures have been updated. Corrective actions to address the cause of these permanent disabling injuries have been implemented in accordance with recommendations arising from investigations conducted by the Department of Labour.

Following the introduction of formal health and safety awareness training programmes at FCC during the year, the number of disabling injuries has been reduced in 2012. The 2011 DIFR for FCC included a motor vehicle accident involving seven employees which led to the high incident rate.

Three injuries took place at the Baulkham Hills site in Australia during the year where the injured employees hurt an arm, leg and back respectively. Appropriate corrective action has been taken to improve safety measures governing the processes during which these incidents occurred.

The high DIFR and LWDFR at Shelys are as a result of one permanent disabling injury where an employee's finger was severed and other incidents which occurred in the operating areas. General safety and health awareness training takes place on an ongoing basis and specific machine-related standard operating procedures training has been initiated for operating staff. Furthermore, risk assessment of defects on key machinery is currently in progress.

The 2012 DIFR and LWDFR for Aspen Bad Oldesloe were outside tolerance due to minor injuries. The 2011 DIFR for Aspen Bad Oldesloe was calculated in accordance with German legislation which considers incidents only when an employee is booked off for three days or longer. The 2012 DIFR for Aspen Bad Oldesloe has been calculated in accordance with the Group's DIFR calculation which commences at the loss of one working day or one shift. As a result, an improvement in the DIFR was recorded.

Employee absenteeism is formally recorded across the Group and monitored in accordance with the leave entitlement policy. At the manufacturing sites in South Africa, employee absenteeism ratios are monitored on a monthly basis against targets and appropriate procedures and employees are interviewed upon return to work to establish the reason for absenteeism. Where absenteeism is related to illness, employees are referred to the available wellness programmes where relevant. In all other cases, reasons for habitual absenteeism are investigated and managed appropriately.

Promoting employee wellness

Aspen is committed to supporting the wellbeing of all staff in the workplace. To this end, wellness programmes are in place at the manufacturing sites to address primary healthcare needs and assist employees with the management of chronic diseases. Owing to the prevalence of HIV/AIDS in Africa, specific programmes are in place and available to all employees in South Africa and East Africa to facilitate early detection of the disease, to offer voluntary counselling to infected employees and their families as well as to provide individuals with disease management support.

In South Africa, permanent employees belong to one of three medical aid schemes. Primary healthcare services, including pre-employment and exit medicals, are provided at the on-site clinics to employees at the manufacturing sites in South Africa. Occupational health medical assessments are also conducted regularly. Primary healthcare services are provided to employees at FCC and occupational health and safety medical assessments are conducted in accordance with legislative requirements.

Employee Assistance Programmes (EAP) are in place at the manufacturing sites in South Africa and Australia. These programmes promote physical and emotional wellbeing among employees through the provision of relevant resources and counselling. Manufacturing staff in Australia undergo pre-employment medical examinations including audiometric testing.

In compliance with Tanzanian and Kenyan regulations, annual medical assessments are conducted for all employees in East Africa. Health awareness seminars take place frequently and HIV/AIDS voluntary counselling and testing services are also provided. All permanent employees have medical insurance cover, partly subsidised by Aspen.

At Aspen Bad Oldesloe, an on-site occupational physician is available on a weekly basis to provide free comprehensive medical services to employees. Aspen Bad Oldesloe contributes towards employee medical insurance in accordance with German regulations.

Employees at Aspen Brazil receive a medical subsidy and an on-site first-aid centre is available to facilitate basic workplace healthcare requirements and also to promote healthcare awareness. In addition, employees have access to a nutritionist. Employees at Aspen Mexico receive a fully subsidised medical plan.

Medical assessments are conducted twice per year at Aspen Venezuela for employees who are entitled to healthcare insurance. During the year, employee wellness awareness was promoted through the Health and Get-In-Shape campaign and first aid programmes.

Supporting HIV/AIDS-infected employees and promoting awareness

HIV/AIDS is a pandemic, prevalent particularly on the African continent. Since 2005, Aspen has been a pioneer in the supply of affordable ARVs to more than one million patients across Africa. Aspen continues to be the leading supplier of medicines to the South African ARV tender which is the largest state-funded programme of its kind in the world, supplying one in four ARVs. This commitment is also directed internally through Aspen's own HIV/AIDS Policy, voluntary testing, counselling support programmes and HIV/AIDS education for its employees in South Africa and East Africa.

The HIV/AIDS Policy complies with legal guidelines and prescribes confidentiality of the employee's status. Aspen's HIV/AIDS management programme is administered by Metropolitan Health Risk Management. The programme provides free and voluntary HIV/AIDS testing for all employees in the South African business every two years. The last series of tests were conducted at the end of 2010 and concluded in January 2011. A total of 1 202 employees participated in the voluntary testing process (2008: 1 671). Overall, 5% (2008: 4%) of employees were tested as HIV/AIDS positive in South Africa. The next round of voluntary testing is scheduled to take place during 2013 and the level of non-communicable diseases such as diabetes, hypertension and cholesterol will also be tested. In the interim, employees on the voluntary support programme have continued to receive the necessary support and counselling to assist with management of the disease. Nutritional supplements continue to be provided to members of the support programme in Port Elizabeth. In total, Aspen funded the disease management costs for 31 employees during the year (2011: 34).

Peer educators are responsible for providing the necessary HIV/AIDS prevention and disease management training to staff and, where required, to family members. Additional peer educators have been appointed at the East London and Johannesburg sites and in Woodmead. Across all sites in South Africa, free condom dispensers are installed in accessible areas.
A "Knowledge, Attitudes, Perceptions and Behaviour" survey is scheduled to be conducted during 2013 to evaluate employees' perception of HIV/AIDS in the workplace. The results of the confidential survey will be used as input into the relevant intervention programme planned for the subsequent financial year.

Voluntary and free HIV/AIDS testing was also conducted in Kenya in association with the Kenya HIV/AIDS Business Council. In total, 208 employees were tested of which three, representing 1%, were found to be HIV/AIDS positive. The employee is entitled to retain confidentiality of the result. Employees in Tanzania were not willing to participate in a similar testing programme and therefore no voluntary testing was conducted.

HIV/AIDS training was conducted in East Africa. In total 248 employees attended the training sessions held at Beta in Kenya and at Shelys in Tanzania during July 2011 and October 2011 respectively. Peer educators continuously drive awareness sessions among employees.

Each year, Aspen participates in World AIDS Day on 1 December and World Tuberculosis Day on 24 March. Visible banners, information booklets and posters promote awareness of these diseases to all employees on the day.

PLAYING A ROLE IN PRESERVING THE ENVIRONMENT

The risk of contamination of air with raw materials particles and the risk of exposure of people to harmful substances in the manufacturing environment is high in the pharmaceutical industry. Consequently, in compliance with GMP regulatory requirements, sophisticated air-handling systems are installed at all manufacturing sites to filter, scrub and purify the air prior to atmospheric emission. In this way, both employee and public health and safety are protected. As a result, the levels of harmful air emissions are negligible and therefore not material to Aspen's business.

Stringent controls are required in the application of responsible waste management practices for pharmaceutical waste. To this end, the management of pharmaceutical waste is handled in compliance with relevant waste management legislation through the procurement of specialist and accredited waste management services companies. Effluent discharge is also carefully monitored and controlled at all sites in accordance with local municipal requirements.

Energy and water are critical resources used in the manufacturing process. Owing to the scarcity of these resources and rising cost per unit, Aspen's Environmental Management Principles promote the efficient use and conscious conservation of these commodities. Aspen's Environmental Management

Sustainability report continued

Policy has been implemented across the Group. A formal environmental management system (ISO 14001) is currently being implemented at the South African facilities and certification is scheduled for 2013. ISO 14001 certification is already in place at Aspen Bad Oldesloe. Consideration will be given to replication across the International business units. This will ensure that environmental performance indicators are consistently developed, measured, monitored and reported across the Group. In the interim, environmental awareness has been promoted in all businesses to improve the efficient use of electricity and water as well as to enhance compliance to waste and emissions management protocols.

Through the consistent application of sound environmental management principles by each business in the Group, Aspen strives towards containment and reduction of its carbon footprint.

Aspen does not have operations located in protected areas or areas of biodiversity. In addition, neither the Group's products nor its operating activities are known to have an impact on protected areas or areas of biodiversity.

Targets have been set for electricity and water conservation and for waste recycling at the South African sites. Electricity savings targets have been set per project and have been largely achieved. Water conservation and waste recycling targets have been set per site and have also been largely met. Targets are currently being reviewed and will be updated during 2013. Targets for conservation initiatives have not been set at the International sites and these will be given consideration during 2013.

Environmental legal compliance

External legal compliance audits were conducted during August 2011 at the Port Elizabeth, East London and Johannesburg sites. Required corrective action was implemented during the year and follow-up internal audits have been performed which verified that significant progress had been made in addressing reported areas of risk. The annual external environmental legal compliance audits were conducted at these sites during August 2012. Results of these audits have been reviewed and corrective action is being implemented.

During the year, environmental legal compliance self-assessments were conducted by management teams at Aspen Australia, Aspen Bad Oldesloe, Shelys, Aspen Brazil and Aspen Mexico. This was followed by external environmental legal compliance audits which were conducted at Aspen's International manufacturing sites during August 2012. Recommendations made by the external assurer have been considered and corrective action plans are being formulated for implementation.

The South African business participated in the 2012 CDP in consultation with an external consultant in a committed effort to improve the E-performance rating score received in 2011. Areas of improvement, identified in the 2011 CDP assessed report, were acknowledged and addressed as appropriate. Owing to this focus, Aspen did not participate in the 2012 Water Disclosure Project but will participate in 2013.

Environmental management training

Environmental management training was conducted at the Port Elizabeth and Aspen Bad Oldesloe sites during the year. In addition to revised standard operating procedures employee training ahead of the scheduled ISO 14001 certification process, a refresher course on dangerous goods was conducted at the site in Port Elizabeth. Other modules included training on environmental management policies, procedures and environmental awareness. Employees at Aspen Bad Oldesloe attend environmental management training sessions in accordance with an annual training schedule. Training modules conducted during the year focused on the safe handling of hazardous chemicals and waste procedure training.

Emissions management

A carbon footprint calculator was developed during 2011 for collecting data and reporting Scope 1 and Scope 2 emissions at the Port Elizabeth, East London and Johannesburg sites in South Africa. During 2012, improvements were made to the calculator with reference to guidelines published by the Department of Environment, Food and Rural Affairs (DEFRA) and Eskom emissions factors for electricity. The Greenhouse Gas Protocol methodology is applied to measure Scope 1 and Scope 2 emissions levels. Emissions are reported using the standard international measure, carbon dioxide equivalent (CO_2e).

During the year, Scope 1 and Scope 2 emissions were measured and recorded at FCC for the first time. These are included in the 2012 total for South Africa. Emissions data for Aspen Bad Oldesloe, which was not previously available for disclosure, has now been reported in the table on page 159.

Emissions are not currently measured at the sites in Australia, East Africa and Latin America. Steps will be taken towards implementing consistent emissions calculators across these sites.

Annual stack emission surveys were conducted by independent consultants at the Port Elizabeth and East London sites during 2010 and at the Johannesburg site during 2011. At all three sites, negligible levels of pollutants were recorded. Stack emission surveys are conducted every three years in accordance with best practice and are scheduled to take place during 2013.

Emissions	2012	2011	Variance	Reasons for Variance	2010
Scope 1 (tons CO_2e)	****Total 18 969**	#Total 15 012	+26%		#Total 16 609
	South Africa 15 589	South Africa 11 545	+35%	Total emissions of 3 947 tons CO_2e has been included for FCC in the 2012 data. FCC was not included in the 2011 data.	South Africa 13 110
	Europe 3 380	Europe 3 467	-3%	Decrease in Europe immaterial.	Europe 3 499
Scope 2 (tons CO_2e)	****Total 158 035**	#Total 97 885	+61%		#Total 37 278
	South Africa 153 437	South Africa 95 492	+61%	Total emissions of 54 606 tons CO_2e has been included for FCC in the 2012 data. FCC was not included in the 2011 data. Steam usage at Aspen Nutritionals also increased in 2012 by 37%.	South Africa 34 934
	Europe 4 598	Europe 2 393	+92%	Following events in Fukushima, several nuclear power plants were shut down in Germany resulting in increased consumption of coal as a preferred source of energy. Consequently the emission factor was increased from 231 g/kWh to 455 g/kWh (+97%).	Europe 2 344

\# *The scope of Aspen's May 2012 and May 2011 CDP submissions included information for emissions recorded at the South African sites only.*
** *Aspen's emissions data, for both South Africa and Europe, for the period ended June 2012 will be reported in the May 2013 CDP submission.*

Waste management and waste recycling

In South Africa, projects aimed at enhancing compliance with waste management legislation and efforts to implement more responsible waste management practices are ongoing. To this end, waste disposal practices such as thermal desorption and recycling, are promoted to reduce the use of the landfill disposal method.

A summary of waste disposal by waste type is presented on page 160 to 161 represents information for sites in South Africa and Germany. The waste register has previously been reported for the South African business only and, as a result of inclusion of comparatives for Aspen Bad Oldesloe, comparatives have been restated.

Waste registers are intended for implementation at the sites in Australia, East Africa and Latin America for the formal measurement and recording of waste.

Sustainability report continued

Type of waste	Unit of measure	2012 Volume	Method disposed	2011 Volume	Variance	Reasons for variance above 10%
General waste	Kilograms	**1 250 347**	Landfill – Treated with lime Ashblended Incineration/ thermal recycling	1 213 261	+3%	n/a
Pharmaceutical: Schedule 1-4	Kilograms	**436 510**	Landfill – Treated with lime Ashblended Encapsulation	1 210 130	-64%	Non-pharmaceutical hazardous waste was reclassified
Pharmaceutical: Schedule 5-6	Kilograms	**58 658**	Thermal desorption/ incineration	76 246	-23%	Improvement in stock management and manufacturing efficiencies the management of expired products and rejected pharmaceutical batches
Hazardous waste	Kilograms	**3 266 551**	Landfill – Treated with lime, Ashblended, Encapsulation Co-disposed	3 134 395	+4%	n/a
Biohazardous waste	Kilograms	**8 562**	Incineration or thermal desorption	14 412	-41%	Non-biohazardous waste was incorrectly classified by the previous service provider in 2011. This has been rectified
Printed components	Kilograms	**25 620**	Landfill	32 984	-22%	Increased recycling initiatives
Fluorescent tubes	Kilograms	**4 250**	Landfill – Treated with sodium sulphide	2 482	+71%	High wattage lights were replaced by energy efficient lights – this led to a reduction in the number of fluorescent tubes used
Glass	Kilograms	**44 855**	Sold to recyclers	59 460	-25%	There was no recorded glass recycled at both the East London and Johannesburg sites by the service provider. This service provider has since been replaced
Plastic	Kilograms	**100 406**	Sold to recyclers	68 396	+47%	Increased recycling initiatives
Scrap metal	Kilograms	**25 339**	Sold to recyclers	39 315	-36%	Number of demolition projects were reduced during 2012

Type of waste	Unit of measure	2012 Volume	Method disposed	2011 Volume	Variance	Reasons for variance above 10%
Paper and cardboard	Kilograms	**670 766**	Sold to recyclers	586 988	+14%	Increase in recycling of paper and cardboard
Wood	Kilograms	**114 159**	Sold to recyclers, incineration on land, thermal recycling	84 960	+34%	Increased recycling initiatives
Sludge waste	Litres	**289 000**	Sold to recyclers	38 500	+651%	The 2012 number includes the sludge from the Aspen Nutritionals waste water treatment plant
Hormonal waste	Litres	**150 000**	Landfill	165 000	-9%	n/a
Cans	Kilograms	**122 860**	Sold to recyclers	42 300	+190%	Increase in recycling of cans
Drums, buckets and canister	Kilograms	**118 341**	Sold to recyclers	126 035	-6%	n/a
Kitchen waste	Kilograms	**2 200**	Organic compost	2 400	-8%	n/a
Grease	Kilograms	**6 000**	Biological treatment	6 000	0%	n/a
Pharmaceutical waste ulterior unstated transposition of waste	Kilograms	**309 540**	Recycling	220 940	+40%	Increased recycling initiatives at Aspen Bad Oldesloe.
Construction waste	Kilograms	**14 940**	Recycling for other construction operations	10 120	+48%	Progress of capex projects at Aspen Bad Oldesloe

Sustainability report continued

Waste recycling initiatives

In total, 1 698 tons of waste was recycled in 2012 (2011: 1 574 tons), an increase of 8%. The success of focused recycling projects implemented in the South African business has largely contributed to the increase in volume of waste recycled during 2012. At Aspen Brazil, plastic, paper and aluminium are sent to a waste recycling company on a monthly basis. The results of these initiatives have been included in the quantification.

Formalised recycling initiatives are in place for a broad range of production materials at the Dandenong site in Australia. However the volume of waste recycled is not currently quantified at this site.

The 2011 comparative, previously shown as 636 tons, has been restated owing to the inclusion of the waste recycling volumes for FCC, Aspen Bad Oldesloe and Aspen Brazil which were identified and measured subsequent to the 2011 year-end. It should be noted that, for the same reason, the 2010 comparative, previously reported as 297 tons, has been restated to 1 349 tons.

CONSERVING SCARCE RESOURCES

The reduction of energy and water consumption is considered to be a valuable contributor to environmental sustainability. Aspen is committed to reducing its impact on the environment and, consequently, the implementation of energy efficiency and resource conservation initiatives are advocated. To date, some effective interventions have been implemented in the South African facilities and consequential benefits have been realised. The South African manufacturing operations represent the hub of the Group's manufacturing base and therefore such initiatives have a material impact on overall Group consumption.

Energy and water conservation targets exist for the Port Elizabeth and East London sites and energy savings measurement systems are currently in the process of being developed for the Aspen Nutritionals and FCC facilities.

Formal energy conservation initiatives and targets have not yet been implemented at the International manufacturing sites owing to the priority placed on assessing and addressing legal compliance requirements in these businesses. However, steps have been taken, across all sites, to improve resource conservation awareness and to apply thrift in the utilisation of scarce resources.

Energy usage

Electricity is the main source of energy used at Aspen's manufacturing sites. In South Africa, electricity represents approximately 6% (2011: 7%) of production cost. Owing to the high reliance on electricity and the high risk of power outages in Africa, back-up generators have been installed to support continuity of IT systems and in core areas at the Sterile facility in Port Elizabeth. At FCC, back-up generators cover all key operating and administrative areas. Back-up generators are also used in core manufacturing areas at the East African sites.

Indirect energy consumed by suppliers and service providers is not measured by the Group.

During 2012, steam was used at the South African and Australian sites. However, steam usage is not currently being measured at the Australian sites and steps will be taken to implement relevant measurement systems.

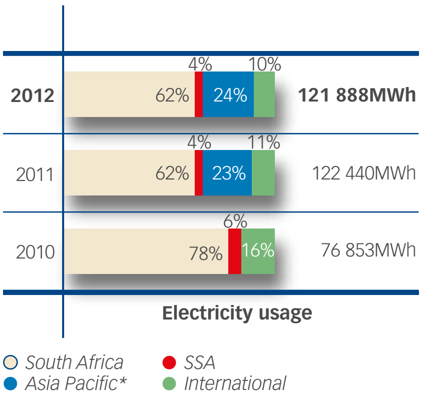
The German and Australian sites also consume gas. Fuel is a minor source of direct energy and is used at the South African sites and at Shelys.

The Group-wide energy consumption measured at Aspen's manufacturing sites is summarised below:

Direct energy source	**2012**	2011	Movement %	Reasons for variance
Electricity (MWh)	**121 888**	122 440	0%	Energy savings initiatives in South Africa have been effective
Fuel (kℓ)	**1 313**	1 111	+18%	The increase can be attributed to the installation of a new Heavy Furnace Oil boiler at the East London site during the year
Gas (MWh)	**100 727**	94 248	+7%	The increase is mainly as a result of the additional shift introduced at the Baulkham Hills site during the year
Steam (tons)	**121 028**	44 286	+173%	Steam usage for FCC, totalling 80 588 tons, is included in the 2012 usage but was not recorded in 2011. This largely contributes to the 2012 increase

The 2011 comparative for electricity usage, previously reported as 123 449MWh, has been restated following the reconciliation and verification of electricity charges in Aspen Australia. Electricity usage for 2010, previously reported as 76 786MWh, has also been restated in the graph below following refinement of measurement systems.

Total electricity consumption at the South African sites decreased by 1% year-on-year. Energy usage at Aspen's International sites remained stable.



** Electricity usage was not measured in the Australian business during 2010. The Sigma facilities were acquired with effect from 1 February 2011.*

Energy conservation initiatives

Projects initiated at the South African manufacturing sites during 2011 continued to contribute towards improving energy efficiency. These projects included:

- having replaced all high-wattage lights in the Quality Control laboratory with energy-efficient lights which use approximately 50% less power;
- retrofitting of lights and installation of motion detectors in the administration office area in Port Elizabeth; and
- installation of timers on rotoclones which facilitated the switching-off of motors over weekends and when the rotoclones were not in use. The heat recovery function on chilled water units was used to heat up water, which was then, in turn, used to provide heating for ventilation and air conditioning systems in the facility. This has replaced the use of electrical heaters.

A number of new energy saving projects were implemented at the South African manufacturing sites during 2012. In Port Elizabeth, time delay switches have been installed whereby lights are automatically switched off after a set period and when the area is not in use. At the Sterile facility, manual load control was introduced to operate six HVAC chiller units. This ensured that the chillers were operated only in response to instantaneous HVAC load requirements. The success of this intervention validated the purchase and installation of an automated chiller control system to reduce unit consumption in relation to demand. Timers were installed on six geysers at the East London site to ensure that geysers were only operated when required. Other energy savings projects are under consideration and feasibility studies are being conducted for these.

In Kenya, energy-saving lights have been installed at Beta Healthcare to reduce electricity consumption.

New electricity conservation initiatives have not yet been embarked upon at the manufacturing site in Australia owing to the site rationalisation programme which is currently in progress. Once this programme is complete, conservation projects will be initiated. In the interim, energy conservation awareness is being promoted at the manufacturing and non-manufacturing sites.

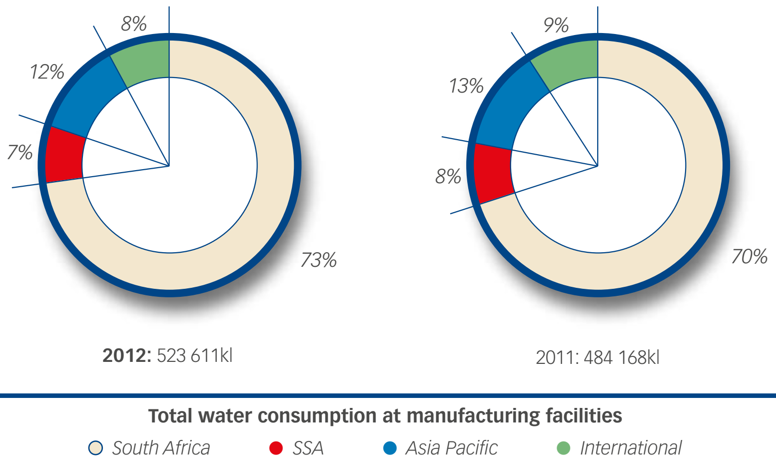
At Aspen Mexico employees are encouraged to switch off electronic equipment and lights when not required. This has resulted in a saving of 297Mwh in 2012.

Total energy savings, realised from measured electricity conservation initiatives implemented at the South African and Mexican sites, increased significantly to 5 769MWh during 2012 (2011: 478MWh). The 2011 comparative was previously disclosed at 444MWh and, following remeasurement and validation of energy savings data during the year, has been restated.

Water consumption and recycling initiatives

Water, used by all manufacturing sites, is obtained from municipal sources except in Tanzania where additional water is purchased from third party suppliers owing to the risk of water shortages. During the year, 523 611kl (2011: 484 168kl) of water was used at the Group's production sites. The 2011 comparative, previously disclosed at 477 351kl has been restated following verification against municipal accounts in Aspen Australia and Aspen Brazil and the inclusion of water purchased from third party sources in Tanzania.

Sustainability report continued



Total water consumption at manufacturing facilities

In total, the Group's water consumption increased by 8%, primarily driven by an increase in consumption in South Africa. However, consumption at FCC increased by 57% and the abnormally high meter readings have been reported to the City of Cape Town. To date, a response has not been received. An overall reduction of 2% was achieved in water consumption at the manufacturing sites in Port Elizabeth, East London and Johannesburg. Water usage at sites outside South Africa was reduced by 3% as a result of revised manufacturing strategies.

The water conservation projects, which were implemented at the South African sites during 2011 and 2010, continue to receive focus. Water conservation targets are set at 5% per manufacturing site per year and, at year-end, targets were achieved across all sites except at the East London site where a 3% savings was recorded. In Port Elizabeth, previously rejected water from the reverse osmosis plant is recycled and used to supply the cooling towers and ablution facilities.

Water re-circulation systems have been installed in the liquids manufacturing area at the East London site and waste water, which was previously discarded into municipal drains, is being recycled back into the system for cooling. Similarly, at Aspen Nutritionals, water from the homogeniser pistons, evaporator pumps and evaporator condensate water in the general energy systems is recirculated back to the boiler plant for reuse in cooling.

In total 23 079kl of water has been saved as a result of these initiatives implemented at the South African sites during 2012 (2011: 19 922kl) resulting in an increase of 19% in water recycled.

In Australia, 100% of waste water from the Baulkham Hills site is recycled in accordance with the local state government policy. Recycled waste water is used for residential irrigation systems in New South Wales. The volume of waste water generated is not yet quantified. Water recycling projects have not yet been initiated at the Dandenong site and will be considered during 2013.

Effluent management

The quality of water discharged by the Group's manufacturing sites complied with municipal standards across the Group except at Aspen Nutritionals where, in an isolated incident, the effluent quality did not meet municipal requirements in October 2011. This resulted in a fine of R114 933. Subsequently, corrective action has been implemented and the quality of discharged water has been found to be acceptable. There were no incidents of effluent discharge into stormwater drains (2011: zero).

GRI STANDARD DISCLOSURES PROFILE

Self assessed B Level Compliance

AFS: 2012 Annual Financial Statements AR: Aspen 2012 Annual Report

Reporting requirement		Page reference/direct response
STANDARD DISCLOSURES PART 1: PROFILE DISCLOSURES		
Strategy and analysis		
1.1	Statement from the most senior decision-maker of the organisation.	AR: Page 134
1.2	Description of key impacts, risks, and opportunities.	AR: Pages 80 to 83
Occupational profile		
2.1	Name of the organisation.	AR: Inside front cover preceding Page 1
2.2	Primary brands, products, and/or services.	AR: Refer to the business unit reviews: Pages 50, 55, 56, 62, 65, 68, 71, 74, 77, 78
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	AR: Pages 6, 7. AFS: Pages 138 to 143
2.4	Location of organisation's headquarters.	AR: Pages 6 and 7
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	AR: Page 2, Pages 6 and 7, Page 135
2.6	Nature of ownership and legal form.	AFS: Page 194
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	AR: Pages 6, 7, Pages 50 to 78, Pages 141 to 143
2.8	Scale of the reporting organisation.	AR: Page 139 (net revenue and number of employees), Page 137 (product pipeline), Pages 8, 9 (manufacturing capabilities), Pages 30, 31 (peer comparatives), Pages 32, 33 (financial highlights)
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	AR: Pages 26 to 29, Page 64 (reference to acquisition of minority shareholding at Shelys), Page 70 (reference to facility rationalisation in Australia), Page 86 (reference to establishment of Social & Ethics Committee). AFS: Pages 10 to 11, 14 to 15, 41, 46, 62 to 63, 68 to 69, 71 to 74
2.10	Awards received in the reporting period	AR: Page 17
Report parameters		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	AR: Page 135
3.2	Date of most recent previous report.	AR: Page 135
3.3	Reporting cycle	AR: Page 135
3.4	Contact point for questions regarding the report or its contents.	Roshni Gajjar, Group Risk & Sustainability Manager. Direct email address: roshnig@aspenpharma.com. Alternatively queries can be logged online on www.aspenpharma.com
3.5	Process for defining report content.	AR: Page 135
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	AR: Pages 135, 3, Inside front cover preceding Page 1
3.7	State any specific limitations on the scope or boundary of the report.	Owing to its maturity, selected social and environmental indicators have been measured, managed and reported for the South African business. Steps are being taken towards implementing the Group's sustainability indicators consistently across the South African and International businesses as relevant. Some progress was achieved to this end during the year.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	AR: Page 135
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	AR: Page 135
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	AR: Pages 12 and 13, Page 149 (training spend), Page 162 (waste recycled), Page 163 (electricity usage, electricity conservation and water usage).

Sustainability report continued

	Reporting requirement	Page reference/direct response
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	AR: Page 135 – the addition of information for Aspen Hong Kong and Aspen Philippines where such information is measured.
3.12	Table identifying the location of the Standard Disclosures in the report.	AR: Pages 165 to 169
3.13	Policy and current practice with regard to seeking external assurance for the report.	AR: Page 136
Governance, commitments and engagement		
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	AR: Pages 86 to 91
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	AR: Page 88
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	AR: Page 86
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	AR: Page 81 (reference to stakeholder engagement process), Page 114 (reference to employees), Page 116 (reference to investors) and Page 117 (reference to shareholders), Pages 193 and 194 (reference to AGM and Company Secretary contact details).
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	AR: Pages 100 to 109. Compensation for members of the highest governance body, senior managers and executives are not specifically linked to social and environmental performance as these aspects are considered to be an inherent requirement of the leadership function as key performance indicators – these material sustainability issues and how they are addressed have been integrated into the Group's strategy.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	AR: Page 112
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	AR: Pages 86 to 87. In determining the skills, business experience, reputation and qualifications of non-executive directors, factors considered in appointing members of the Board inherently include an assessment of the candidate's experience on and insight into all financial and non-financial issues which are material to the Group. This includes economic, social and environmental topics.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	AR: Page 2, 10 to 13, Page 18 to 25, Pages 110, 112 and 113 (including reference to the Code of Conduct), Page 114 (reference to Stakeholder Engagement Policy), Page 147 (reference to Human Resources strategic priorities), Page 152 to 154 (reference to CSI approach), Page 155 (reference to SHE policy, OHSAS 18001, ISO 14001), Page 157 (HIV/Aids policy and Environmental Management Policy). The Group Environmental Policy and Responsible Corporate Citizenship Philosophy can be accessed on www.aspenpharma.com
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	AR: Page 90, Pages 96 to 99, Pages 100 to 109, Pages 110 to 113, Pages 118 to 119, Pages 135 to 136
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	AR: Page 91, Page 96 (evaluation of the Audit & Risk Committee by the Remuneration & Nomination Committee), Page 100 (reference to annual evaluation of the Board, Board Committees, Board Chairman and Group Executive Directors). Economic, environmental and social performances are not measured in isolation. Rather, the performance of directors is measured against assessment criteria aligned to the Group's strategy as well as governance and mandated statutory requirements as a whole.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation (risk management).	AR: Page 79, Page 92 (risk governance) and Page 99 (reference to risk management)

	Reporting requirement	Page reference/direct response
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	AR: Page 3 (reference to GRI compliance), Pages 86 and 94 to 95 (reference to King III), Page 92 (reference to relevant codes and standards), Pages 110 to 113, Page 157 (reference to HIV/Aids policy). The environmental policy is available online at www.aspenpharma.com
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	AR: Pages 114 to 117. Aspen belongs to and participates in associations to the extent that such affiliations are in alignment with the Group's strategic objectives and relevant to business activities. Participation and membership is conducted in accordance with the Group's ethical policies and the Code of Conduct. For this reason specific disclosures in this regard are not considered to be relevant. Should further information be required, please contact the Company Secretary: rverster@aspenpharma.com
4.14	List of stakeholder groups engaged by the organisation.	AR: Pages 114 to 117
4.15	Basis for identification and selection of stakeholders with whom to engage.	AR: Page 114 (reference to Stakeholder Engagement Policy on the website)
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	AR: Pages 114 to 117
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Owing to the sensitivity of the key topics addressed with stakeholders, the principles of confidentiality are applied in the interests of protecting the integrity of related information. Relevant information is communicated through the JSE Stock Exchange News Service announcements, press releases, engagement with affected stakeholders and the annual report, inter alia, as considered appropriate.
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)		
EC: Aspects	Economic performance	AR: Pages 34 to 39, 139 to 146
	Market presence	AR: Pages 141 to 143
	Indirect economic impacts	AR: Pages 137 and 138. Aspen's portfolio of high quality medicines sustains the lives of patients across numerous markets and addresses a wide range of disease profiles. Aspen is the leading supplier of medicines to the South African private and public sector and to the Australian private sector.
EN: Aspects	Materials	AR: Pages 138 (reference to purchase of raw materials from accredited supplies), Page 144 to 145
	Energy	AR: Pages 157, 158, 162
	Water	AR: Pages 157, 158, 162
	Biodiversity	AR: Page 158
	Emissions, effluents and waste	AR: Pages 158 to 162 (emissions and waste), 164 (effluent)
	Products and services	AR: Pages 138 to 139
	Compliance	AR: Pages 91, 92, 155 (reference to ISO 14001), Page 158
	Transport	Not disclosed. Not considered to be material to the Group's risks.
	Overall	AR: Page 134 (reference to SHE initiatives undertaken during the year)
LA: Aspects	Employment	AR: Pages 146 to 147
	Labour/management relations	AR: Pages 150 to 151
	Occupational health and safety	AR: Page 155
	Training and education	AR: Page 147, Pages 149 to 150
	Diversity and equal opportunity	AR: Pages 110 to 111, Page 147, 150, 151 to 152
HR: Aspects	Investment and procurement practices	AR: Pages 110 to 111
	Non-discrimination	AR: Pages 111, 113, 150
	Freedom of association and collective bargaining	AR: Pages 150 to 151
	Child labour	AR: Page 113
	Forced and compulsory labour	AR: Page 113
	Security practices	Not disclosed. Not considered to be material to the Group's risks.
	Indigenous rights	AR: Pages 110, 111 and 135 which refer the Group's application of BBBEE Codes in South Africa.

Sustainability report continued

	Reporting requirement	Page reference/direct response
SO: Aspects	Community	AR: Page 152
	Corruption	AR: Pages 111 to 112, 135
	Public policy	AR: Page 115
	Anti-competitive behaviour	AR: Page 111
	Compliance	AR: Page 91 and 92 (referring to legislative compliance), Page 138 (referring to regulatory compliance)
SO: Aspects	Customer health and safety	AR: Page 113, Page 135
	Product and service labelling	AR: Page 138
	Marketing communications	AR: Page 112
	Customer privacy	Not disclosed. Not considered to be material to the Group's risks. The Group takes steps to protect customer confidentiality as appropriate. It should be noted that Aspen sells to dispensing doctors, pharmacies and hospitals only. Aspen does not sell products directly to consumers.
	Compliance	AR: Pages 91 to 92, Page 113
Performance indicators		
Economic indicators		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	AR: Page 139
EC3	Coverage of the organisation's defined benefit plan obligations.	AFS: Pages 75 to 77
EC4	Significant financial assistance received from government.	AR: Page 140
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	AR: Page 151. Aspen pays wages in accordance with regulated wage rates in the relevant jurisdictions across the Group.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	AR: Page 111
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	AR: Pages 152 to 154
Environmental indicators		
EN3	Direct energy consumption by primary energy source.	AR: Page 162
EN4	Indirect energy consumption by primary source.	AR: Page 162
EN5	Energy saved due to conservation and efficiency improvements.	AR: Page 163
EN8	Total water withdrawal by source.	AR: Pages 163 to 164
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	AR: Page 158
EN16	Total direct and indirect greenhouse gas emissions by weight.	AR: Page 159
EN21	Total water discharge by quality and destination.	AR: Page 164 (effluent quality disclosed)
EN22	Total weight of waste by type and disposal method.	AR: Pages 160 to 161
Additional	Waste recycled	AR: Page 162
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	AR: Page 164
Social indicators: Labour practices and decent work		
LA1	Total workforce by employment type, employment contract, and region.	AR: Page 148 (percentage of permanent and temporary employees per region disclosed)
LA2	Total number and rate of employee turnover by age group, gender, and region.	AR: Page 148 (Employee turnover by region provided. Gender and age are considered to be material to the measurement of turnover in the Group – refer to Page 151 in respect of non-materiality of gender)
LA4	Percentage of employees covered by collective bargaining agreements.	AR: Pages 150 and 151. Approximately 33% of total employees in the Group belong to a trade union.

	Reporting requirement	Page reference/direct response
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	AR: Page 151
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	AR: Page 155 and 156
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	AR: Page 157
LA12	Percentage of employees receiving regular performance and career development reviews.	AR: Page 147
Additional	Investment in training and average training spend per employee	AR: Page 149
Social indicators: Human rights		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	AR: Page 113. All business agreements contain clauses to protect human rights in alignment with the Group's Code of Conduct.
HR4	Total number of incidents of discrimination and actions taken.	AR: Page 113
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	AR: Pages 150 and 151. There are no operations in the Group where the right to exercise freedom of association and collective bargaining is at risk.
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	AR: Page 113, Page 150. There are no operations in the Group that have a risk of child labour.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	AR: Page 113, Page 150. There are no operations in the Group that have a risk of forced labour.
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	AR: Page 150. Zero incidents
Social indicators: Society		
SO2	Percentage and total number of business units analysed for risks related to corruption.	The risk of unethical conduct and corruption is considered for all business units in the Group as part of the risk management process. A formal evaluation takes place on a six-monthly basis by the Group Executive Risk Forum as standard agenda item.
SO4	Actions taken in response to incidents of corruption.	AR: Page 98 and 112 (referring to Tip-offs)
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	AR: Page 112. Zero contributions.
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	AR: Page 92. Zero incidents
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	AR: Page 92. Zero incidents
Social indicators: Product responsibility		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	AR : Page 138
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	AR: Pages 12 and 13, Page 138. All products are sold in accordance with regulatory and legislative requirements.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	AR : Page 138
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	AR: Pages 12 and 13, Page 92
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	AR: Page 92. Zero incidents

Shareholder statistics (unaudited)

ANALYSIS OF SHAREHOLDERS AT 30 JUNE 2012

Ordinary shares	Number of shareholders	% of total shareholders	Number of shares	% of total shareholding
Size of holding				
1 – 2 500	17 730	80,7	12 396 946	2,7
2 501 – 12 500	3 200	14,6	17 048 120	3,8
12 501 – 25 000	419	1,9	7 382 212	1,6
25 001 – 50 000	227	1,0	8 013 716	1,8
50 001 and over	391	1,8	409 938 463	90,1
	21 967	100,0	454 779 457	100,0

Major shareholders

Fund managers

According to the register of shareholders at 30 June 2012, the following are the top 10 registered fund managers.

Fund manager	Number of shares	% of total shareholding
Public Investment Corporation	41 880 927	9,2
Foord Asset Management	13 038 829	2,9
First State Investments	12 516 308	2,8
Allan Gray Asset Management	12 255 469	2,7
Fidelity Investments	9 968 700	2,2
Coronation Fund Managers	8 049 676	1,8
Vanguard	7 990 282	1,8
STANLIB Asset Management	7 020 740	1,5
BlackRock	5 979 340	1,3
Old Mutual Investment Group	4 637 668	1,0
	123 337 939	27,2

Top 10 beneficial shareholders

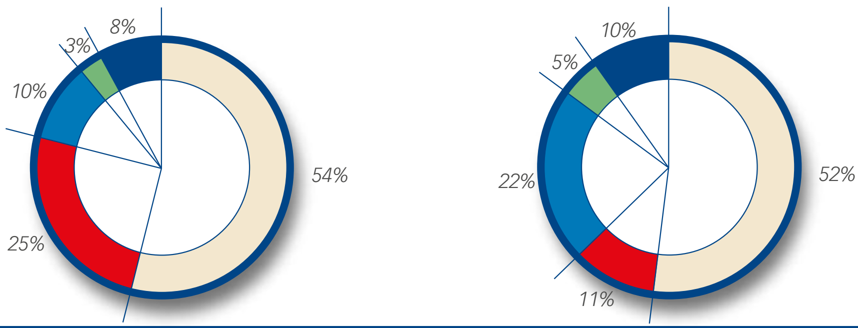
According to the register of shareholders at 30 June 2012, the following are the top 10 registered beneficial shareholders. The shareholdings of all directors are disclosed on page 109 of the Remuneration Report.

Shareholder	Number of shares	% of total shareholding
Glaxo Group Ltd	84 703 136	18,6
Stephen Saad	55 103 463	12,1
Government Employees Pension Fund	48 154 119	10,6
Imithi Investments (Pty) Ltd	21 160 724	4,7
Gus Attridge	18 823 100	4,1
Fidelity	9 641 887	2,1
First State Investments	8 059 068	1,8
Vanguard	7 276 055	1,6
Investment Solutions	6 903 764	1,5
Allan Gray	6 705 484	1,5
	266 530 800	58,6

Shareholders' spread

As required by paragraph 8.63 and terms of paragraph of 4.25 of the JSE's Listings Requirements, the spread of the ordinary shareholding at close of business 30 June 2012 was as follows:

	Number of shareholders	Number of shares	% of total shareholding
Non-public shareholders	16	161 651 245	35,5
Directors	14	76 354 260	16,8
Glaxo Group	1	84 703 136	18,6
Employee share trusts – Treasury shares	1	593 849	0,1
Public shareholders	21 951	293 128 212	64,5
Total shareholding	21 967	454 779 457	100,0



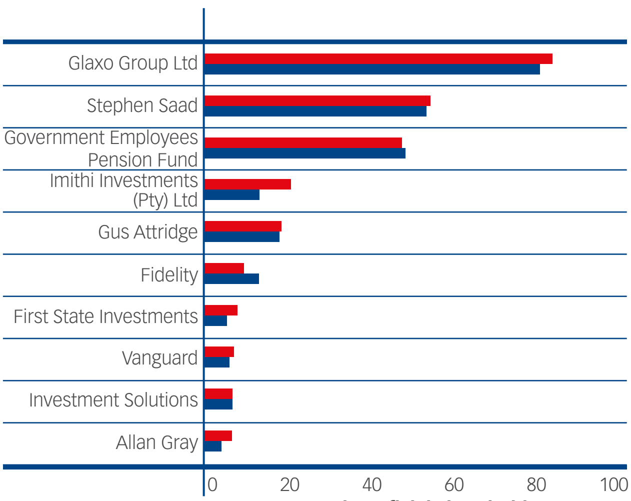
Beneficial shareholders

Fund managers

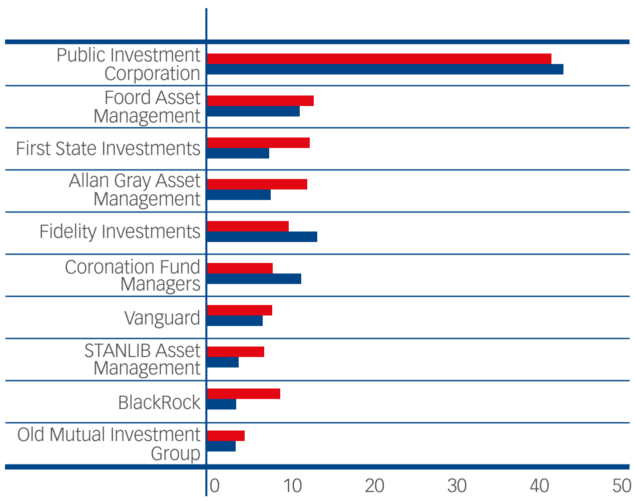
Geographical split of shareholders 2012

South Africa · United Kingdom · USA · Luxembourg · Other

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



Top 10 beneficial shareholders
(million)



Top 10 fund managers
(million)

2012 2011

Chairman's letter to shareholders

Dear Shareholder

On behalf of the Board, I invite you to attend the annual general meeting of Aspen Pharmacare Holdings Limited to be held at Building Number 1, Healthcare Park, Woodlands Drive, Woodmead, Johannesburg, Gauteng, on Tuesday, 4 December 2012 at 09:00.

I encourage you to attend and vote your shares at the annual general meeting as this is your opportunity to meet and question members of the Board. The notice of the annual general meeting, which is set out on pages 173 to 192 of the Annual Report, is accompanied by explanatory notes setting out the reasons for and the effects of all the proposed ordinary and special resolutions in that notice.

There are some points that I would like to highlight in this letter:

Election of Kuseni Dlamini as a director

During the course of the year the Board of Directors of the Company appointed Kuseni Dlamini as a member of the Board to fill a casual vacancy. In terms of the Company's current memorandum of incorporation, Kuseni's appointment as a director has to be confirmed by shareholders at the upcoming meeting and the Board has proposed his election as a director at this annual general meeting. Kuseni brings a wealth of economic and business skills to the Board and I have no doubt that his appointment to the Board as an independent non-executive director will further enhance the governance profile of the Board and the Group as a whole.

Re-election of directors

The Board has recommended my re-election and that of John Buchanan and Rafique Bagus as directors.

A formal assessment of the performance evaluation of each of the retiring directors was carried out together with an independence test. Both John and Rafique have been considered independent and their judgement is considered unaffected or impaired by either their length of service on the Board or their direct or indirect financial interests.

We would be delighted to have the retiring directors re-elected to the Board.

Approval of memorandum of incorporation

As per the requirements of the Companies Act, the Board has proposed that a revised MOI be adopted to bring the Company's constituting documents in line with this Act's provisions. The salient features of the memorandum of incorporation have been summarised for your ease of reference and are contained on pages 184 and 190 of the Annual Report.

The Board requests that you vote in favour of this memorandum of incorporation.

Dr Judy Dlamini
Chairman
Johannesburg
22 October 2012

Notice of annual general meeting

ASPEN PHARMACARE HOLDINGS LIMITED
Incorporated in the Republic of South Africa
Registration number 1985/002935/06
("Company")
JSE share code: APN
ISIN code: ZAE 000066692

A. NOTICE OF MEETING

Notice is hereby given that the 14th annual general meeting ("Meeting") of the shareholders of the Company will be held at Building Number 1, Healthcare Park, Woodlands Drive, Woodmead, Johannesburg, Gauteng, on Tuesday, 4 December 2012 at 09:00.

B. ATTENDANCE AND PARTICIPATION AT THE MEETING

General

The date on which a person must be registered as a shareholder in the register of the Company for purposes of being entitled to attend and participate in, and speak and vote at the Meeting is Friday, 23 November 2012 ("Record Date").

Certificated shareholders and dematerialised shareholders with "own-name registration"

If you hold certificated shares or hold dematerialised shares with "own-name registration" (ie specifically instructed your Central Securities Depository Participant ("CSDP") to hold your shares in your own name on the Company's sub-register):

- you may attend the Meeting in person; or
- you may appoint a proxy to participate in, and speak and vote at, the Meeting on your behalf by completing the attached proxy form and delivering it to the Company's transfer secretaries before 09:00 on Monday, 3 December 2012.

A proxy need not be a shareholder of the Company.

Dematerialised shareholders other than those with "own-name registration"

If you hold dematerialised shares other than with "own-name registration":

- you may instruct your CSDP or broker to vote at the Meeting on your behalf by providing your CSDP or broker with your voting instructions in terms of the custody agreement entered into between you and your CSDP or broker. You must not complete the attached form of proxy; or
- you may attend the Meeting in person by instructing your CSDP or broker to issue you with the necessary letter of representation to attend the Meeting in terms of the custody agreement entered into between you and your CSDP or broker.

Identification

In terms of section 63(1) of the Act, all Meeting participants will be required to provide identification reasonably satisfactory to the Chairman of the Meeting, who must be reasonably satisfied that the right of that person to participate in, and speak and vote at the Meeting, as a shareholder, as a proxy for a shareholder or as a representative of a shareholder, has been reasonably verified.

Electronic participation

Shareholders or their proxies may participate in (but not vote at) the Meeting by way of telephone conference call and if they wish to do so:

- must contact the Company Secretary (by email at the address rverster@aspenpharma.com) by no later than Tuesday, 27 November 2012 in order to obtain a pin number and dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the Meeting.

Shareholders and their proxies will not be able to vote telephonically at the Meeting and will still need to appoint a proxy or representative to vote on their behalf at the Meeting.

Notice of annual general meeting continued

C. PURPOSE OF THE MEETING

The purpose of the Meeting is to:

- present the audited Annual Financial Statements of the Company and the Group for the year ended 30 June 2012 (including the Directors' Report and the Audit & Risk Committee report) which is contained in the Annual Report;
- present and note the report of the Social & Ethics Committee which is contained in the Annual Report;
- note the retirement of, and vote on the re-election of, certain directors of the Company;
- to vote on the approval of the appointment of a new director of the Company;
- to vote on the approval of the appointment of an independent external auditor for the year ending 30 June 2013;
- to vote on the appointment of the members of the Audit & Risk Committee;
- deal with such business as may lawfully be dealt with at the Meeting; and
- consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Act.

D. INTERPRETATION

In this notice (including the proxy form attached hereto) the term:

- **"Act"** – means the Companies Act, No 71 of 2008 (as amended from time to time);
- **"Annual Financial Statements"** – means the audited Annual Financial Statements;
- **"Annual Report"** – means the Annual Report for the Company for the year ended 30 June 2012, consisting of the Integrated Report (which includes the Summarised Group Annual Financial Statements), the Sustainability Report and the Shareholders' Information which have been included on the compact disc on the inside back cover of the Annual Report and are available online at www.aspenpharma.com or in hard copy from the Company Secretary. The Annual Financial Statements, along with the Annual Report, were posted to shareholders during November 2012;
- **"Group"** – the Company and any and all Subsidiaries of the Company and, if appropriate, references to "the Group" will include each member of the Group;
- **"Listings Requirements"** – means the Listings Requirements of the JSE Limited, as amended from time to time and as interpreted and applied or disapplied by the JSE Limited;
- **"Regulations"** – the regulations promulgated under section 223 of the Act; and
- **"Subsidiary/ies"** – will bear the meaning assigned to this term in section 3 of the Act.

ORDINARY BUSINESS

ORDINARY RESOLUTION NUMBER 1 – *presentation and adoption of Annual Financial Statements*

Resolution

To receive and adopt the Annual Financial Statements, including the Directors' Report and the Audit & Risk Committee report of the Company and the Group for the year ended 30 June 2012.

Explanation

In order for this ordinary resolution to be adopted, the support of a majority of the votes cast by the shareholders present or represented by proxy at the Meeting is required.

A hard copy of the Annual Financial Statements may be obtained from the registered office of the Company or from the Company Secretary (by email at the address rverster@aspenpharma.com). An electronic copy of these statements may be obtained from the Company's website: www.aspenpharma.com.

ORDINARY RESOLUTION NUMBER 2 – *re-election of directors*

Resolution

To re-elect the following directors, who are retiring by rotation in terms of the existing memorandum of incorporation of the Company (previously known as the memorandum and articles of association), all of whom are eligible and offer themselves for re-election:

- Judy Dlamini
- John Buchanan
- Rafique Bagus

Explanation

(Abbreviated biographical details of the directors are set out on page 84 of the Annual Report).

Each of the ordinary resolutions above will be considered by way of a separate vote and in order for each ordinary resolution to be adopted, the support of a majority of the votes cast by the shareholders present or represented by proxy at the Meeting is required.

ORDINARY RESOLUTION NUMBER 3 – *election of director*

Resolution

To elect Kuseni Dlamini, who has been appointed by the Board of the Company to fill a vacancy on the Board of the Company during the period since the date of the last annual general meeting of the Company, who is eligible and offers himself for election.

Explanation

(Abbreviated biographical details of this director are set out on page 84 of the Annual Report).

In order for this ordinary resolution to be adopted, the support of a majority of the votes cast by the shareholders present or represented by proxy at the Meeting is required.

ORDINARY RESOLUTION NUMBER 4 – *re-appointment of independent external auditors*

Resolution

To re-appoint the auditors, PricewaterhouseCoopers Inc., as the independent registered auditors of the Company and the Group, upon the recommendation of the Audit & Risk Committee, and to note that Tanya Rae will be the individual registered auditor who will undertake the audit for the financial year ending 30 June 2013.

Explanation

In order for this ordinary resolution to be adopted, the support of a majority of the votes cast by the shareholders present or represented by proxy at the Meeting is required.

ORDINARY RESOLUTION NUMBER 5 – *election of Audit & Risk Committee members*

Resolution

To elect the following independent non-executive directors as members of the Audit & Risk Committee of the Company:

- John Buchanan
- Roy Andersen
- Sindi Zilwa

Explanation

(Abbreviated biographical details of the directors are set out on page 84 of the Annual Report.)

Each of the ordinary resolutions above will be considered by way of a separate vote and in order for each resolution to be adopted, the support of a majority of the votes cast by the shareholders present or represented by proxy at the Meeting is required.

Notice of annual general meeting continued

ORDINARY RESOLUTION NUMBER 6 – *approval of amendments to share schemes*

Resolution

To approve the deeds of amendment to each of the Restated Deed of the Aspen Share Incentive Scheme and the Restated Deed of the Aspen Share Appreciation Plan (hereinafter referred to as the "Schemes"), copies of the deeds of amendment will be tabled at the Meeting and will be initialled by the chairman for identification purposes. The salient features of the deeds of amendment are reflected in the explanatory notes to the notice of Meeting.

Explanation

(The key purpose of the amendments to the Schemes is to effect a reduction in the aggregate number of shares that may be issued for the purpose of all share incentive schemes operated by the Company).

In terms of the Listing Requirements, in order for this ordinary resolution to be adopted, the support of at least 75% of the votes cast by the shareholders present or represented by proxy (excluding all votes attaching to shares acquired by participants in any of the Schemes and which may be affected by the vote) at the Meeting is required.

A hard copy of the existing Restated Aspen Share Incentive Scheme and Restated Aspen Share Appreciation Plan, as well as each deed of amendment in respect of the Schemes, may be obtained during normal business hours from the Company's registered office or from the offices of Werksmans Attorneys (155-5th Street, Sandton) from 14 November 2012 to 4 December 2012 or from the Company Secretary (by email at the address rverster@aspenpharma.com).

ORDINARY RESOLUTION NUMBER 7 – *place unissued shares under the control of directors*

Resolution

To place the ordinary shares in the authorised but unissued share capital of the Company at the disposal and under the control of the directors until the next annual general meeting of the Company, who are hereby authorised and empowered, subject to the provisions of the Act and the Listings Requirements, to allot, issue and otherwise dispose of such shares to such person/s on such terms and conditions and at such time/s as the directors may from time to time in their discretion deem fit; provided that this resolution shall not authorise the directors to effect an issue of shares for cash as contemplated in the Listings Requirements.

Explanation

In order for this ordinary resolution to be adopted, the support of a majority of the votes cast by the shareholders present or represented by proxy at the Meeting is required.

ORDINARY RESOLUTION NUMBER 8 – *remuneration policy*

Resolution

To endorse, by way of a non-binding advisory vote, the remuneration policy of the Company and the Group, as set out in the Remuneration Report commencing on page 100 of the Annual Report.

Explanation

In order for this ordinary resolution to be adopted, the support of a majority of votes cast by the shareholders present or represented by proxy at the Meeting is required.

ORDINARY RESOLUTION NUMBER 9 – *authorisation of an executive director to sign necessary documents*

Resolution

That any one executive director of the Company is authorised to sign all such documents and instruments and to do all such things as may be necessary for or incidental to the implementation of the resolutions passed at the Meeting.

Explanation

In order for this ordinary resolution to be adopted, the support of a majority of the votes cast by the shareholders present or represented by proxy at the Meeting is required.

SPECIAL BUSINESS

SPECIAL RESOLUTION NUMBER 1 – *remuneration of non-executive directors*

Resolution

To approve the remuneration of non-executive directors for the year ending 30 June 2013 on the basis set out below, and for the period 1 July 2013 to the date of the 2013 annual general meeting on the basis set out below:

	Year to 30 June 2013			Year to 30 June 2012	
Type of fee	Proposed base fee R	Proposed fee per meeting R	Proposed fee per hour[#] R	Current base fee R	Current fee per meeting R
BOARD					
Chairman*	817 000	n/a	n/a	770 000	n/a
Board member	118 000	22 200	6 675	111 000	21 000
AUDIT & RISK COMMITTEE					
Chairman	148 050	27 325	13 360	130 000	24 000
Member	75 300	13 450	6 675	60 000	10 700
REMUNERATION & NOMINATION COMMITTEE					
Chairman	53 250	12 750	13 360	50 000	12 000
Member	27 000	6 250	6 675	25 000	6 000
SOCIAL & ETHICS COMMITTEE					
Chairman	60 700	20 825	13 360	n/a	n/a
Member	30 300	10 425	6 675	n/a	n/a
TRANSFORMATION COMMITTEE**					
Member	n/a	n/a	n/a	21 000	8 400
RISK & SUSTAINABILITY COMMITTEE**					
Chairman	n/a	n/a	n/a	74 550	24 150
Member	n/a	n/a	n/a	42 000	10 500

* *The Chairman does not receive any additional fees for her role as Chairman or for her attendance of committee meetings.*
** *The Risk & Sustainability Committee and Transformation Committee were discontinued and their duties taken up into the reconstituted Audit & Risk Committee and newly established Social & Ethics Committee.*
[#] *Unscheduled meetings are remunerated at an hourly rate.*

Explanation

This special resolution will be considered by way of a separate vote on the remuneration of each category of Board member (as specified in each line item of the table above) and in order for each resolution to be adopted, the support of at least 75% of the votes cast by the shareholders present or represented by proxy at the Meeting is required.

SPECIAL RESOLUTION NUMBER 2 – *financial assistance to related or inter-related company*

Resolution

That the Company or any of its Subsidiaries be authorised, in terms of and subject to the provisions of section 45 of the Act, at any time and from time to time during the period of two years commencing on the date of adoption of this special resolution, to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise to any companies or corporations that are related or inter-related to the Company (as contemplated in the Act).

Notice of annual general meeting continued

Explanation

In order for this special resolution to be adopted, the support of at least 75% of the votes cast by the shareholders present or represented by proxy at the Meeting is required.

This special resolution does not authorise the provision of financial assistance to a director or a prescribed officer of the Company or any company or person related to a director or prescribed officer of the Company.

The Board shall, before authorising the provision of any financial assistance contemplated in this special resolution, comply with the requirements set out in section 45 of the Companies Act relating to, *inter alia*, solvency and liquidity.

SPECIAL RESOLUTION NUMBER 3 – *adoption of new memorandum of incorporation*

Resolution

To adopt the new memorandum of incorporation of the Company, the salient features of which are reflected in Annexure B to this notice of the Meeting, in substitution for the existing memorandum of incorporation of the Company (previously known as the memorandum and articles of association), in order to align the Company's memorandum of incorporation with the requirements of the Act, pursuant to which the authorised share capital of the Company will be altered to the effect that it will no longer include the 17 600 000 variable rate, redeemable, cumulative preference shares which have a par value of R0,01 each and which are subject to certain rights, privileges and conditions (hereinafter referred to as the "B Preference Shares").

Explanation

In order for this special resolution to be adopted, the support of at least 75% of the votes cast by the shareholders present or represented by proxy at the Meeting is required.

SPECIAL RESOLUTION NUMBER 4 – *general authority to repurchase shares*

Resolution

To authorise the directors, by way of a general authority, to facilitate an acquisition by the Company or any of its Subsidiaries, from time to time, of up to 20% of the Company's ordinary issued share capital in terms of the Act and the Listings Requirements, provided that a Subsidiary may not hold more than 10% of the Company's issued share capital. Such general approval shall be valid until the earlier of the date of the next annual general meeting of the Company or the date that is 15 months from the date of the passing of this special resolution.

Explanation

It is recorded that the Listings Requirements currently require, *inter alia*, that the Company may make a general repurchase of securities only if:

- the repurchase of shares is effected through the order book operated by the JSE's trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- acquisitions in the aggregate, in any one financial year, may not exceed 20% of the Company's issued share capital as at the date of passing this special resolution;
- repurchases are not made at a price more than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the repurchase;
- an announcement containing full details of the share repurchase is published in accordance with the Listings Requirements as soon as the Company or Group has acquired shares constituting, on a cumulative basis, 3% of the number of the ordinary shares in issue at the time the authority is granted and for each subsequent 3% purchase thereafter;
- at any point in time, the Company may only appoint one agent to effect any repurchase on the Company's behalf;
- there is a resolution by the Board of Directors which resolved that they authorised the repurchase, that the Company passed the solvency and liquidity test, and that since the test was done there have been no material changes to the financial position of the Group; and
- the Company and/or the Group do not repurchase any shares during a prohibited period as defined by the Listings Requirements, unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are

fixed and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period.

The directors have no specific intention, at present, for the Company or Group to repurchase any of the Company's shares, but should the authority be granted at the 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.

Additional information required to be disclosed in connection with this special resolution in terms of the Listings Requirements is contained under section F of this notice.

In order for this special resolution to be adopted, the support of at least 75% of the votes cast by the shareholders present or represented by proxy at the Meeting is required.

E. PRESENTATION OF THE REPORT OF THE SOCIAL & ETHICS COMMITTEE

Shareholders are referred to pages 110 to 113 of the Annual Report, which contains the report of the Social & Ethics Committee for the year ending 30 June 2012. If the shareholders did not receive the Annual Report, copies will be circulated at the Meeting. A member of the Social & Ethics Committee will be present at the Meeting to answer any questions that shareholders may have on such report, but such report will be regarded as having been read and therefore presented to shareholders by virtue of delivery of the Annual Report to them in accordance with the Act and the Regulations.

F. ADDITIONAL DISCLOSURE REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS RELATING TO SPECIAL RESOLUTION 4

Solvency and liquidity statement

The directors of the Company, after considering the effect of the repurchase of the maximum number of the Company's shares in terms of the general authority to be provided in terms of special resolution number 4, are satisfied that for a period of 12 months after the date of this notice of the Meeting:

- the Company and the Group will be able in the ordinary course of business to pay its debts;
- the assets of the Company and the Group, recognised and measured in accordance with the accounting policies used in the latest audited Group Annual Financial Statements, will be in excess of the liabilities of the Company and the Group, recognised and measured in the same way as the assets;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes.

The Company undertakes to advise the sponsor before embarking on a general repurchase or capital distribution, in order to enable the sponsor to furnish the JSE with written confirmation of the Company's working capital.

Additional information

The following additional information, some of which may appear elsewhere in the Annual Report of which this notice forms part, is provided in terms of the Listings Requirements for purposes of the general authority to repurchase the Company's shares as applicable:

- Information relating to the directors and management of the Company can be found on page 84 of the Annual Report.
- Information relating to the major shareholders of the Company can be found on page 170 of the Annual Report.
- Information relating to the directors' interests in the Company can be found on page 109 of the Annual Report.
- Information relating to the share capital of the Company can be found in note 13 of the Group Annual Financial Statements.

Directors' responsibility statement

The directors, whose names appear on pages 84 and 85 of the Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 4 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

Notice of annual general meeting continued

enquiries to ascertain such facts have been made and that special resolution number 4 contains all information required by the Listings Requirements.

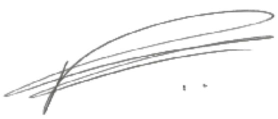
Material changes

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.

Litigation statement

There are no legal or arbitration proceedings which may have, or have had, during the 12-month period preceding the date of this notice, a material effect on the financial position of the Company and the Company is not aware of any such pending or threatened proceedings.

By order of the Board



Riaan Verster
Company Secretary

Johannesburg
22 October 2012

Annexure A

Explanatory notes to resolutions for consideration at the annual general meeting

ORDINARY BUSINESS

Ordinary Resolution Number 1 – *presentation and adoption of Annual Financial Statements*

The directors must present to shareholders at the Meeting the Annual Financial Statements incorporating the Directors' Report and the report of the auditors for the year ended 30 June 2012. These are contained within the Annual Report.

Ordinary Resolution Number 2 – *re-election of directors*

In terms of the existing memorandum of incorporation of the Company, one-third of the directors are required to retire at each annual general meeting and may offer themselves for re-election. In addition, any person appointed subsequent to the last annual general meeting is similarly required to retire and is eligible for re-election at the next annual general meeting. The Remuneration & Nomination Committee considered the contribution, performance and attendance of the directors offering themselves for re-election and has no hesitation in recommending them for re-appointment by the shareholders.

Ordinary Resolution Number 3 – *election of director*

In terms of the existing memorandum of incorporation of the Company, the directors of the Company may appoint any person as a director, either to fill a vacancy or as an additional director; provided that such appointment is confirmed at the next annual general meeting of the Company. Prior to appointing Kuseni Dlamini as a director, the directors satisfied themselves that Kuseni Dlamini was eligible for appointment as a director of the Company, as provided for in the Act and the existing memorandum of incorporation. The directors confirm that Kuseni Dlamini is still eligible to be a director of the Company and does not fall within the ineligibility and disqualification provisions of section 69 of the Act or within the disqualifications provisions set out in the existing memorandum of incorporation of the Company.

Ordinary Resolution Number 4 – *re-appointment of independent external auditors*

The reason for proposing this ordinary resolution is to confirm, upon the recommendation of the Audit & Risk Committee, the appointment of PricewaterhouseCoopers Inc. as the independent external auditors of the Company and the Group, and to note that Tanya Rae will be the individual registered auditor who will undertake the audit for the financial year ending 30 June 2013.

Ordinary Resolution Number 5 – *election of Audit & Risk Committee members*

In terms of King III, the Audit & Risk Committee must comprise a minimum of three independent non-executive directors and further, in terms of the regulations to the Act, at least one-third of the members of the Committee must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. Having regard to the aforementioned, the Remuneration & Nomination Committee considered the expertise, experience and independence requirements of the members offering themselves for election and recommended to the Board that the directors be proposed to shareholders for approval.

Ordinary Resolution Number 6 – *approval of amendments to share schemes*

Currently the maximum aggregate number of shares in the capital of the Company that may be made available for the purpose of all share incentive schemes operated by the Company ("All of the Schemes") is 64 741 611 (excluding shares acquired on the JSE) which represents approximately 14% of the issued ordinary share capital of the Company. In addition, the current maximum number of shares that may be acquired by a single participant of any of the share incentive schemes operated by the Company is 6 474 161 shares, which represents approximately 1,4% of the issued ordinary share capital of the Company.

Since the inception of the Schemes in 1999, 37 474 749 shares have been issued and/or acquired pursuant to All of the Schemes which represents approximately 8,24% of the issued ordinary share capital of the Company. The Remuneration & Nomination Committee of the Board has formed the view that it is unlikely that in terms of All of the Schemes, that it will be necessary to make available more than 45 477 945 shares for the purpose of All of the Schemes, which represents approximately 10% of the issued ordinary share capital of the Company.

Accordingly, amendments are proposed in respect of the Restated Aspen Share Incentive Scheme and the Restated Aspen Share Appreciation Plan in terms of which the maximum aggregate number of shares that may be made available in terms of All of the Schemes is reduced to 45 477 945 shares (excluding shares acquired on the JSE), which represents approximately 10% of the issued ordinary share capital of the Company. In addition, amendments are proposed in order to reduce the maximum number of shares that

Annexure A continued

Explanatory notes to resolutions for consideration at the annual general meeting continued

may be acquired (excluding any shares acquired on the JSE) in terms of all of the schemes by a single participant to 4 800 000 shares as opposed to the current maximum of 6 474 161 shares.

Ordinary Resolution Number 7 – *place unissued shares under the control of directors*
It is considered advantageous to grant the directors authority to enable the Company to take advantage of business opportunities which might arise in the future. This authority is due to expire at the next annual general meeting.

Ordinary Resolution Number 8 – *remuneration policy*
The reason for proposing this ordinary resolution is in order that shareholders may endorse, by way of a non-binding advisory vote, the Company's remuneration policy as set out in the Remuneration Report on page 100 of the Annual Report.

Ordinary Resolution Number 10 – *authorisation of an executive director to sign necessary documents*
It is necessary to confer upon an executive director of the Company an authority to sign all documents as may be necessary for or incidental to the resolutions to be proposed at the Meeting.

SPECIAL BUSINESS

Special Resolution Number 1 – *remuneration of non-executive directors*
The Company, in general meeting, as per its existing memorandum of incorporation and the Act, shall from time to time determine the remuneration of non-executive directors, subject to shareholder approval.

Special Resolution Number 2 – *financial assistance to related or inter-related company*
In accordance with section 45 of the Act, the Company may not provide financial assistance contemplated in section 45 of the Act without a special resolution. The reason for proposing the special resolution is to permit and authorise the Company and/or any Subsidiaries to authorise the Company to provide direct or indirect financial assistance, by way of a loan, guaranteeing of a loan or other obligation or securing of a debt or other obligation, to the recipients contemplated in Special Resolution Number 2.

It is difficult to foresee the exact details of financial assistance that the Company and/or its Subsidiaries may be required to provide over the next two years. It is essential, however, that the Company is able to organise effectively its internal financial administration. For these reasons and because it would be impractical and difficult to obtain shareholder approval every time the Company and/or its Subsidiaries wish to provide financial assistance as contemplated above, it is necessary to obtain the approval of shareholders, as set out in Special Resolution Number 2.

It should be noted that this resolution does not authorise financial assistance to a director or a prescribed officer of the Company or any company or person related to a director or prescribed officer of the Company.

Special Resolution Number 3 – *adoption of new memorandum of incorporation*
The reason for proposing this special resolution is to put forward a new memorandum of incorporation of the Company for adoption, in accordance with the provisions of Item 4(2)(a) of Schedule 5 of the Act. The new memorandum of incorporation is intended:
- to harmonise the administration of the Company with the provisions of the Act; and
- to alter the authorised share capital of the Company so as to remove all of the B Preference Shares, none of which have ever been issued and the terms of which are not consistent with the commercial realities that are grounded in changes to the companies laws and tax laws since the date of the creation of such B Preference Shares.

Special Resolution Number 4 – *general authority to repurchase shares*
The reason for proposing this special resolution is to permit and authorise the Company and/or any subsidiaries to acquire the Company's ordinary issued shares. The effect will be to grant the directors a general authority to facilitate the purchase by the Company or any of its Subsidiaries of up to 20% of the Company's ordinary issued share capital. Such general authority will provide the Board with the flexibility, subject to the requirements of the Act and the Listings Requirements, to repurchase the Company's shares should it be in the interests of the Company while the general authority exists. This general authority shall be valid until the next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing this special resolution.

Annexure B

Summary of the salient provisions of the new memorandum of incorporation of Aspen Pharmacare Holdings Ltd

1. INTRODUCTION

1.1 The Board of Directors of Aspen Pharmacare Holdings Limited ("Aspen" or the "Company") adopted a resolution proposing to the shareholders of the Company that the Company adopt a new memorandum of incorporation in substitution for its existing memorandum of incorporation. This proposal, if adopted and approved by the shareholders of the Company by way of a special resolution at the annual general meeting of the Company, will harmonise the administration of the Company with the principles and provisions contained in the Companies Act, No 71 of 2008 (as amended), as well as the most recent bulletin of the Listings Requirements of the JSE Limited ("Listings Requirements"). It is therefore an attempt to ensure that the administration of the Company is brought up-to-date with recent legal developments.

1.2 This summary of the salient features of the proposed new memorandum of incorporation for the Company is attached to this notice of Meeting as Annexure B. While the Board of the Directors of the Company instructed its attorneys to draw up an entirely new document, the mandate required the new memorandum of incorporation to reflect insofar as was possible the principles and rules contained in the existing memorandum of incorporation. Accordingly, the substantive changes to the documents are primarily a result of new legal developments. Shareholders should therefore be comfortable with the vast majority of the provisions of the proposed new memorandum of incorporation.

1.3 To assist shareholders in understanding the proposed new memorandum of incorporation, and its consequences for, as well as its impact on, the Company, the Company has prepared a high-level summary of the salient provisions of the new memorandum of incorporation below. This summary should not be read as a reflection of the entire contents of the new memorandum of incorporation, which should be read in its entirety for a full appreciation of all issues that might pertain to a particular shareholder. In addition, shareholders should bear in mind that the summary below is not intended to highlight the changes between the existing memorandum of incorporation and the proposed new memorandum of incorporation, but that it is a summary of all salient provisions that the Company considers to be of especial interest or relevance to the body of shareholders as a whole.

1.4 The full version of the new Memorandum of Incorporation will be tabled at the Meeting, and will be available on request to the Company Secretary of the Company by any shareholder. Alternatively any shareholder can review the full version of the Memorandum of Incorporation at the registered office of the Company.

2. SUMMARY OF THE SALIENT PROVISIONS OF THE PROPOSED NEW MEMORANDUM OF INCORPORATION OF THE COMPANY (THE "MOI")

2.1 Shares and share capital

2.1.1 The MOI stipulates that the authorised share capital of the Company will constitute 717 600 000 ordinary shares of 13,90607 cents each.

2.1.2 In addition, the MOI sets out that each ordinary share in the issued share capital of the Company ranks *pari passu* with all other ordinary shares in respect of all rights, and:

2.1.2.1 subject to any restriction as to voting to which any shareholder or share may be subject, a shareholder who is present at a shareholders' meeting will have one vote on a show of hands and, on a poll shall:

2.1.2.1.1 if the share capital is divided into shares of par value, have that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by that shareholder bears to the aggregate of the nominal value of all the shares issued by the Company; or

2.1.2.1.2 if the share capital is divided into shares of no par value, be entitled to one vote in respect of each share held by that shareholder; and

Annexure B continued

Summary of the salient provisions of the new memorandum of incorporation of Aspen Pharmacare Holdings Ltd continued

2.1.2.2 entitles its holder to participate equally with every other ordinary share in any distribution (excluding any payment in lieu of a capitalisation share and any consideration payable by the Company for any of its own shares or for any shares of another company within the same group as contemplated in paragraphs (ii) and (iii) of the definitions of "Distribution" in the Act) to ordinary shareholders, whether during the existence of the Company or upon its dissolution.

2.2 Amendment of the MOI

The MOI may only be altered or amended (including any amendment to effect a change to or of the name of the Company).

2.2.1 in compliance with a court order;

2.2.2 by way of a special resolution of the shareholders; or

2.2.3 as contemplated in section 17 and 152(6)(b) of the Act.

2.3 Rules

2.3.1 The MOI provides that the Board may not make, amend or repeal any rules relating to the governance of the Company in respect of matters that are not addressed in the Act or the MOI.

2.3.2 The prohibition against making any such rules is a requirement of the Listings Requirements.

2.4 Limitation of liability

The MOI provides that no person will, solely by reason of being an incorporator, shareholder or director of the Company, be liable for any liabilities or obligations of the Company.

2.5 Variation of share capital

The shareholders may, by amendment to the MOI passed by way of a special resolution of the shareholders, and otherwise in accordance with the requirements of the Listings Requirements:

2.5.1 create any class of shares having such preferences, rights, limitations and other terms as are determined at the time of such creation;

2.5.2 increase or decrease the number of authorised shares of any class of the shares;

2.5.3 reclassify any classified shares that have been authorised but not issued;

2.5.4 classify any unclassified shares that have been authorised but not issued; or

2.5.5 determine the preferences, rights, limitations or other terms of any shares.

2.6 Issue of securities

2.6.1 No issue of shares or securities convertible into shares, nor any grant of options contemplated in section 42 of the Act, nor any grant of any other rights exercisable for securities, whether for cash or otherwise in any such case, may be effected by the Company unless it has been approved by the shareholders in accordance with the requirements of the Listings Requirements.

2.6.2 The MOI provides that the shareholders of the Company will, unless otherwise resolved by the shareholders in accordance with the Act and the Listings Requirements, have a pre-emptive right to be offered and to subscribe for new shares to be issued by the Company ("new shares"), in consideration of money, the salient terms of such pre-emptive right include:

2.6.2.1 the Company shall offer in writing ("offer") to issue all of the new shares to all existing holders of shares of the class of shares to which the new shares belong (or, if there are no shares of that class in issue, to the ordinary shareholders) ("offerees") on the same terms and conditions and, subject to the provisions of paragraph 2.6.2.3 below, *pro rata* in proportion to their existing holdings of those shares (or, if there are no shares of that class in issue, of ordinary shares);

2.6.2.2 the offer must state the subscription price per new share being offered and that:

2.6.2.2.1 it is irrevocable and capable of acceptance, in whole or in part, only by the offerees giving written notice to that effect to the Company;

2.6.2.2.2 any such acceptance will only be effective if it is accompanied by a bank guarantee or a bank guaranteed cheque (or other security for payment that is acceptable to the Company) for payment of the full subscription price that will be payable for all of the new shares in respect of which the offer is accepted (including any additional acceptance referred to in paragraph 2.6.2.3);

2.6.2.2.3 if any regulatory approval is required for the implementation of the agreement resulting from any such acceptance ("resultant subscription agreement"), the resultant subscription agreement will be subject to the suspensive condition that such regulatory approval will have been obtained within such reasonable period as may have been stipulated in, or determined in accordance with, the offer; and

2.6.2.2.4 not contain any other terms or conditions;

2.6.2.3 if an offer has been made and:

2.6.2.3.1 any offeree ("surplus offeree") accepts that entire offer to it and in such acceptance also accepts to any extent ("additional acceptance") that offer of new shares to any other offeree who does not accept the offer, as referred to in paragraph 2.6.2.1; and

2.6.2.3.2 any other offeree does not accept that offer in respect of certain of the new shares ("surplus shares") offered to it in terms of clause 2.6.2.1,

then the surplus shares will be deemed, on the expiry of the offer period, to have been offered to the surplus offeree/s *pro rata inter se* in the proportions in which that offer was made to them and will, to the extent of their additional acceptances, be deemed to have been accepted by the surplus offeree/s. The Company shall give written notice of any deemed offer and acceptance to all the offerees;

2.6.2.4 unless otherwise provided in the offer, on the fifth business day after the later of the date of expiry of the offer period and the date of fulfilment of any suspensive condition to the resultant subscription agreement, the subscription price payable in terms of the resultant subscription agreement will, in the proportions in which they have accepted the offer, be paid by the offerees who accepted the offer to the Company and the Company shall then deliver to those offerees, in the manner prescribed by the Act and/or the Listings Requirements, the new shares for which they have subscribed; and

Annexure B continued

Summary of the salient provisions of the new memorandum of incorporation of Aspen Pharmacare Holdings Ltd continued

2.6.2.5 if, after the application of the provisions of paragraph 2.6.2.3, the offer has not been accepted in respect of all of the new shares, or the resultant subscription agreement arising from any acceptance of the offer does not become unconditional because any suspensive conditions thereto are not fulfilled, then the Company will be entitled, within sixty business days after the later of the date of: (i) the expiry of the offer period or (ii) the failure of the suspensive conditions, as the case may be, but not thereafter, to issue any new shares that were not taken up because, either, the offer was not accepted in respect of those new shares, or the resultant subscription agreement in respect of those new shares did not become unconditional, to any person at a subscription price not lower, and on terms and conditions not more favourable to that person, than those of the offer.

2.6.3 In terms of the MOI, the foresaid pre-emptive right will not apply to any issue of shares as consideration for the acquisition by the Company of any securities in another company, or any other property that is not money, and, for this purpose, any claim by a shareholder against the Company for the payment of any amount will be deemed to be money.

2.7 Transfer of securities

The MOI provides, *inter alia*, that:

2.7.1 all the securities of the Company are freely transferable; and

2.7.2 the transfer of uncertified securities register of the Company may only be effected by:

2.7.2.1 a central securities depository or a participant;

2.7.2.2 on receipt of an instruction to transfer sent and properly authenticated in terms of the rules of the relevant central securities depository or an appropriate order of court; and

2.7.2.3 in accordance with section 53(1) of the Act and the rules of the relevant central securities depository,

on the basis that sections 53(4) and 55 of the Act will apply to such transfer of uncertified securities.

2.8 Capitalisation shares

It is provided in the MOI that the Board will not, save to the extent specifically authorised by the shareholders by means of an ordinary resolution authorising the specific transaction contemplated, have the power or the authority to:

2.8.1 approve the issuing of any authorised shares as capitalisation shares;

2.8.2 issue shares of one class as capitalisation shares in respect of the shares of another class; or

2.8.3 resolve to permit the shareholders to elect to receive a cash payment in lieu of a capitalisation share,

and the authority of the Board to issue capitalisation shares in accordance with section 47(1) of the Act is, accordingly, limited and restricted by the MOI.

2.9 Debt instruments

The MOI provides that the Board may authorise the Company to issue secured or unsecured debt instruments, as set out in section 43(2) of the Act, provided that the Board will not be entitled to issue any debt instruments that grant the holder/s thereof any rights regarding:

2.9.1 attending and voting at shareholders' meetings and the appointment, or nomination for appointment, of directors; and

2.9.2 the receipt by the holder thereof of anything other than repayment of the capital amount thereof and payment of interest thereon, all in cash. Without limiting the foregoing, it is recorded that a debt instrument may not confer on its holder any right to receive any shares or other securities of the Company or any other entity or any other property (whether on conversion or redemption or repurchase of the debt instrument or otherwise).

2.10 Acquisition of shares issued by the Company

The MOI provides that the Company may, with the prior approval of a special resolution of shareholders, acquire any shares issued by the Company.

2.11 Beneficial interests

2.11.1 In terms of the MOI, securities issued by the Company may be held by, and registered in the name of, one person for the beneficial interest of another person, but no person other than the registered holder of a security will be entitled to exercise any of the rights associated with that security and the Company will not recognise any person other than the registered holder of a security as the holder of that security.

2.11.2 In addition, the MOI provides that the Company shall, to the extent required by the Act, maintain a register of disclosures made to the Company of the identity of beneficial interests in securities.

2.12 Shareholders' right to information

The MOI provides that each shareholder and each person who is the registered holder of, or holds a beneficial interest in, any securities issued by the Company will have the information rights set out in section 26(1) of the Act.

2.13 Proxy representation

In terms of the MOI:

2.13.1 a shareholder may, at any time by written proxy appointment, appoint any individual who is not a shareholder of the Company, as a proxy;

2.13.2 the Board may determine a standard form of proxy appointment and make it available to shareholders on request;

2.13.3 an instrument appointing a proxy:

2.13.3.1 need not, subject to paragraph 2.13.3.2 below, bear a handwritten signature of the shareholder appointing the proxy and may be an instrument created by electronic or other means, including electronic mail or facsimile;

2.13.3.2 must be accompanied by such documentary or other evidence as may be required by the Board in order to establish the validity and/or authenticity thereof, including the authority of the person appointing the proxy;

2.13.3.3 will be deemed to confer the power generally to act at the general meeting in question, subject to any specific direction contained in the proxy instrument as to the manner of voting;

2.13.4 a shareholder may appoint more than one person concurrently as proxies.

Annexure B continued

Summary of the salient provisions of the new memorandum of incorporation of Aspen Pharmacare Holdings Ltd continued

2.14 Shareholders' meetings

In terms of the MOI the Company will not be required to hold any shareholders' meetings other than those required by the Act and/or by, or for the purpose of complying with, the Listings Requirements and the Board (or the Chairman of the Board, if any) shall convene a shareholders' meeting.

2.15 Conduct of meetings

The MOI provides, *inter alia*, that:

2.15.1 the Company may, as contemplated in section 63 of the Act, provide for:

2.15.1.1 a shareholders' meeting to be conducted in whole or in part by electronic communication; and

2.15.1.2 any shareholder, or proxy for a shareholder, to participate by way of electronic communication in all or part of a shareholders' meeting that is being held in person;

2.15.2 the responsibility for the expense of gaining access to the medium or means of electronic communication employed for any shareholders' meeting will be that of the shareholder or proxy.

2.16 Shareholder meeting quorum and adjournment and chairman of shareholders' meetings

2.16.1 In terms of the MOI the quorum requirements for each shareholders' meeting (save for an adjourned or postponed shareholders' meeting, where the shareholders present in person or proxy will be deemed to constitute a quorum) will be that such a meeting will not begin until:

2.16.1.1 at least three separate shareholders are present at such meeting; and

2.16.1.2 sufficient persons are present at such meeting to exercise, in aggregate, at least 25% of all voting rights.

2.16.2 Furthermore, the MOI provides that:

2.16.2.1 after a quorum has been established for a shareholders' meeting, the meeting may continue for so long as shareholders constituting a quorum for the meeting are present at the meeting; and

2.16.2.2 the Chairman of the Board shall preside as the Chairman of each shareholders' meeting.

2.17 Written resolutions by shareholders

2.17.1 The MOI does not allow any shareholders' resolution to be adopted by a written vote of the shareholders, as contemplated in section 60 of the Act, and stipulates that all resolutions of the shareholders must be voted on at properly convened and constituted shareholders' meetings.

2.17.2 This restriction is a requirement of the Listings Requirements.

2.18 Appointment of directors

The MOI provides, *inter alia*, that:

2.18.1 the Board will comprise a minimum (excluding alternate directors) of four directors and a maximum (excluding alternate directors) of twenty directors;

2.18.2 the Board may appoint a person who satisfies the requirements for election as a director to fill any vacancy and serve as a director of the Company on a temporary basis until the vacancy has been filled by election in terms of an ordinary resolution passed by the shareholders;

2.18.3 no director will serve for an indefinite term, as contemplated in section 68(1) of the Act;

2.18.4 in addition to the grounds of ineligibility and disqualification of directors as contained in section 69 of the Act, a director will cease to be eligible to continue to act as a director if he/she absents himself/herself from all meetings of the Board occurring within a period of six consecutive months without the leave of the Board, and the Board resolves that his/her office be vacated; and

2.18.5 there is no minimum shareholding or other qualifications to be met by the directors of the Company in addition to the ineligibility and disqualification provisions of the Act and the provisions of paragraph 2.18.4 above.

2.19 Chairman of the Board

In terms of the MOI:

2.19.1 the directors may, from time to time, elect one of their number as the Chairman of the Board for a period of one year, unless he or she is re-elected;

2.19.2 the Chairman of the Board or, failing him, the deputy chairman of the Board shall preside as the Chairman of each meeting of the Board;

2.19.3 the Chairman will not carry or have a casting vote at any meeting of the Board.

2.20 Directors' meetings

The MOI deals extensively with matters surrounding directors' meetings, and the salient provisions of the MOI in this regard include the following:

2.20.1 a meeting may be held at the instance of a Board member, if agreed to by the Chairman or at the instance of at least two directors;

2.20.2 the Board may provide for a meeting of the Board to be conducted in whole or in part by electronic communication and must always make provision for any director to participate by electronic communication in every Board meeting that is held in person at any place other than the registered office of the Company;

2.20.3 the quorum for meetings of the Board will be a majority in number of the directors then in office; and

2.20.4 at any meeting of the Board, each director will be entitled, in respect of each matter to be voted on by the Board, to cast one vote, and no director will be entitled to exercise a second or casting vote in respect of any matter to be voted on by the Board, and a resolution of the Board will be passed by a majority decision of the directors at a quorate meeting of the Board.

2.21 Written resolutions by directors

The MOI provides that a decision that could be voted on at a meeting of the Board may instead be adopted by a written resolution that has been submitted to all of the directors and signed by a majority of the directors.

Annexure B continued

Summary of the salient provisions of the new memorandum of incorporation of Aspen Pharmacare Holdings Ltd continued

2.22 Financial assistance to directors, prescribed officers and related and Inter-related Companies

The Board may, as contemplated in section 45 of Act and subject to the requirements of that section, authorise the Company to provide direct or indirect financial assistance to a related or inter-related company of the Company. However, the Board may not authorise the Company to provide direct or indirect financial assistance to a director or prescribed officer of the Company, or a related or inter-related company of a director or prescribed officer, or to a member of a related or inter-related company, or to persons related to any such company, director, prescribed officer or member.

2.23 Distributions and payments to shareholders

2.23.1 In terms of the MOI the Board may, from time to time and in accordance with the requirements of the Act and the Listings Requirements:

2.23.1.1 declare dividends to any one or more classes of shares; and

2.23.1.2 resolve that the Company make a payment to the holders of any class of its securities, subject to the approval of an ordinary resolution of shareholders.

2.23.2 Furthermore, the MOI provides that any payment by the Company to its shareholders may, with the approval of an ordinary resolution of shareholders, be made either wholly or partly by the distribution of specific assets in such manner as the Board may recommend or determine.

Form of proxy

ASPEN PHARMACARE HOLDINGS LIMITED
Incorporated in the Republic of South Africa
Registration number 1985/002935/06
("Company")
JSE Share Code APN
ISIN Code ZAE 000066692

This proxy form relates to the 14th annual general meeting ("Meeting") to be held at Building Number 1, Healthcare Park, Woodlands Drive, Woodmead, Johannesburg, Gauteng, on Tuesday, 4 December 2012 at 09:00.

This proxy form is for use by certificated shareholders and dematerialised shareholders whose shareholding is recorded in their own name in the sub-register maintained by their Central Securities Depository Participant ("CSDP") ("own name" dematerialised shareholders). It is not for use by dematerialised shareholders (other than "own name" dematerialised shareholders). Such dematerialised shareholders should provide their CSDP or broker with their voting instructions.

This proxy form must be returned to the Company's transfer secretaries, Computershare Investor Services (Pty) Limited, First Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09:00 on Monday, 3 December 2012.

Please read the notes on the reverse hereof carefully, which, among other things, set out the rights of shareholders in terms of section 58 of the Companies Act with regard to the appointment of proxies.

If you are a shareholder who is entitled to attend and participate in, and speak and vote at, the Meeting, you may appoint not more than one person as your proxy to attend and participate in, and speak and vote (or abstain from voting) at the Meeting on your behalf. A proxy need not be a shareholder of the Company.

Please print clearly when completing this form and see the instructions on the reverse of this form for an explanation of the use of this proxy form and the rights of the shareholder and the proxy.

I/We (please print name in full)

of (address)

being the holder(s) of ordinary shares in the Company (see note 5), do hereby appoint

or, failing him/her, the Chairman of the meeting (see note 6) as my/our proxy to vote, attend and speak for me/us, or abstain from voting for me/us, and on my/our behalf at the Meeting (including on any poll and on all resolutions put to the Meeting), even if the Meeting is postponed, and at any resumption of the Meeting after any adjournment (see note 7).

I/We desire my/our proxy to vote as follows (see note 8):

VOTING INSTRUCTIONS	For	Against	Abstain
Ordinary business			
Ordinary Resolution Number 1 – *presentation and adoption of annual financial statements*			
Ordinary Resolution Number 2 – *re-election of directors*			
(a) Judy Dlamini			
(b) John Buchanan			
(c) Rafique Bagus			
Ordinary Resolution Number 3 – *election of Kuseni Dlamini as a director*			
Ordinary Resolution Number 4 – *re-appointment of independent external auditors*			
Ordinary Resolution Number 5 – *election of Audit Committee members*			
(a) John Buchanan			
(b) Roy Andersen			
(c) Sindi Zilwa			
Ordinary Resolution Number 6 – *approval of amendments to share schemes*			
Ordinary Resolution Number 7 – *place unissued shares under the control of directors*			
Ordinary Resolution Number 8 – *remuneration policy*			
Ordinary Resolution Number 9 – *authorisation of an executive director to sign necessary documents*			
Special business			
Special Resolution Number 1 – *remuneration of non-executive directors*			
Special Resolution Number 2 – *financial assistance to related or inter-related company*			
Special Resolution Number 3 – *adoption of new Memorandum of Incorporation*			
Special Resolution Number 4 – *general authority to repurchase shares*			

Signed this day of 2012

Signature

Summary of rights contained in section 58 of the Companies Act

The provisions of section 58 of the Companies Act confer the following rights on holders of shares in the Company ("Aspen Shareholder") and their proxies:

- an Aspen Shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint not more than one individual (including an individual who is not an Aspen Shareholder) as a proxy to participate in, and speak and vote at, a general meeting on behalf of such Aspen Shareholder;
- a proxy may delegate his/her authority to act on behalf of an Aspen Shareholder to another person, subject to any restriction/s set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant Aspen Shareholder chooses to act directly and in person in the exercise of any such Aspen Shareholder's rights as a shareholder;
- any appointment by an Aspen Shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- any appointment remains valid until the end of the general meeting for which it is given (or any adjournment thereof), unless it is revoked in the manner contemplated in the instrument used to give effect to such appointment;
- if an appointment of a proxy is revocable, an Aspen Shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the Company or the Company's transfer secretaries. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (i) the date stated in the revocation instrument, if any, or (ii) the date on which the revocation instrument was delivered to the Company or the Company's transfer secretaries; and
- a proxy appointed by an Aspen Shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the Memorandum of Incorporation of the Company, or the instrument appointing the proxy, provides otherwise.

Explanatory notes to proxy form

1. This proxy form will not be effective at the Meeting unless it is received by the Company's transfer secretaries, Computershare Investor Services (Pty) Limited, First Floor, 70 Marshall Street, Johannesburg, 2001, before 09:00 on Monday, 3 December 2012 (or 24 hours before the time appointed for the resumption of an adjourned Meeting). If a shareholder does not wish to deliver this proxy form to that address, it may also be posted, at the risk of the shareholder, to Computershare Investor Services (Pty) Limited, PO Box 61051, Marshalltown, 2107.
2. This proxy form is for use by certified shareholders and dematerialised shareholders with "own-name registration" who wish to appoint another person (a proxy) to participate in, and speak and vote at the Meeting, on their behalf. Other shareholders should not use this form. All beneficial shareholders who have dematerialised their shares through a CSDP or broker must provide the CSDP or broker with their voting instructions. Alternatively, if they wish to attend the meeting in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial shareholder and the CSDP or broker. If duly authorised, companies and other corporate bodies which are Aspen Shareholders may appoint a proxy using this form of proxy, or may appoint a representative in accordance with note 16 below.
3. This proxy form need not bear the handwritten signature of a shareholder appointing the proxy and may be an instrument created by electronic or other means, including e-mail or facsimile.
4. Where a share is held jointly, then the person who has been nominated by all of the joint holders as the registered shareholder will be entitled to attend and participate in, and speak and vote at, the Meeting on behalf of all of the joint holders. If the joint holders do not nominate any such person, then any of the joint holders may exercise, or abstain from exercising, the voting rights in relation to that share as if he/she were solely entitled to do so, provided that, if more than one such joint holder is present or represented at the Meeting, then the joint holder whose name stands first in the securities register in respect of that share or his/her proxy, as the case may be, is alone entitled to exercise or abstain from exercising such voting rights.
5. This proxy form shall apply to all the ordinary shares registered in the name of the shareholder who signs this proxy form at the Record Date unless a lesser number of shares is inserted in the relevant space/s above. A shareholder or the proxy is not obliged to cast all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast or in respect of which an abstention is recorded may not exceed the total number of the votes exercisable by the shareholder or by the proxy.
6. A shareholder may appoint not more than one person of his own choice as his proxy by inserting the name of such proxy in the space provided, and by signing and dating the proxy form. Any such proxy need not be a shareholder of the Company. If the name of the proxy is not inserted, the Chairman of the Meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the Meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this proxy form may delegate the authority given to him in this proxy form by delivering to the Company, in the manner required by these instructions, a further proxy form which has been completed in a manner consistent with the authority given to the proxy in this proxy form.
7. Unless revoked in accordance herewith, the appointment of a proxy in terms of this proxy form shall remain valid until the end of the Meeting, even if the Meeting or a part thereof is postponed or adjourned. This proxy form shall not be used at the resumption of an adjourned Meeting if it could not have been used at the Meeting from which it was adjourned for any reason other than that it was not lodged timeously for the Meeting from which the adjournment took place.
8. A shareholder must insert an "X" in the space provided according to how it wishes the votes attaching to its ordinary shares to be cast.
9. This form of proxy shall, in addition to the authority granted under the Companies Act, except insofar as this form of proxy provides otherwise, be deemed to confer the power generally to act at the Meeting, subject to the specific direction as to the manner of voting in this proxy form or on separate written instructions that accompany this proxy form. Accordingly, if:
   9.1 a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
   9.2 the shareholder gives contradictory instructions in relation to any matter; or
   9.3 any additional resolution/s are properly put before the meeting; or
   9.4 any resolution listed in the proxy form is modified or amended,

   then the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 9.1 to 9.4, then the proxy shall comply with those instructions.
10. If this proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this proxy form will not be effective unless:
    10.1 it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or
    10.2 the Company has already received a certified copy of that authority.
11. A minor or any other person under legal incapacity must be assisted by his parent or guardian, as applicable, unless the relevant documents establishing his capacity are produced or have been registered with the Company.
12. The Chairman of the Meeting may, in his discretion, accept or reject any proxy form or other written appointment of a proxy which is received by the Chairman prior to the time when the meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the Chairman will not accept any such appointment of a proxy unless the Chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.
13. Any alterations made to this form of proxy must be initialled by the authorised signatory/ies.
14. A vote cast or act done in accordance with the terms of this proxy form shall be deemed to be valid notwithstanding:
    14.1 the previous death, insanity, or any other legal disability of the person appointing the proxy; or
    14.2 the revocation of the proxy in terms hereof; or
    14.3 the transfer of a share in respect of which the proxy was given,

    unless notice as to any of the abovementioned matters shall have been received by the Company at the registered office of the Company or by the Chairman of the Meeting, before the commencement or resumption (if adjourned) of the Meeting at which the vote was cast or the act was done or before the poll on which the vote was cast.
15. All notices which a shareholder is entitled to receive in relation to the Company shall continue to be sent to that shareholder and shall not be sent to the proxy, unless the shareholder has directed the Company to do so, in writing, and paid any reasonable fee charged by the Company for doing so.
16. Companies and other corporate bodies who are shareholders of the Company having shares registered in their own names may, instead of completing this proxy form, appoint a representative to represent them and exercise all of their rights at the Meeting by giving written notice of the appointment of that representative. That notice will not be effective at the Meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received by the Company's transfer secretaries, Computershare Investor Services (Pty) Limited, First Floor, 70 Marshall Street, Johannesburg, 2001 by not later than 09:00 on Monday, 3 December 2012 (or 24 hours before the time appointed for the resumption of an adjourned Meeting). If a shareholder does not wish to deliver that notice to that address, it may also be posted, at the risk of the shareholder, to PO Box 61051, Marshalltown, 2107.

Shareholders' diary

Financial year-end	30 June 2012
Capital distribution paid to shareholders	15 October 2012
Annual general meeting	4 December 2012

REPORTS AND GROUP RESULTS ANNOUNCEMENT FOR THE 2013 FINANCIAL YEAR

Interim report	March 2013
Profit announcement for the year	September 2013
Annual financial statements	November 2013

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