Aspen Pharmacare Holdings Limited

Reviewed provisional Group financial results
for the year ended 30 June 2013

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

www.aspenpharma.com

Revenue from continuing operations increased **27% to**

R19,3 billion

Operating profit from continuing operations increased **28% to**

R5,0 billion

Offshore contribution increased **to**

63% of Group operating profit

Normalised diluted headline earnings per share from continuing operations increased **31% to**

836,2 cents

Diluted cash flow per share from continuing operations increased **37% to**

874,1 cents

Headline earnings per share increased **21% to**

788,0 cents

Earnings per share increased **20% to**

773,0 cents

Distribution to shareholders of

157 cents per share

Commentary

Group performance

Aspen achieved revenue growth of 27% to R19,3 billion and increased operating profit by 28% to R5,0 billion in the year ended 30 June 2013. Normalised headline earnings, being headline earnings adjusted for specific non-trading items, advanced 32% to R3,8 billion and normalised diluted headline earnings per share was up 31% at 836,2 cents. All business segments recorded growth in revenue and operating profit with the International business leading the way.

South African business

In the South African business, revenue improved by 20% to R7,4 billion and operating profit before amortisation, adjusted for specific non-trading items ("EBITA") increased 11% to R2,0 billion.

Revenue in the Pharmaceutical division rose 20% to R6,2 billion. Organic growth was complemented by a strong contribution from new product launches in the private sector. In the public sector expanding demand for antiretrovirals ("ARVs") added to the growth momentum although the greater weighting of revenue from low margin ARVs was the largest factor in the contraction of margin percentages. The weakening of the Rand and rising inflation in administered costs also put pressure on margins although this was partially relieved by gains in production efficiency and procurement savings.

The Consumer division delivered an 18% increase in revenue with nutritionals the biggest growth driver. Innovative new products, growing-up-milk and ready-to-feed infant milk, were launched expanding Aspen's offering in the nutritional sector.

Capital expansion projects have continued according to plan at all of the South African sites. In Port Elizabeth, land was acquired immediately adjacent to Aspen's site. Part of this land is already under construction with the commencement of the building of the high containment suite while the remaining land remains available for future projects. The upgrade of packing capabilities is also underway in Port Elizabeth. The expansion and enhancement of manufacturing capabilities is continuing at Fine Chemicals in line with the strategy to achieve greater vertical integration of this site with Group active pharmaceutical ingredient ("API") demands. The projects underway in East London and at Clayville are nearing completion.

Asia Pacific business

The region's continuous record of growth since the business was established in this territory in 2001 continued with a gain of 26% in revenue to R7,6 billion and with EBITA increasing by 30% to R1,9 billion. Rand-denominated performance was enhanced by the relative strengthening of the local currencies. The Asia Pacific region was the largest contributor to revenue in the Group for the first time, accounting for 37% of total gross revenue. This was achieved despite the mandated price cuts in Australia imposed by existing legislation. Revenue growth was supported by acquired products and pleasing progress in the Asian territories. EBITA advances benefitted from the continuation of the project to source more competitive product costs including the migration of production to the Port Elizabeth site in South Africa. The newly established subsidiary in Malaysia commenced trade in July 2013 and a further subsidiary has been established in Taiwan. Distribution in Australia of the classic brands portfolio acquired by the Group from GlaxoSmithKline ("GSK") in December 2012 and the infant milk products acquired by the Group from Nestlé in May 2013, have been successfully taken on.

International business

The International business showed strong growth with revenue increasing 48% to R3,7 billion and EBITA rising 59% to R1,5 billion. Latin America showed the biggest advance where sales to customers in this territory climbed 53% to R1,6 billion. A combination of organic and acquisitive growth propelled the Latin American performance despite the impact of the currency devaluation in Venezuela. The global brands portfolio was an important contributor to the growth achieved in the International business and the margin improvement projects for these products continued to

yield favourable outcomes. Contributions from certain territories in this business have also benefitted from relative currency strength against the Rand.

Sub-Saharan Africa business

Gross revenue in sub-Saharan Africa increased 26% to R2,1 billion driven by expanded promotional support. The negative growth in EBITA during the first six months was reversed with an increase of 16% in EBITA in the second six months bringing the result for the year to R252 million, an increase of 2%.

Funding

Borrowings, net of cash, increased by R4,0 billion over the year to R11,1 billion. R5,6 billion was spent on business and product acquisitions while a further R0,7 billion was invested in capital projects. The Group continued its record of strong cash flow generation with cash inflows of R4,0 billion from operating activities. Gearing moved up to 33% at year end from 29% a year prior. Financing costs, net of interest received, were covered 10 times by operating profit before amortisation.

The Group is presently engaged in a major debt raising and restructure exercise to support the impending transactions (see below).

Impending transactions

Aspen has undertaken extensive corporate activity over the past year and the following transactions, certain of which are subject to suspensive conditions, are being progressed by Group companies:

- The acquisition of an API manufacturing business, primarily in the Netherlands, from MSD for approximately €36 million plus the value of inventory, to be effective 1 October 2013. Further details appear in the SENS announcement of 27 June 2013.
- In a related agreement with MSD, Aspen has an option to acquire a portfolio of 11 branded finished dose form molecules covering a diverse range of therapeutic areas for approximately US$600 million. The most likely date for the acquisition of this portfolio through the exercise of the option is 31 December 2013. Further details appear in the SENS announcement of 27 June 2013.
- A binding, irrevocable offer submitted to GSK to acquire the Arixtra and Fraxiparine/Fraxodi brands worldwide (excluding China, India and Pakistan) together with the specialised sterile production site which manufactures these brands for approximately £700 million. In terms of the offer the date of acquisition of the brands would be 31 December 2013 and the date of acquisition of the site would be 30 April 2014. Further details appear in the SENS announcements of 18 June 2013 and 24 July 2013.
- The acquisition from Nestlé of certain licence rights to infant nutritional intellectual property, net assets including a production facility in Mexico and shares in infant nutritional businesses in several countries in Latin America with a proposed effective date of 28 October 2013. Further details appear in the SENS announcement of 7 August 2013.
- The acquisition from Nestlé of certain rights to intellectual property licenses and net assets in the infant nutritionals business presently conducted by Pfizer in certain southern African territories, including South Africa, remains subject to the approval of the competition authorities. Further details appear in the SENS announcement of 18 April 2013.

Prospects

The completion of the impending MSD and GSK transactions will transform the Group, expanding the global brands portfolio with the addition of established products which have strong market acceptance and widening the geographic reach of Aspen. This will enable Aspen to establish its own business units in Russia, other former Soviet republics and across Europe as well as extending its influence in Latin America and Asia. Significant management attention is being devoted to the development and implementation of the plans necessary to successfully execute these acquisitions. It is expected that synergies will be realised between these two transactions in addition to the focus Aspen will place on pursuing opportunities to achieve greater market penetration with the brands and improving production efficiencies.

The International business will be the greatest beneficiary of the completion of the impending transactions and this will add further momentum to the impressive growth achieved by this region in the past year.

Growth in the Asia Pacific territory will be supported by the impending transactions and the development of Aspen's footprint in Asia.

As the market leader in the private and public pharmaceutical sectors in South Africa, Aspen is well positioned to extend the solid performance achieved in the past year through organic growth. An entire new management team has been installed in the Consumer division with further impetus pending the approval by the competition authorities of the infant nutritional transaction with Nestlé.

In sub-Saharan Africa the focus will be on continuing the progress made in the second half of the past year. This territory remains vulnerable to geo-political volatility.

Provided there are no material changes in the prevailing macro-economic conditions, in the forthcoming year it is expected that the solid growth platform already established in all regions will be strongly supplemented by contributions to the International and Asia Pacific territories from the take-on of the impending transactions, particularly in the second half of the year. Debt levels in the Group will initially be close to Aspen's self-imposed limits, but this gearing is expected to reduce quite rapidly through strong operational cash flows.

Cash dividend and capital distribution

Taking into account the earnings and cash flow performance for the year ended 30 June 2013, existing debt service commitments and future proposed investments, notice is hereby given that the Board has declared a total distribution of 157 cents per share (2012: capital distribution of 157 cents per share), comprising:

- a cash dividend out of income reserves of 131 cents per ordinary share. The dividend carries STC credits equivalent to 131 cents per ordinary share and no dividends withholding tax will therefore be payable by shareholders who are not exempt from paying dividends withholding tax on this portion of the distribution; and
- a capital distribution of 26 cents per ordinary share (2012: 157 cents) by way of a capital reduction payable out of share premium.

The total distribution is payable to shareholders recorded in the share register of the company at the close of business on 11 October 2013.

Shareholders should seek their own tax advice of the consequences associated with the total distribution.

The directors are of the opinion that the company will satisfy the solvency and liquidity requirements of sections 4 and 46 of the Companies Act, 2008. Future distributions will be decided on a year-to-year basis. The income tax reference number of Aspen is 9325178714. The Share Capital in issue at present is 455 738 785.

In compliance with IAS 10: *Events After Balance Sheet Date*, the total distribution will only be accounted for in the financial statements in the year ending 30 June 2014.

Last day to trade cum total distribution	Friday, 4 October 2013
Shares commence trading ex total distribution	Monday, 7 October 2013
Record date	Friday, 11 October 2013
Payment date	Monday, 14 October 2013

Share certificates may not be dematerialised or rematerialised between Monday, 7 October 2013 and Friday, 11 October 2013.

By order of the Board

NJ Dlamini
(Chairman)

SB Saad
(Group Chief Executive)

Woodmead
11 September 2013

Group statement of financial position

at 30 June 2013	Notes	2013 R'million	2012 R'million
ASSETS			
Non-current assets			
Property, plant and equipment		**4 342,6**	3 807,0
Goodwill	G#	**5 973,2**	5 343,9
Intangible assets	H#	**18 933,0**	11 869,8
Other non-current assets		**26,7**	31,5
Deferred tax assets		**369,2**	234,4
Total non-current assets		**29 644,7**	21 286,6
Current assets			
Inventories		**4 100,9**	3 292,0
Receivables, prepayments and other current assets		**5 657,5**	3 826,4
Cash and cash equivalents		**6 018,6**	3 313,5
Total current assets		**15 777,0**	10 431,9
Total assets		**45 421,7**	31 718,5
SHAREHOLDERS' EQUITY			
Share capital and share premium (including treasury shares)		**3 989,2**	4 703,1
Reserves		**18 804,6**	12 686,3
Ordinary shareholders' equity		**22 793,8**	17 389,4
Non-controlling interests		**5,1**	8,7
Total shareholders' equity		**22 798,9**	17 398,1
LIABILITIES			
Non-current liabilities			
Borrowings		**8 923,5**	6 254,1
Deferred revenue		**139,5**	143,6
Deferred tax liabilities		**600,5**	536,0
Retirement benefit obligations		**94,0**	66,4
Total non-current liabilities		**9 757,5**	7 000,1
Current liabilities			
Trade and other payables		**4 174,6**	2 929,2
Borrowings*		**8 152,7**	4 127,1
Other current liabilities		**533,8**	241,9
Derivative financial instruments		**4,2**	22,1
Total current liabilities		**12 865,3**	7 320,3
Total liabilities		**22 622,8**	14 320,4
Total equity and liabilities		**45 421,7**	31 718,5
Number of shares in issue (net of treasury shares) ('000)		**455 208**	454 186
Net asset value per share (cents)		**5 007,3**	3 828,7

#See notes on Supplementary information.

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

Group statement of cash flows

For the year ended 30 June 2013	Notes	**2013 R'million**	2012 R'million
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash operating profit		**5 960,1**	4 746,0
Changes in working capital		**(590,1)**	(869,6)
Cash generated from operations		**5 370,0**	3 876,4
Net financing costs paid		**(584,6)**	(513,9)
Tax paid		**(799,3)**	(454,1)
Cash generated from operating activities		**3 986,1**	2 908,4
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure – property, plant and equipment		**(667,1)**	(469,6)
Replacement		**(161,7)**	(102,9)
Expansion		**(505,4)**	(366,7)
Proceeds on the sale of property, plant and equipment		**10,7**	36,5
Capital expenditure – intangible assets		**(3 654,9)**	(2 148,8)
Proceeds on the sale of intangible assets		**3,5**	2,8
Acquisition of subsidiaries and businesses	L#	**(1 578,6)**	(315,6)
Increase in other non-current financial receivables		**—**	(19,7)
Proceeds on the sale of assets held-for-sale	M#	**—**	250,4
Prepayment in anticipation of acquisition	N#	**(394,7)**	—
Stamp duty on acquisitions		**(2,1)**	—
Net investment hedge profit in Aspen Asia Pacific		**—**	6,8
Capital funding from non-controlling interests		**—**	0,9
Cash used in investing activities		**(6 283,2)**	(2 656,3)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from borrowings		**4 336,0**	138,3
Dividends paid		**(0,2)**	(2,0)
Proceeds from issue of ordinary share capital		**9,6**	25,1
Treasury shares purchased		**(21,1)**	(19,3)
Capital distribution		**(714,9)**	(457,6)
Decrease in cash restricted for use as security for borrowings		**1,3**	27,2
Cash generated from/(used in) financing activities		**3 610,7**	(288,3)
MOVEMENT IN CASH AND CASH EQUIVALENTS BEFORE TRANSLATION EFFECTS OF FOREIGN OPERATIONS		**1 313,6**	(36,2)
Translation effects on cash and cash equivalents of foreign operations		**112,8**	273,2
CASH AND CASH EQUIVALENTS			
Movement in cash and cash equivalents		**1 426,4**	237,0
Cash and cash equivalents at the beginning of the year		**1 989,8**	1 752,8
Cash and cash equivalents at the end of the year		**3 416,2**	1 989,8
	Change		
Diluted operating cash flow per share (cents)			
From continuing operations	37%	**874,1**	638,6
From discontinued operations		**—**	0,4
	37%	**874,1**	639,0
THE ABOVE INCLUDES DISCONTINUED OPERATIONS OF:			
Cash generated from operating activities		**—**	1,7
Cash and cash equivalents per the statement of cash flows		**—**	1,7
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents per the statement of financial position		**6 018,6**	3 313,5
Less: bank overdrafts		**(2 602,4)**	(1 323,7)
		3 416,2	1 989,8

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.

Group statement of comprehensive income

For the year end 30 June 2013	Notes	Change	2013 R'million	2012 R'million
CONTINUING OPERATIONS				
Revenue		27%	**19 308,0**	15 255,8
Cost of sales			**(10 077,3)**	(7 979,5)
Gross profit		27%	**9 230,7**	7 276,3
Selling and distribution expenses			**(2 343,5)**	(1 967,4)
Administrative expenses			**(1 366,0)**	(1 101,8)
Other operating income			**104,2**	218,9
Other operating expenses			**(582,1)**	(485,4)
Operating profit	B#	28%	**5 043,3**	3 940,6
Investment income	C#		**298,8**	275,4
Financing costs	D#		**(852,7)**	(776,0)
Profit before tax		31%	**4 489,4**	3 440,0
Tax			**(975,3)**	(772,3)
Profit after tax from continuing operations			**3 514,1**	2 667,7
DISCONTINUED OPERATIONS				
Profit after tax for the year from discontinued operations	E#		**—**	159,2
Profit for the year		24%	**3 514,1**	2 826,9
OTHER COMPREHENSIVE INCOME, NET OF TAX*				
Currency losses on net investment in Aspen Asia Pacific			**(133,3)**	(53,3)
Net investment hedge profit in Aspen Asia Pacific			**—**	6,8
Currency translation gains			**2 675,7**	1 494,4
Cash flow hedges recognised			**20,3**	32,6
Remeasurement of retirement benefit obligations			**(4,7)**	—
Total comprehensive income			**6 072,1**	4 307,4
Profit for the year attributable to				
Equity holders of the parent			**3 520,1**	2 817,8
Non-controlling interests			**(6,0)**	9,1
			3 514,1	2 826,9
Total comprehensive income attributable to				
Equity holders of the parent			**6 078,2**	4 295,4
Non-controlling interests			**(6,1)**	12,0
			6 072,1	4 307,4
Weighted average number of shares in issue ('000)			**455 397**	436 303
Diluted weighted average number of shares in issue ('000)			**456 027**	455 161
EARNINGS PER SHARE				
Basic earnings per share (cents)				
From continuing operations		27%	**773,0**	609,3
From discontinued operations			**—**	36,5
		20%	**773,0**	645,8
Diluted earnings per share (cents)				
From continuing operations		31%	**771,9**	588,2
From discontinued operations			**—**	35,0
		24%	**771,9**	623,2
CAPITAL DISTRIBUTION				
Capital distribution per share (cents)			**157,0**	105,0

The capital distribution of 157,0 cents relates to the distribution declared on 12 September 2012 and paid on 15 October 2012. (The capital distribution of 105,0 cents relates to the distribution declared on 13 September 2011 and paid on 17 October 2011).

Remeasurement of retirement benefit obligations will not be reclassified to profit and loss. All other items in other comprehensive income may be reclassified to profit and loss.

#*See notes on Supplementary information.*

Group statement of headline earnings

For the year ended 30 June 2013	Change	**2013 R'million**	2012 R'million
HEADLINE EARNINGS			
Reconciliation of headline earnings			
Profit attributable to equity holders of the parent	25%	**3 520,1**	2 817,8
Adjusted for:			
Continuing operations			
– Impairment of goodwill (net of tax)		**—**	43,6
– Net impairment of property, plant and equipment (net of tax)		**9,5**	25,2
– Net impairment of intangible assets (net of tax)		**60,4**	107,9
– Profit on the sale of tangible and intangible assets (net of tax)		**(1,6)**	(0,7)
Discontinued operations			
– Profit on the sale of the personal care products in South Africa (net of tax)		**—**	(35,6)
– Profit on the sale of the Campos facility and related products in Brazil (net of tax)		**—**	(121,9)
	27%	**3 588,4**	2 836,3
Headline earnings			
From continuing operations	27%	**3 588,4**	2 834,6
From discontinued operations		**—**	1,7
	27%	**3 588,4**	2 836,3
Headline earnings per share (cents)			
From continuing operations	21%	**788,0**	649,7
From discontinued operations		**—**	0,4
	21%	**788,0**	650,1
Diluted headline earnings per share (cents)			
From continuing operations	26%	**786,9**	626,9
From discontinued operations		**—**	0,4
	25%	**786,9**	627,3
NORMALISED HEADLINE EARNINGS			
Reconciliation of normalised headline earnings			
Headline earnings	27%	**3 588,4**	2 836,3
Adjusted for:			
Continuing operations			
– Restructuring costs (net of tax)		**106,2**	52,0
– Transaction costs (net of tax)		**82,0**	24,8
– Settlement of product litigation (net of tax)		**36,6**	—
– Foreign exchange gain on transaction funding (net of tax)		**—**	(34,5)
	32%	**3 813,2**	2 878,6
Normalised headline earnings			
From continuing operations	33%	**3 813,2**	2 876,9
From discontinued operations		**—**	1,7
	32%	**3 813,2**	2 878,6
Normalised headline earnings per share (cents)			
From continuing operations	27%	**837,3**	659,4
From discontinued operations		**—**	0,4
	27%	**837,3**	659,8
Normalised diluted headline earnings per share (cents)			
From continuing operations	31%	**836,2**	636,2
From discontinued operations		**—**	0,4
	31%	**836,2**	636,6

Group statement of changes in equity

For the year ended 30 June 2013	Share capital and share premium (including treasury shares) R'million	Reserves R'million
BALANCE AT 1 JULY 2011	4 776,2	8 288,0
Total comprehensive income	—	4 295,4
Profit for the year	—	2 817,8
Other comprehensive income	—	1 477,6
Capital distribution	(457,6)	—
Subsidiary capital reduction	—	1,0
Acquisition of non-controlling interests in subsidiaries	—	(117,3)
Capital funding from non-controlling interests	—	—
Dividends paid	—	—
Issue of ordinary share capital	401,9	—
Issue of ordinary share capital – share schemes	25,1	—
Issue of ordinary share capital – preference shares	376,8	—
Treasury shares purchased	(19,3)	—
Deferred incentive bonus shares exercised	1,9	(1,9)
Share options and appreciation rights expensed (including deferred incentive bonus)	—	24,5
Equity portion of tax claims in respect of share schemes	—	30,6
Conversion of preference shares	—	162,0
Hyperinflationary adjustment – Venezuela	—	4,0
BALANCE AT 30 JUNE 2012	**4 703,1**	**12 686,3**
Total comprehensive income	**—**	**6 078,2**
Profit for the year	**—**	**3 520,1**
Other comprehensive income	**—**	**2 558,1**
Capital distribution	**(714,9)**	**—**
Stamp duty on acquisitions	**—**	**(2,1)**
Dividends paid	**—**	**—**
Issue of ordinary share capital – share schemes	**9,6**	**—**
Treasury shares purchased	**(21,1)**	**—**
Deferred incentive bonus shares exercised	**12,5**	**(12,5)**
Share options and appreciation rights expensed (including deferred incentive bonus)	**—**	**20,0**
Equity portion of tax claims in respect of share schemes	**—**	**23,8**
Hyperinflationary adjustment – Venezuela	**—**	**10,9**
BALANCE AT 30 JUNE 2013	**3 989,2**	**18 804,6**

Preference shares – equity component R'million	Total attributable to equity holders of the parent R'million	Non-controlling interests R'million	Total R'million
162,0	13 226,2	61,1	13 287,3
—	4 295,4	12,0	4 307,4
—	2 817,8	9,1	2 826,9
—	1 477,6	2,9	1 480,5
—	(457,6)	—	(457,6)
—	1,0	—	1,0
—	(117,3)	(64,3)	(181,6)
—	—	0,9	0,9
—	—	(2,0)	(2,0)
—	401,9	—	401,9
—	25,1	—	25,1
—	376,8	—	376,8
—	(19,3)	—	(19,3)
—	—	—	—
—	24,5	—	24,5
—	30,6	—	30,6
(162,0)	—	—	—
—	4,0	1,0	5,0
—	**17 389,4**	**8,7**	**17 398,1**
—	**6 078,2**	**(6,1)**	**6 072,1**
—	**3 520,1**	**(6,0)**	**3 514,1**
—	**2 558,1**	**(0,1)**	**2 558,0**
—	**(714,9)**	**—**	**(714,9)**
—	**(2,1)**	**—**	**(2,1)**
—	**—**	**(0,2)**	**(0,2)**
—	**9,6**	**—**	**9,6**
—	**(21,1)**	**—**	**(21,1)**
—	**—**	**—**	**—**
—	**20,0**	**—**	**20,0**
—	**23,8**	**—**	**23,8**
—	**10,9**	**2,7**	**13,6**
—	**22 793,8**	**5,1**	**22 798,9**

Group segmental analysis

For the year ended 30 June 2013

REVENUE FROM CONTINUING OPERATIONS

South Africa^
Asia Pacific
International@
Sub-Saharan Africa

Total gross revenue
Adjustment*

Total revenue

OPERATING PROFIT BEFORE AMORTISATION FROM CONTINUING OPERATIONS

Adjusted for specific non-trading items ("EBITA")

South Africa
- Operating profit#
- Amortisation of intangible assets
- Transaction costs
- Restructuring costs
- Impairment of assets

Asia Pacific
- Operating profit#
- Amortisation of intangible assets
- Transaction costs
- Restructuring costs

International
- Operating profit#
- Amortisation of intangible assets
- Settlement of product litigation
- Impairment of assets

Sub-Saharan Africa
- Operating profit#
- Amortisation of intangible assets
- Restructuring costs
- Impairment of assets

Total EBITA

ENTITY WIDE DISCLOSURE – REVENUE FROM CONTINUING OPERATIONS

Analysis of revenue in accordance with customer geography

South Africa – pharmaceutical
South Africa – consumer
Asia Pacific
Sub-Saharan Africa
Latin America
Rest of the world

Total gross revenue
Adjustment*

Total revenue

^Excludes intersegment revenue of R43,0 million (2012: R29,6 million).
@Excludes intersegment revenue of R1 201,5 million (2012: R432,3 million).
**The profit share from the Aspen GSK Healthcare for Africa collaboration has been disclosed as revenue in the statement of comprehensive income. For segmental purposes the total revenue for the Aspen GSK Healthcare for Africa collaboration has been included to provide enhanced revenue visibility in this territory.*
#The aggregate segmental operating profit total of R5 043,3 million (2012: R3 940,6 million) agrees to the statement of comprehensive income.

2013 R'million	2013 % of total	2012 R'million	2012 % of total	Change
7 376,8	35	6 159,9	38	20%
7 590,5	37	6 021,0	37	26%
3 726,1	18	2 522,9	15	48%
2 081,5	10	1 651,7	10	26%
20 774,9	100	16 355,5	100	27%
(1 466,9)		(1 099,7)		
19 308,0		15 255,8		27%
1 965,3	35	1 768,4	40	11%
1 867,5		1 616,2		16%
60,5		66,8		
31,3		—		
—		3,4		
6,0		82,0		
1 894,0	34	1 460,2	33	30%
1 608,2		1 291,6		25%
128,0		100,2		
6,0		—		
151,8		68,4		
1 488,7	27	938,5	21	59%
1 321,7		790,9		67%
60,8		41,1		
43,0		—		
63,2		106,5		
252,3	4	247,9	6	2%
245,9		241,9		2%
6,4		4,2		
—		1,7		
—		0,1		
5 600,3	100	4 415,0	100	27%
6 201,9	30	5 161,7	32	20%
1 175,0	6	998,2	6	18%
7 697,6	37	6 088,8	37	26%
2 123,7	10	1 651,7	10	29%
1 567,3	7	1 023,7	6	53%
2 009,5	10	1 431,4	9	40%
20 774,9	100	16 355,5	100	27%
(1 466,9)		(1 099,7)		
19 308,0		15 255,8		27%

For the year ended 30 June 2013	2013 R'million	2012 R'million
A. CAPITAL EXPENDITURE		
Incurred	**4 322,0**	2 618,4
– Tangible assets	**667,1**	469,6
– Intangible assets	**3 654,9**	2 148,8
Contracted	**651,8**	171,5
– Tangible assets	**525,5**	158,8
– Intangible assets	**126,3**	12,7
Authorised but not contracted for	**1 242,2**	3 713,6
– Tangible assets	**1 052,0**	456,4
– Intangible assets	**190,2**	3 257,2
B. OPERATING PROFIT HAS BEEN ARRIVED AT AFTER CHARGING/(CREDITING):		
Depreciation of property, plant and equipment	**294,5**	252,7
Amortisation of intangible assets	**255,7**	212,3
Net impairment of property, plant and equipment	**9,6**	32,3
Net impairment of intangible assets	**59,6**	112,7
Impairment of goodwill	**—**	43,6
Share-based payment expenses – employees	**31,2**	31,5
Transaction costs	**37,3**	—
Restructuring costs	**151,8**	73,5
Insurance compensation	**—**	(63,0)
Settlement of product litigation	**43,0**	—
C. INVESTMENT INCOME		
Interest received	**298,8**	275,4
D. FINANCING COSTS		
Interest paid	**(842,3)**	(754,7)
Capital raising fees	**(51,9)**	(26,8)
– Transactions	**(49,5)**	(26,8)
– Trading	**(2,4)**	—
Net foreign exchange (losses)/gains	**(34,3)**	2,5
Fair value gains on financial instruments	**77,5**	24,0
Notional interest on financial instruments	**(1,7)**	2,1
Preference share dividends paid	**—**	(23,1)
	(852,7)	(776,0)

For the year ended 30 June 2013	**2013 R'million**	2012 R'million
E. PROFIT AFTER TAX FOR THE YEAR FROM DISCONTINUED OPERATIONS		
Profit after tax for the year from discontinued operations	**—**	1,7
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
	—	159,2
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		
Opening balance	**5 343,9**	4 626,6
Acquisition of subsidiaries	**176,5**	104,3
Impairment of goodwill	**—**	(43,6)
Translation of foreign operations	**452,8**	656,6
	5 973,2	5 343,9
H. INTANGIBLE ASSETS MOVEMENT		
Opening balance	**11 869,8**	8 916,7
Additions	**3 654,9**	2 148,8
– GSK pharmaceutical products*	**2 196,6**	—
– Novartis pharmaceutical products#	**459,5**	—
– GSK OTC products^	**586,1**	1 589,2
– Other	**412,7**	559,6
Disposals	**(0,5)**	(2,8)
Amortisation	**(255,7)**	(212,3)
Acquisition of subsidiaries	**1 246,1**	4,2
Software projects implemented	**14,0**	22,2
Impairment	**(94,5)**	(112,7)
Impairment losses reversed	**34,9**	—
Hyperinflationary adjustment – Venezuela	**0,8**	0,4
Translation of foreign operations	**2 463,2**	1 105,3
	18 933,0	11 869,8

**The transaction relating to the acquisition of a portfolio of 25 established pharmaceutical products from GSK for the Australian market became effective on 1 December 2012.*

#A selected territory agreement with Novartis Pharma AG for the acquisition of two pharmaceutical products, Enablex and Tofranil, became effective on 1 August 2012.

^A multi-territory agreement was concluded with GSK in April 2012 for the acquisition of a portfolio of established OTC products in selected territories including South Africa, Australia and Brazil. The leading products include recognised household brands such as Phillips Milk of Magnesia, Dequadin, Solpadeine, Cartia, Zantac and Borstol. The deal was effective 1 May 2012 except for certain markets which required competition authority approval: South Africa, Swaziland, Namibia, Kenya, Tanzania and the product, Zantac, in Australia. Competition authority approval was granted in Australia, South Africa and Swaziland during July and August 2012. Namibia, Kenya and Tanzania received competition authority approval in September 2012, October 2012 and February 2013 respectively.

For the year ended 30 June 2013	**2013 R'million**	2012 R'million
I. CONTINGENT LIABILITIES		
There are contingent liabilities in respect of:		
Additional payments in respect of the Quit worldwide intellectual property rights	**—**	8,1
Contingency relating to product litigation	**25,9**	21,3
Contingencies arising from labour cases	**4,3**	4,2
Import duty contingency	**10,4**	10,8
Other contingent liabilities	**2,0**	3,3
J. TAX CONTINGENCY		
Following an audit, the South African Revenue Services (SARS) has issued tax assessments on various South African companies relating to prior years. Aspen has objected to these assessments and has filed a review application to have the assessments set aside. Aspen is confident that it will succeed in this dispute based on the outcome of recent court cases dealing with similar matters. Due to the uncertainties inherent in the process, the timing of the resolution of the dispute and the outcome thereof cannot be determined.		
K. GUARANTEES TO FINANCIAL INSTITUTIONS		
Material guarantees given by Group companies for indebtedness of subsidiaries to financial institutions	**5 600,6**	5 003,0

L. ACQUISITION OF SUBSIDIARIES AND BUSINESSES

2013

Aspen Global Incorporated and Aspen Asia Pacific (Pty) Ltd concluded agreements with Nestlé on 29 April 2013 in respect of the acquisition of certain rights to intellectual property licenses and 100% of the shares in the infant nutritionals business previously conducted by Pfizer which distributes a portfolio of infant nutritional products in Australia.

	Total R'million
Fair value of assets and liabilities acquired in subsidiary	
Property, plant and equipment	**1,7**
Intangible assets	**1 246,1**
Deferred tax	**9,9**
Inventories	**74,2**
Trade and other receivables	**294,5**
Trade and other payables	**(274,3)**
Fair value of net assets acquired	**1 352,1**
Goodwill acquired	**176,5**
Purchase consideration	**1 528,6**
Deferred receivable	**50,0**
Cash outflow on acquisition	**1 578,6**

The initial accounting for this business combination has been reported on a provisional basis and will only be finalised in the year ending 30 June 2014.

Post-acquisition revenue included in the statement of comprehensive income was R137,3 million. The estimation of post-acquisition operating profits is impracticable and not reasonably determinable as the operations of the infant nutritionals business have not yet fully transitioned to Aspen. The determination and disclosure of historical audited revenue and operating profits for the 12 months preceding the effective date is not possible as the information for the full period is not available.

Goodwill

The goodwill arising on acquisition of the infant nutritionals business recognises:

– the future benefits of rebranding rights on the existing and future infant milk product range; and

– the synergies from the consolidation of the infant milk business with Aspen's existing Australian consumer business including cost savings and increased sales force coverage benefits.

The total amount of goodwill recognised is not tax deductible.

2012

Aspen Pharmacare Holdings Ltd acquired the remaining 40% minority shareholding in Shelys Africa Ltd effective from 14 April 2012. This increased the ownership in Shelys Africa Ltd to 100%.

Aspen Pharmacare Holdings Ltd acquired a further 42,5% shareholding in Brimpharm SA (Pty) Ltd effective from 31 May 2012. This increased the ownership in Brimpharm SA (Pty) Ltd to 92,5%.

	Total R'million
Shelys Africa Ltd purchase consideration	141,8
Brimpharm SA (Pty) Ltd purchase consideration	39,8
AHN Pharma (Pty) Ltd purchase consideration	45,4
Final payment for the Sigma business	88,6
As per the statement of cash flows	315,6

	2013 R'million	2012 R'million
M. 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
	—	250,4

N. PREPAYMENT IN ANTICIPATION OF ACQUISITION

Aspen Pharmacare Holdings Ltd concluded agreements with Nestlé S.A. in respect of the acquisition of certain rights to intellectual property licenses, net assets and shares in the infant nutritionals businesses previously conducted by Pfizer which distribute a portfolio of infant nutritional products in Australia and certain southern African territories (South Africa, Botswana, Namibia, Lesotho, Swaziland and Zambia). The consideration for all territories was paid following approval by the Australian competition authorities on 29 April 2013. The approval from the South African competition authority remains pending and consequently the purchase consideration payment relating to the southern African territories has been classified as a prepayment.

Basis of accounting

The reviewed provisional Group financial results have been prepared in accordance with International Financial Reporting Standards, IFRIC interpretations, the Listings Requirements of the JSE Ltd, South African Companies Act, 2008 and the presentation and disclosure requirements of IAS 34: *Interim Reporting*.

The accounting policies used in the preparation of these provisional Group financial results are consistent with those used in the annual financial statements for the year ended 30 June 2012.

These reviewed provisional Group financial results have been prepared under the supervision of the Deputy Group Chief executive, MG Attridge CA (SA) and approved by the Board of Directors.

Audit review

These results have been reviewed by Aspen's auditors, PricewaterhouseCoopers Inc. Their unqualified review report is available for inspection at the company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditor.

DIRECTORS: N J Dlamini (Chairman)*, R C Andersen*†, M G Attridge, M R Bagus*†, J F Buchanan*†, D K Dlamini*†, S A Hussain*, C N Mortimer*, S B Saad, S V Zilwa*† / *Non-executive director / †Independent

COMPANY SECRETARY: R Verster

There have been no changes in the directorate and company secretary of Aspen during the reporting period

REGISTERED OFFICE: Building number 8, Healthcare Park, Woodlands Drive, Woodmead

TRANSFER SECRETARY: Computershare Investor Services (Pty) Ltd / (Registration number 2004/003647/07) 70 Marshall Street, Johannesburg, 2001. (PO Box 1053, Johannesburg, 2001).

Disclaimer

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as "prospects", "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "indicate", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements are discussed in each year's annual report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Ltd, any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. All profit forecasts published in this report are unaudited.

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