aspen
HOLDINGS

INTEGRATED REPORT 2017

Our approach to reporting

Content and scope of the report

This is our seventh Integrated Report and is aimed at providing our stakeholders with an enhanced understanding of:

- our strategic objectives, progress made in pursuit of these and the outlook;
- the challenges and risks to achieving these strategic objectives;
- our capitals, with specific reference to the inputs, activities and outcomes relevant to them as well as a brief review of how we have performed in respect of achieving KPIs which measure our financial and non-financial performance in respect of these capitals;
- the economic, social and environmental impacts of the Group;
- information relevant and material to our business;
- how we operate; and
- the governance framework which regulates the conduct of our business.

All these aspects, interwoven, represent the fabric of the business that is Aspen. The Integrated Report of Aspen Pharmacare Holdings Limited ("the Company") and its subsidiaries (collectively "Aspen" or "the Group") has been prepared in accordance with the South African Companies Act of 2008, the JSE Listings Requirements and the integrated reporting principles as set out in the King Report on Corporate Governance for South Africa 2016 ("King IV") and covers the Group's operations, except where the scope is specifically stated as limited. This report has been structured to provide stakeholders with financial and non-financial information that is relevant and includes the Summarised Group Annual Financial Statements as approved by the Board of Aspen.

During the year, the Group revised its operating model to align with the therapeutic areas identified for specific focus. Accordingly, we have adjusted our reporting format to reflect this. Due to the impact of relative movements in the exchange rate, the Group has also adopted reporting at constant exchange rates ("CER"), where appropriate, in order to enhance the comparability of underlying performance as more fully explained in the Additional Group Financial Information section of the report on page 132. The Summarised Group Annual Financial Statements are not the Group's statutory accounts – the detailed audited Group and Company Annual Financial Statements for the financial year ended 30 June 2017 ("Annual Financial Statements") along with the supplementary documents as detailed below are available online at www.aspenpharma.com under Investor Information, Results and Reports or from the Company Secretary & Group Governance Officer at rverster@aspenpharma.com.

Reference has been made to the International <IR> Integrated Reporting Framework to reflect the connectivity between our strategic objectives, KPIs and the inputs, activities and outcomes in respect of the Group's capitals. We believe that reporting in an integrated manner assists shareholders, prospective investors and funders to make informed decisions around investing and the allocation of resources. All material sustainability information relevant to our operations has been included as part of our reporting on the Group's capitals. The sustainability information has been prepared with reference to the Global Reporting Initiative's ("GRI") Sustainability Reporting Standards.

Company names, currencies and other references have been abbreviated throughout the Integrated Report. Full names can be referenced from the abbreviations bookmark. Abbreviations of the regulatory authorities and acronyms can be found on page 144.

Contents

Who we are

IFC Our approach to reporting
1 About Aspen
2 Performance highlights
4 The value we create
5 Impacting lives
6 Chairman's statement
8 Impacting lives – now I can move
10 Group Chief Executive's report
13 Our investment case
14 Engaging our stakeholders
16 Aspen through the years
18 Where we are – our global presence
20 Our manufacturing capabilities

Our sustainable business strategy

22 The Aspen way – our business philosophy
24 Our external operating context
28 Our sustainable business strategy
30 Our business model
32 Our strategic business performance
38 Financial review
42 Impacting lives – our Mandela Day programme

Creating value through our capitals

44 Intellectual capital
48 Manufactured capital
52 Human capital
58 Social & relationship capital
63 Natural capital
68 Financial capital
72 Impacting lives – Mira's fight against cancer

Performance reviews

Business segment overview
74 Anaesthetics
76 Thrombosis
78 High Potency & Cytotoxics
80 Other Commercial Pharmaceutical Brands
82 Nutritionals
84 Impacting lives – caring for Mythri's children
Regional overviews
86 Sub-Saharan Africa
87 Developed Europe
88 Australasia
89 Latin America
90 Developing Europe & CIS
91 Japan
92 China
93 Other Asia
94 Middle East and North Africa
95 USA & Canada

Our governance

96 Board of Directors
100 Abbreviated corporate governance report
104 Remuneration and Nomination Committee report

Financial information

116 Statement of responsibility by the Board of Directors
117 Independent auditor's report on the Summarised Group Annual Financial Statements
119 Summarised Group Annual Financial Statements and Financial Information

Shareholders' information

142 Unaudited share statistics
144 Shareholders' diary
144 Administration
IBC Abbreviations – manufacturing capabilities

Aspen's six capitals

All organisations depend on various forms of capital for their value creation. In the International <IR> Integrated Reporting Framework, these capitals are defined as financial, intellectual, manufactured, human, social and relationship and natural capital.

The business model on pages 30 and 31 details the integration of our six capitals into the business. The icons below serve as an identifiable visual reference to these six capitals within this report.

Intellectual | Manufactured | Human | Social & relationship | Natural | Financial

Strategic objectives

An analysis of these strategic objectives and key performance indicators ("KPIs") is set out on pages 28 and 29 of this Integrated Report and a review of how we have performed in respect of the related KPIs is detailed in the commentary on the capitals.

Our five key strategic objectives:

- To enhance access to high quality, affordable medicines
- To achieve strategic advantage through our integrated supply chain
- To provide a safe, challenging and rewarding environment for our employees
- To practise good corporate citizenship
- To create sustainable economic value for all our stakeholders

Feedback

We value feedback from our stakeholders and use it to ensure that we are reporting appropriately on the issues that are most relevant to them. Please take the time to give us your feedback on this report by contacting the Company Secretary on rverster@aspenpharma.com.

Determining materiality

In determining materiality, we consider material issues to be those that have the potential to substantially impact our ability to create and sustain value for our stakeholders over the short, medium and long term. The Board has considered and agreed that the Group's strategic objectives and the KPIs related to these objectives constitute our material issues and that these are appropriately aligned with our approach to managing risks.

Board endorsement of report and assurance

The Audit & Risk Committee ("A&R Co") reviewed and recommended the Integrated Report and the supplementary documents for approval by the directors. The directors acknowledge that they are responsible for the content of the Integrated Report and the supplementary documents. The Board has applied its mind to this report and confirms that, read with the supplementary documents made available online, it addresses all material issues and fairly represents the financial, operational and sustainability performance of the Group. Our external auditors, PricewaterhouseCoopers Incorporated ("PwC"), have provided an opinion on the financial statements and assurance over the Summarised Group Annual Financial Statements included in the Integrated Report. This opinion can be found on page 117 of this report. Our Group Internal Audit function ("Internal Audit"), assisted by external expert service providers, where appropriate, has provided the relevant assurance on the following material aspects of this report:

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

Selected sustainability information in the Integrated Report has been independently assured by Environmental Resources Management (Pty) Limited ("ERM") in accordance with AccountAbility's AA1000 Assurance Standard (Revised, 2008) (Type II moderate level). External assurance providers and Internal Audit have been engaged to provide limited assurance on the KPIs on pages 28 and 29 of this Integrated Report.

A combined assurance model is applied to provide a coordinated approach to all assurance activities. No significant areas of overlap or assurance gaps have been identified and the levels of assurance were considered to be appropriate.

Supplementary documents

Accompanying this Integrated Report is the notice of annual general meeting and related proxy form. The following documents are available online or as print copies on request:

- Unabridged Corporate Governance Report and reports of the Aspen A&R Co and Social & Ethics Committee ("S&E Co") for the 2017 financial year;
- the Sustainability Data Supplement; and
- the Annual Financial Statements (collectively the "supplementary documents").

About Aspen

DNA is a genetic code that acts as the blueprint for all living organisms. It is in Aspen's DNA to provide affordable, high quality products to improve the lives of patients around the world while adding value to the communities in which we operate.

150

countries have access to our products

25

manufacturing facilities on 17 sites

105 000

Mandela Day beneficiaries in 2017

OVER 10 000

employees in 47 countries

143

educational grants issued

24 billion

tablets manufactured annually

81%

waste recycled

Performance highlights

OUR SIX CAPITALS

Intellectual capital

- **Leading** provider of anaesthetics products worldwide (outside of USA) following significant acquisitions completed during the year
- **New** Group Code of Marketing Practice rolled out to all our employees
- **45** products launched in 14 countries

Manufactured capital

- **R1.5 billion** invested in capital replacement and expansion projects
- Production of **Fraxiparine vials** introduced at the Port Elizabeth Sterile facility
- **Reintroduction** of conjugated and esterified estrogen active pharmaceutical ingredient ("API") production at the Oss site

Human capital

- **84%** participation rate in the global employee engagement survey
- **R49,5 million** invested in training our employees
- **Zero** work-related fatalities

Social & relationship capital

- **49%** women in the workforce
- **Significantly improved** score in the FTSE/JSE Responsible Investment Index to 3.4
- **9 242** employees signed the Aspen Code of Conduct
- Maintained our **level 4** BBBEE rating in South Africa

Natural capital

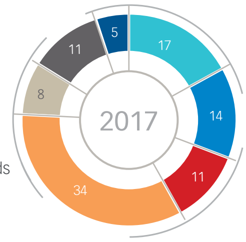
- **"B – Management"** performance rating for 2016 Carbon Disclosure Project ("CDP"), an improvement from the "C" rating achieved in the prior year
- **4,5%** of waste generated sent to landfill, a reduction from 6.2% in 2016
- An estimated **97 000kℓ** of water saved through resource efficiency projects

Financial capital

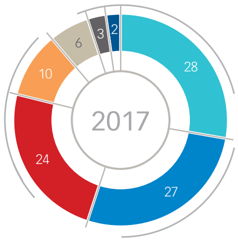
- Acquisitive and organic revenue growth of **16%** (22% CER)
- **1 421 cents** operating cash flow per share, an increase of 101%
- **R1 billion** reduction in net working capital

BUSINESS SEGMENTS

Group revenue by business segment
(%)



Group revenue by customer geography
(%)



Revenue increased by

16% to **R41,2 billion**

Solid revenue growth of 16% **(up 22% on a CER basis)**, led by the acquisition of the anaesthetic products and strong underlying growth in Other Commercial Pharmaceutical Brands, particularly in emerging markets.

Normalised headline earnings per share increased by

16% to **1 463,2 cents**

Normalised headline earnings per share comprises headline earnings per share adjusted for specific non-trading items and is a measure which provides clear comparability of the financial performance of Aspen's ongoing underlying business. The increase **(up 21% on a CER basis)** is attributable to the acquired anaesthetic products and a strong core business performance in the second half.

Normalised EBITDA increased by

13% to **R11,4 billion**

Normalised EBITDA, comprising operating profit before depreciation and amortisation adjusted for specific non-trading items, **grew 18% on a CER basis**. The growth from the acquired anaesthetic products coupled with a strong second half recovery in the core business were the key contributors.

Operating cash flow per share increased by

101% to **1 421,4 cents**

Reduced inventory levels benefiting from focused working capital management significantly augmented **positive operating cash flows**.

THERAPEUTIC FOCUSED BRANDS

ANAESTHETICS	THROMBOSIS	HIGH POTENCY & CYTOTOXICS	NUTRITIONALS
Revenue R7,0 billion	Revenue R5,7 billion	Revenue R4,7 billion	Revenue R3,2 billion
17% of total revenue	14% of total revenue	11% of total revenue	8% of total revenue
KEY BRANDS → Diprivan → EMLA → Naropin → Ultiva → Xylocaine	**KEY BRANDS** → Arixtra → Fraxiparine → Mono-embolex → Organan	**KEY BRANDS** → Alkeran → Eltroxin → Imuran → Ovestin → Purinethol	**KEY BRANDS** → Alula → Infacare → S-26 → SMA

The value we create

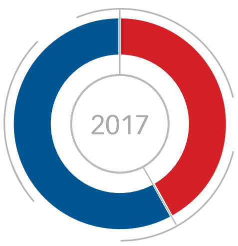
Our sustainable business model creates long-term value for our shareholders and the society in which we operate.

R16,9 billion

wealth created

Employees

42%



Reinvested

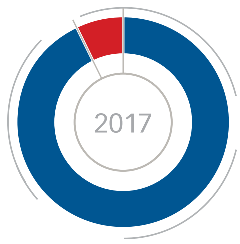
29%

Providers of capital

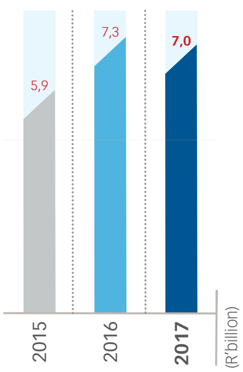
21%

Governments

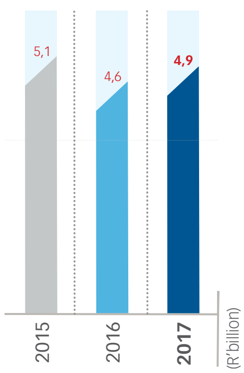
8%



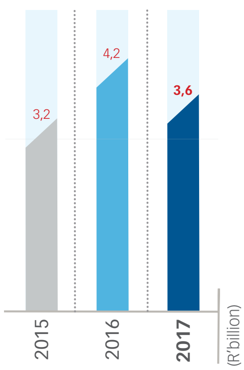
Employees
(R'billion)



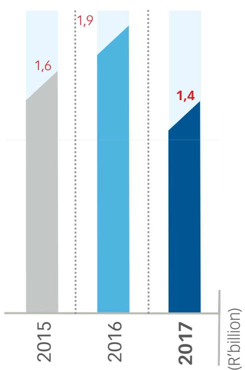
Reinvested in the Group
(R'billion)



Providers of capital
(R'billion)



Governments
(R'billion)



Impacting lives

Healthcare. We Care. has been the philosophy supporting our brand since its inception. Caring is an intrinsic aspect of our DNA and we have continually demonstrated this throughout our history. We have done so through the provision of a vast product range aimed at improving the quality of life while fighting diseases of varying magnitudes, ensuring access to life-saving medicines through our extensive geographic reach and by providing support to those in need.

Now I can move

Our commitment to creating an environment in which all citizens have equal opportunities irrespective of their gender, race or creed goes beyond the corporate boardroom and extends to communities with needs that are not being met through traditional structures.

(page 8 and 9)

Over 250 SED projects in 2017

Our Mandela Day programme

Our participation in the Mandela International Day ("Mandela Day") campaign started as a single project in 2011 and has since expanded to 37 countries.

Driven primarily by our employees, this initiative is a visible demonstration of the caring, heartfelt values that our people display through actions which make a difference in the lives of less fortunate communities.

(page 42 and 43)

Some 300 000 beneficiaries reached in seven years

Mira's fight against cancer

The prospect of facing a terminal disease such as cancer serves as a significant shock to patients and their family.

Overcoming all odds and surviving such a diagnosis takes courage, the support and care of family and friends and the appropriate medical treatment.

(page 72 and 73)

Almost 200 employees at Aspen Global Inc. ("AGI") united in support of Mira's battle with cancer

Caring for Mythri's children

Poverty is rampant among the 1,3 billion population of India which is growing at a rate of one child every 10 seconds[1]. Education is a universal enabler that is acknowledged as a catalyst to break the cycle of poverty.

(page 84 and 85)

75 children are benefiting from the educational support provided by our employees

[1] *www.back2back.org.*

Chairman's statement

Kuseni Dlamini
Chairman

Despite the challenging operating context, we continue to deliver positive performance as we follow a transformational journey to secure our place as a truly global pharmaceutical company. Our commitment to create value for all of our stakeholders is achieved through the pursuit of a strategy that focuses on supplying high quality, affordable medicines in a commercially sustainable way.

Amid a turbulent geopolitical and global economic environment, I am pleased to report that the Group has posted a strong set of results, achieving overall revenue and NHEPS growth of 16% and a most welcome increase of 101% in operating cash flow per share.

These results were positively impacted by the R7,0 billion contribution to revenue as a result of the acquisition of the anaesthetics portfolio from AstraZeneca (effective 1 September 2016) and GlaxoSmithKline ("GSK") (effective 1 March 2017) and the pleasing turnaround in the South African pharmaceutical business following a restructure of the commercial team and significant focus on supply chain management. While the performance of the Nutritionals business was impacted by the exit from Venezuela and the Chinese import restrictions that hampered sales from the Australian segment of this business, positive signs of stabilisation in the second half of the year are encouraging.

China has the second highest value of pharmaceutical sales in the world. The establishment of the operational structure in China to support the 500 strong sales force and the transition of the anaesthetics and thrombosis products in this territory ushers in opportunity for new growth potential for Aspen. Navigating the complex regulatory and trading environment in China is recognised as a key challenge that will require specific focus.

In addition to delivering a strong set of results and concluding the aforementioned acquisitions, a number of strategically important activities were undertaken during the past year. These included significant investments in API and finished dose form ("FDF") manufacturing capabilities, synergistic projects in the global value chain and the reorganisation of the business operational model to focus on key niche therapeutic categories. This has all helped to create a stronger, diversified business with a sound platform for growth. The enhanced segmental reporting and constant exchange rate analysis achieves greater transparency in reporting.

The consistent performance of Aspen, creating shareholder value on a sustained basis for 19 years, demonstrates the capability of the strong leadership team supported by a group of highly committed individuals.

Shared value creation

The Aspen business philosophy is underpinned by the belief that through conducting business ethically, with integrity and with commercial wisdom, we will achieve positive outcomes for all of our stakeholders; that we will "do well by doing good".

A global challenge is to ensure that people get access to the healthcare that they need – a challenge exacerbated in an environment of growing economic pressure and increasing healthcare demands. We recognise that we have an important role to play in contributing to meeting this global priority. The medicines we manufacture and distribute positively impact the lives of many patients across the globe, and we remain committed to providing high quality, affordable medicines and products. Our continued investment in effective older speciality drugs provides viable treatment options to expensive new innovative drugs.

During this year, we have been subject to scrutiny relating to the pricing of certain of our oncology products. These matters have received the focus of the Board, the executive directors and management team. We reaffirm our commitment to legislative and regulatory compliance in all jurisdictions where we operate, including fair and open competition. We are working constructively with the authorities in their investigations. We regard our values and our Code of Conduct, as the foundation on which we operate, as principles which are non-negotiable. The S&E Co continues to be vigilant in their oversight of the Group's ethics and whistle-blower programmes.

The Group's socio-economic development ("SED") activities, implemented at a local level through the business units, are aimed at making a direct contribution to the societies in which we operate. It is heartwarming to note the continued commitment of the Aspen family to the Mandela Day campaign, which has taken the legacy of Nelson Mandela to 37 countries across six continents this year. We recognise that building effective relationships with all our stakeholders is essential to our success. We have invested in several partnerships with stakeholders to increase our contribution to society. We have, for example, partnered with Russia's Federal State Autonomous Educational Institution of Higher Education, the Far Eastern Federal University, to promote the study and use of sophisticated and innovative technologies in the fields of thrombosis and anaesthesiology. We also continue to play an active role in the South African Public Healthcare Enhancement Fund ("PHEF"), a collaboration between the public and private sector in South Africa, which has successfully produced its first medical graduate this year.

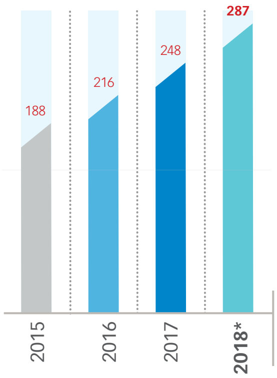
A commitment to our people

A critical success factor for the Group is its ability to attract and retain the skills and capability required to deliver its ambitious growth strategy. The development of diversified talent has received the S&E Co's particular focus. The continued success of various management development programmes is encouraging as the Group seeks to develop talent from within. There is also a strong commitment to create a working environment that embraces diversity and focuses on inclusion. Transformation initiatives undertaken in South Africa and the enhancement of gender equality throughout the Group continue to be monitored and guided by the Board with the assistance of the S&E Co. The safety of our employees while at work is of utmost priority and I am pleased to report that, for the fourth consecutive year, there have been no work-related fatalities within the Group. Efforts to improve occupational health and safety conditions at all of our operations are ongoing.

Enhancing governance

The Board remains firm in its belief that sound governance practices are an essential foundation for the long-term success of the Group and that it is only by upholding the highest standards of corporate governance that we will ensure successful delivery of the Group's strategy. We have embraced the principles as included in King IV and aligned our governance practices thereto. As a Board, we ultimately accept responsibility for the Group's performance, appreciating that strategy, risk, performance and sustainability are inseparable. The Board, diverse in perspectives and experiences, has functioned effectively, supported by its subcommittees that have performed their respective mandates diligently and with commitment. I would like to express my appreciation to every Board member for their invaluable contribution.

Distribution to shareholders (cents)



As declared on 14 September 2017

Conclusion

It is an exciting time as Aspen enters a new phase in its evolution, based on a sharper focus on niche products leveraging its specialist manufacturing capability. The Aspen executive team, led by Stephen and Gus, have demonstrated an unwavering commitment to the continued growth of the Group through delivering value creation for all its stakeholders and impacting society in a positive and lasting manner.

I take this opportunity to recognise the valuable contributions made by the Board, the executive leadership team and the more than 10 000 employees based in 47 countries to the success story that is Aspen and to extend my sincere thanks to each of them.

Kuseni Dlamini
Chairman

Impacting lives

Now I can move

As part of our ongoing commitment to responsible corporate citizenship, we continually evaluate and invest in initiatives where we can contribute toward the improvement of disadvantaged communities or individuals in need of equal opportunities to foster an environment in which they can thrive and become active members of society.

Established in 1991, Grupo Altía is a private assistance institution based in Mexico City that assists vulnerable, marginalised communities in need of better living conditions. Their philosophy of **"transforming yourself to help transform another"** is closely aligned to Aspen's ethos of caring for one another.

Our Mexican-based business partnered with Grupo Altía in 2012 and has since been loyally involved in their "now I can move" programme.

Disabled citizens are offered a personalised assistance programme comprising physical training and the active use of wheelchairs in order to encourage motorised independence.

Using the Independent Living Mexico model, Grupo Altía's programme assists individuals overcome physical, social, educational, cultural and working independence challenges that are experienced as a consequence of their disabilities.

Over the past five years, Aspen Labs' employees in Mexico have changed the lives of 39 disabled children and their families, through donations of specialised motorised wheelchairs.

This ongoing social transformation project is succeeding at meeting a very basic need for future generations to become valued self-sufficient and independent members of society who could actively participate economically and socially despite their physical difference.

Through our employees' dedicated participation and our partnership with Grupo Altía, we have been able to further **demonstrate our commitment to creating prospects for all individuals** irrespective of their diversities with the principal focus being one of caring for others.

Group Chief Executive's report

Stephen Saad
Group Chief Executive

The 2017 financial year saw Aspen making significant progress in the strategic direction we have been working towards over the last four years. The transformation of the Group into a multinational pharmaceutical company with a focus on speciality therapy areas, supported by our capabilities in complex manufacturing, has created a platform for future growth.

The successfully executed transactions with AstraZeneca and GSK have positioned us as one of the world's leading providers of anaesthetics and the recently announced acquisition of the related intellectual property ("IP") and manufacturing rights from AstraZeneca creates exciting opportunities for future synergies. Our strong presence in emerging markets and the significant infrastructure established in China provides us with access to territories with considerable growth potential.

Overall, the Group delivered a strong performance in 2017, positively impacted by the anaesthetic transactions, the positive turnaround in the commercial performance in the South African business, a focus on manufacturing efficiency and a disciplined approach to working capital and cost management. In the face of currency headwinds, price erosion and constrained nutritionals sales, the Group increased NHEPS by 16% to 1 463 cents. Our synergy projects continued to deliver results and cushioned the impact of the headwinds experienced. Approximately R1,2 billion was delivered from these projects over the year and we anticipate a further R500 million can be unlocked in the next year through a number of projects aimed at enhancing cost containment in our value chain and leveraging acquired IP.

While the 2017 financial year saw many highlights, it has also been an extremely challenging year for Aspen, not only in respect of the operational challenges, but also in respect of the challenges we have faced from competition authorities across Europe relating to our oncology portfolio. We take these investigations very seriously and my senior management team and I have been focused on proactively engaging with the authorities on these matters. While these matters are still to run their course, we have taken the opportunity to reflect on and improve our internal processes, most especially in respect of proactively and constructively engaging with the respective stakeholders around our pricing decisions. We have always been and remain committed to providing high quality medicines affordably for the benefit of patients across the world, to conducting ourselves with integrity and to acting in a socially responsible manner.

A change in the way we look at our business

Following the focus on key therapeutic areas introduced last year, we have significantly changed the way we look at our business and how we measure our performance. We have revised our operating model and financial reporting to reflect this focus. With the growth in our offshore business, the impact of currency fluctuations on our reported results had created unnecessary complexities and distortions in our performance reporting. We have therefore embarked on an exercise to review our performance on a constant currency basis to ensure a better understanding and comparability of our underlying performance. This Integrated Report reflects these changes and we believe this provides stakeholders with a more meaningful presentation of our business and our performance.

The evolution of Aspen

We have made significant progress in the evolution of Aspen. Some of the milestones achieved in 2017 are as follows:

- established a significant operational structure in China with fully operational offices in Beijing, Shanghai and Guangzhou supporting over 600 employees as at September 2017;
- the acquisition of the commercial rights to AstraZeneca's global (excluding the USA) anaesthetics portfolio, which was effective from 1 September 2016, followed by the acquisition of the GSK's anaesthetics portfolio effective 1 March 2017, positioned us as the leading supplier of anaesthetics outside of the USA;
- our ongoing efforts to focus our business activities in areas where we can deliver sustainable value resulted in the termination of our Sub-Saharan Africa ("SSA") collaboration agreement with GSK, the divestment or discontinuation of products in Australasia as well as the divestment of commodity products in Mexico and our manufacturing facility at Toluca, Mexico;
- we entered into a strategic partnership to establish Aspen Nutritionals Hong Kong, a joint venture to launch an infant milk formula range in China before the end of 2017;
- investments in FDF capacity and capability have been made to achieve alignment with our growth strategy and to further develop our expertise in manufacturing complex products, specifically in respect of sterile injectables;
- the enhancement of our API capabilities, increasing our capacity fivefold over the last four years, and extending our capabilities to include, among others, High Potency & Cytotoxics, biochemical and hormonal intermediates, unlocking new opportunities in our supply chain and in generating a sustainable revenue stream; and
- our product portfolio was further honed to focus on key therapeutic areas where we are able to differentiate our value offering, focusing on speciality products and reducing the contribution of generics to our basket of products, while still maintaining a large portfolio of diversified domestic brands.

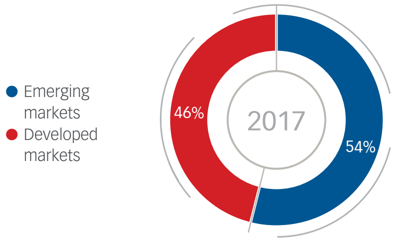
The significant efforts in transforming the Group and investment in infrastructure has established a new foundation from which we intend to pursue our growth strategies.

Commercial performance highlights and outlook

Anaesthetic Brands

Using our proven capability in managing multidimensional transactions, we successfully completed the AstraZeneca and GSK anaesthetics acquisitions, which has significantly changed the face of our business, with this portfolio of brands becoming our largest therapeutic area. The resultant diverse portfolio of Anaesthetic Brands, covers general, local and topical applications, positions us as the largest supplier of anaesthetics products outside of the USA. Despite challenges faced as a result of a constrained supply chain, this portfolio added R7 billion to revenue in FY17.

Commercial Pharmaceutical revenue weighted toward Emerging Markets



This portfolio is a good fit for our existing infrastructure and has provided the critical mass to establish a meaningful presence in China and Japan. With the acquisition of the supply rights to the AstraZeneca portfolio we are looking forward to additional increases in operating income as we achieve commercial and manufacturing synergies and look to extend the reach of this portfolio into new territories.

Thrombosis Brands

Our Thrombosis Brands have faced significant commercial challenges this year, especially in Developed Europe, where we have been confronted by pricing pressure, product shortages and a once-off impact of a change of our distribution model. Performance in emerging markets has been encouraging, especially in China where we have achieved a turnaround in the sales trend after the transition of the portfolio from GSK, achieving positive growth of 9,3%.

Despite the prospect of increasing competition from biosimilar, generic and oral products, I believe we can achieve growth in the year ahead with each of the brands in this portfolio. The strategic advantage from our vertically integrated supply chain for heparin-based products means Aspen will be particularly effective in combatting competitive pressures arising in this area. Regulatory approval for broadened indications of Fraxiparine, the anticipated registration of Orgaran in selected European countries, the initiatives to revive registration of Orgaran in the USA and the continued focus on achieving synergies in our value chain are areas of focus for the coming year.

Group Chief Executive's report continued

High Potency & Cytotoxic Brands

We experienced challenges in transitioning the manufacture of Thyrax to our Bad Oldesloe site which regrettably impacted negatively on the availability of this product in Developed Europe and Asia and, as a result, the overall performance of this portfolio. The change in the European distribution model further hampered growth, resulting in a relatively flat performance overall.

The existing portfolio has a strong foundation in emerging markets, with favourable growth prospects for these niche products as supply improves. We have made considerable progress in stabilising the API production of synthetic esterified and conjugated estrogens at our Oss site and this has allowed us to enter into an exclusive licensing agreement with Teva to launch two branded products in the USA. This is an exciting opportunity for us as we seek to further expand our presence in this therapeutic area.

Other Commercial Pharmaceutical Brands

Our Other Commercial Pharmaceutical Brands segment is a widely diverse portfolio predominantly comprising domestic brands in the SSA, Australasia and Latin America territories. Following disappointing results in the previous financial year which continued into the first half of this year, our South African business achieved a significant turnaround in the second half, consolidating its position as the largest player in the private and public sectors, achieving a 7% year-on-year growth in revenue. In a very tough pricing environment, the Australian business continues to reshape its portfolio to focus on value-adding brands with divestments impacting overall revenue performance. The core product range showed low growth with over the counter ("OTC") products doing well. In the Latin America region we have seen encouraging growth on the back of an improved supply chain, with Brazil showing particularly good results in OTC products.

As our largest and most diverse sector, we see opportunity for organic growth both through volume and further pipeline development, especially in emerging markets where we hold strong market positions.

Nutritionals

Our Nutritionals business, which faced a number of challenges following the loss of the Venezuelan volumes and the influence of Chinese regulatory restrictions on sales from Australia, has seen some recovery in the second half of the year, with successes being achieved in penetrating the mid-tier sector in Mexico with our Infacare brand, increasing market share in SSA and the stabilisation of volumes in Australia.

The additional capacity created in our world-class accredited manufacturing facilities in Johannesburg and the New Zealand New Milk Limited ("NZNM") joint venture creates a base to support growth planned in the Middle East, East Africa and in China.

Reshaping our operations

Over the past four years, we have invested heavily in achieving stability and sustainability in our operations. A priority has been to address environmental, health and safety expectations and meet our commitments to our stakeholders in respect of these matters. This has consumed a considerable amount of senior management time and has required the highest level of technical expertise. We are now starting to approach the end-state in respect of our API manufacturing facilities at Oss with the highest risk steps in the manufacturing process being transferred to alternative sites and the construction of the specialist facility for production of hormonal APIs. The new high volume, high potency, multipurpose API facility at FCC is now fully operational. The Notre Dame de Bondeville facilities have been significantly reshaped to position us as a world-class manufacturer of sterile injectables. We intend to continue expanding capacity at our Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites to further pursue opportunities arising from future sterile manufacturing.

A highly motivated, committed team

A global employee engagement survey was undertaken during the year to listen to the voice of our employees. We have been encouraged by the overall positive results from this survey, although we have identified certain areas for improvement that will be our focus in the coming year. Our renewed human resources strategy focuses on establishing Aspen as an employer of choice so that we can attract, develop and retain the talented people needed to drive our business forward.

We welcomed more than 600 colleagues during the year who have joined us from AstraZeneca and GSK in our newly established Chinese business. In other parts of the Group, we have had to implement restructuring which has regrettably resulted in colleagues who have been part of the Aspen story leaving our employ. I wish to thank them for their valued contribution.

The success of Aspen is made possible through the hard work and commitment of the more than 10 000 people passionately working together to achieve our vision and purpose of providing high quality, affordable medicines and nutritional products to patients and consumers worldwide.

I take this opportunity to sincerely thank the Board for their strategic leadership, my leadership team for their steadfast commitment and our employees who remain dedicated to the sustained success of the Group. With the continued support of our shareholders, employees and our many partners, we are able to positively impact the lives of so many people across the globe through the use of our medicines and nutritional products.

Stephen Saad
Group Chief Executive

Our investment case

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

1 Unique business model

- Diversified geographic footprint
- Broad and specialised product portfolio
- Technologically complex manufacturing capability
- Vertically integrated supply chain model

2 Responsible corporate citizen

- Established foundation of strong corporate governance
- Active participant in the United Nations Global Compact ("UN Global Compact")
- Commitment to pursuing strategic objectives in a responsible and sustainable manner
- A constituent of the FTSE/JSE Responsible Investment Index

3 Quality of management

- Skilled, experienced and diverse management teams
- Proven track record of delivering shareholder returns
- Demonstrated capacity to execute value enhancing transactions
- Strong alignment of shareholders and executive's interests

4 Positive growth drivers

- Defensive nature of pharmaceutical industry
- Provider of high quality affordable medicines to historically underserved markets
- Exposure to faster growing developing markets
- Consolidated production volumes and procurement efficiencies at strategic manufacturing sites

Grow sustainable stakeholder value

STAKEHOLDER BENEFITS

- Providing employment to more than **10 000 employees** worldwide
- Delivered NHEPS CAGR **growth of 36%** since listing
- Ongoing support of **SED projects**
- Enhanced access to **high quality affordable medicines** to patients
- Significant **investment in regions** in which we operate

Engaging our stakeholders

We recognise the benefit of fostering and maintaining strong relationships with our stakeholders through transparent and effective communication and we are intent on sustaining our established credibility and rapport with them.

We have identified our stakeholders as those persons, groups or organisations who are directly impacted by our activities, as well as those persons, groups or organisations who can reasonably be foreseen to be impacted by our activities.

A structured system of engagement exists to ensure the timeous communication of accurate and relevant information to, and interaction with, each stakeholder group in a consistent manner.

After a thorough consideration of the Group's various stakeholders we have categorised our key stakeholders as follows:

Our stakeholders

People
- Employees
- Trade unions
- Bargaining councils
- Academia and educational institutions
- Communities
- Patients

Operations
- Pharmaceutical regulatory authorities
- Healthcare industry
- Suppliers
- Government and local authorities
- Customers
- Business and alliance partners
- Service providers

Corporate
- Shareholders
- Investors, healthcare analysts and media
- Consultants
- Funders and corporate bankers

The means by which we engage our key stakeholders is available online.

The Board takes overall responsibility for ensuring a stakeholder-inclusive governance approach and has, for this purpose, approved the Group's stakeholder engagement policy (also available online). Executive management has been entrusted with the responsibility for implementing this policy and for maintaining a robust and consistent system of communication with the identified stakeholder groups.

A wide range of regular, structured and *ad hoc* engagements take place at various levels in the organisation. Stakeholder engagement is a standing agenda item at scheduled meetings of the Board. Executive management submits quarterly stakeholder engagement reports detailing notable engagements with the Group's key stakeholders and any material topics or matters of concern which may have arisen are considered under this item. Management responds to material issues raised by stakeholders, as appropriate, in the ordinary course of business.

Included below are the most material stakeholder engagements for the Group undertaken since the publication of the previous year's Integrated Report:

Subject of engagement	Nature of engagement and outcomes
Business and alliance partners	
Transactional activity undertaken during the year	➜ Commercial and legal negotiations undertaken and concluded during the year in respect of the completion of: – AGI's acquisition of the rights to commercialise AstraZeneca's global (excluding the USA) anaesthetics portfolio and the acquisition of a portfolio of anaesthetic products globally (excluding certain territories) from GSK; – The acquisition of Fraxiparine and Arixtra in China, India and Pakistan from GSK, after exercising AGI's option in this respect; and – The cancellation of the GSK Aspen Healthcare for Africa Collaboration ("SSA Collaboration").
Employees	
Employee engagement survey	➜ A Group-wide employee engagement survey was conducted, with the results from this indicating a high level of participation and positive overall employee engagement.
Trade unions and works councils	
Wage negotiations with bargaining councils and other bargaining units	➜ Constructive wage negotiations undertaken with various labour representatives across the Group.
Consumers, pharmaceutical regulatory authorities and the media	
Thyrax and Alkeran supply constraints in Europe	➜ We addressed concerns and engaged in a communication campaign in respect of supply constraints relating to Thyrax (used in the treatment of hypothyroidism) in the Netherlands and Alkeran (used to treat multiple myeloma) in certain territories.
Engagements with pharmaceutical regulatory authorities on product registrations, manufacturing site inspections and accreditation	➜ Several engagements with pharmaceutical regulators aimed at ensuring efficient and timely product registrations, ongoing accreditation of our manufacturing facilities and facilitation of site inspections by these regulators on a regular basis.
Government and healthcare industry	
Pricing enquiries	➜ Aspen has constructively engaged the European Commission regarding its investigation of certain pricing aspects related to Aspen's portfolio of oncology products in Europe. ➜ Aspen's consultation with the Italian competition and pricing authorities is ongoing with the objective of regularising the basis of pricing of Aspen's portfolio of oncology products distributed in Italy. ➜ Engagements with the South African Competition Commission resulted in this Commission deciding not to proceed with an investigation of Aspen for suspected abuse of dominance and excessive pricing in respect of oncology products in South Africa. ➜ Aspen is cooperating fully with the United Kingdom's Competition and Markets Authority regarding their enquiries relating to two Aspen products.
Tax authorities	
Aspen's tax commitments	➜ Discussions, correspondence and meetings with tax authorities, partially necessitated by the global increase in scrutiny on taxation.

Aspen through the years

1997 – 2007

Foundation Phase

- **1997:** Began trading
- **1998:** Listed on the JSE
- **1999:** Acquired South African Druggists
- **2001:** Obtained rights to HIV/AIDS products from GSK, BMS, Boehringer Ingelheim
- **2003:** Launched Aspen Stavudine; the first generic ARV developed and manufactured in Africa
- **2003:** Product fostering agreement concluded with GSK in South Africa
- **2005:** Unit 1 facility in Port Elizabeth became the world's first site to receive tentative United States Food and Drug Administration ("US FDA") approval for the production of certain generic ARVs

2008 – 2014

Global Expansion Phase

- **2008** Entered Latin American market
- **2008:** Acquired IP rights to four GSK global brands
- **2009:** Concluded a series of strategic transactions with GSK:
  (1) acquired the rights to distribute GSK products in South Africa;
  (2) formed the SSA Collaboration;
  (3) acquired eight specialist brands; and
  (4) acquired the Bad Oldesloe site in Germany.
- **2011:** Acquired Australian-based Sigma Pharmaceuticals Limited
- **2013 and 2014:** Acquired an API business and products from Merck; an Anticoagulant portfolio and a specialised Sterile production site from GSK
- **2013 and 2014:** Concluded transactions with Nestlé for infant milks in Australia, South Africa and Latin America

2015 – 2017

Future

Speciality Focus Phase

- **2015:** Synergy realisation plans established following 2013 and 2014 acquisitions
- **2016:** Restructured the business to align with therapeutic focus areas
- **2016:** Acquired exclusive rights to commercialise AstraZeneca's global anaesthetics portfolio, excluding the USA
- **2016:** Exercised option to acquire Fraxiparine and Arixtra from GSK for commercialisation in China, India and Pakistan
- **2017:** Acquired remaining rights to IP and manufacturing know-how related to AstraZeneca's anaesthetics portfolio

- Commercial focus on specialised therapies
- Increased complex manufacturing capacities
- Leverage of geographic footprint
- Portfolio expansion through development and acquisition

Where we are

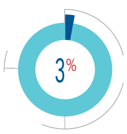
Our global presence*

The Group **supplies medicines** and products to more than

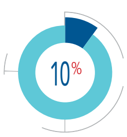
150
countries

Key:
- Group Headquarters
- Combined sales, marketing, distribution and manufacturing centres
- Sales, marketing and distribution centres
- Marketing centres
- Branch representative offices
- Manufacturing site
- Sales, marketing, distribution and support centres

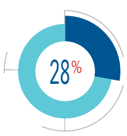
USA & Canada
R1,1 billion



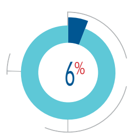
Latin America
R4,1 billion



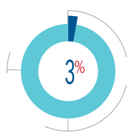
Developed Europe
R11,5 billion



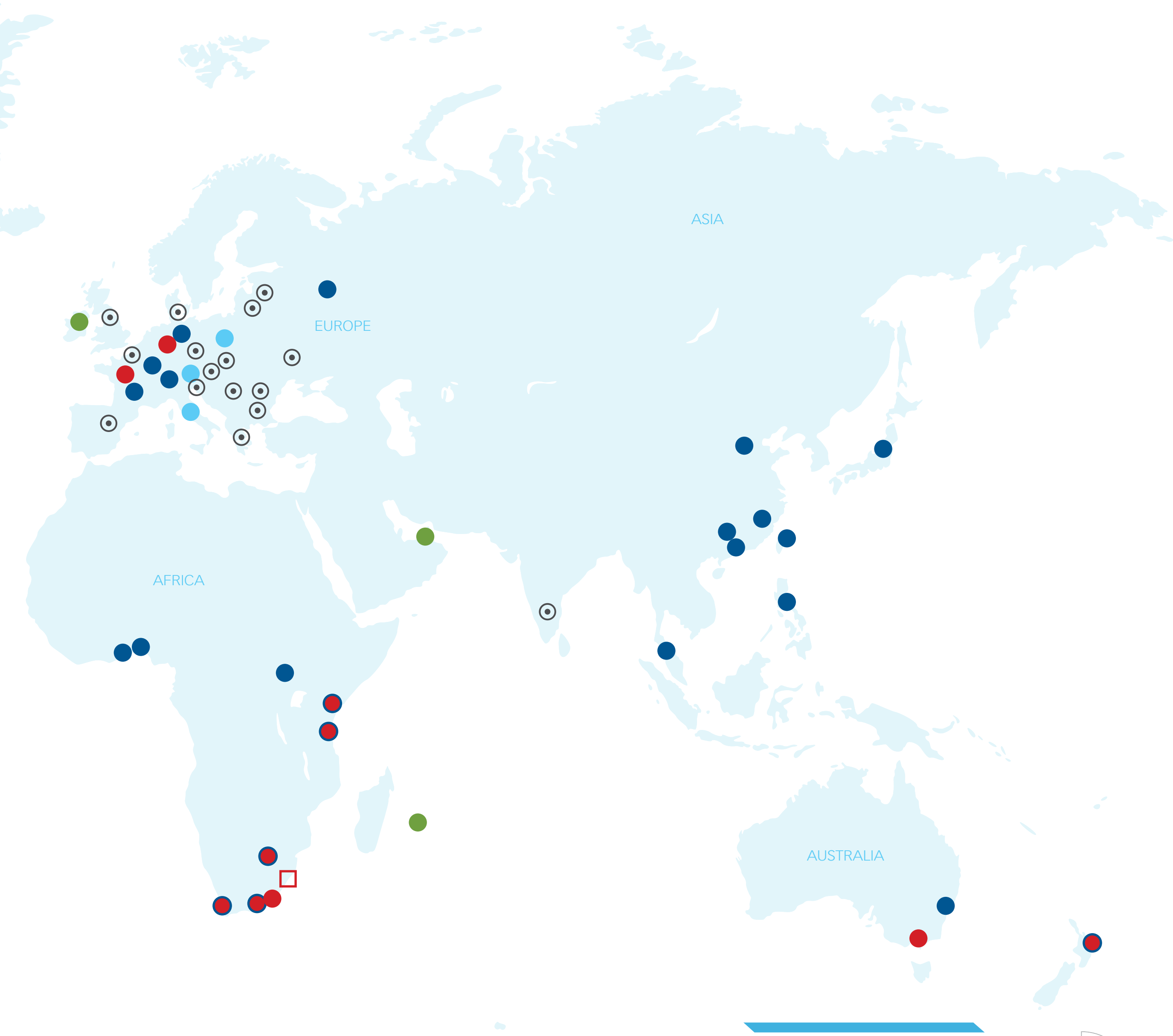
Developing Europe & CIS
R2,6 billion



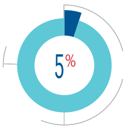
MENA
R1,1 billion



** Specific location details are provided online.*

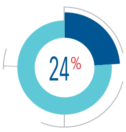


Japan
R1,9 billion



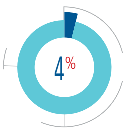
Contribution to revenue

Sub-Saharan Africa
R9,8 billion



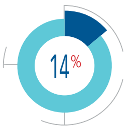
Contribution to revenue

China
R1,8 billion



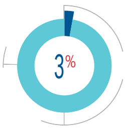
Contribution to revenue

Australasia
R6,1 billion



Contribution to revenue

Other Asia
R1,2 billion



Contribution to revenue

Our manufacturing capabilities

Primary sites

PORT ELIZABETH, SOUTH AFRICA

UNIT 1 FACILITY
Capability: High-volume solids manufacturing and packing for domestic and export markets.
Capacity: 6 billion tablets.
Accreditation: ANVISA, FMHACA, GCC, ICHA, MCAZ, MCC, MHRA, NAFDA, NDA, PIC/S, PMPB, PPB, TFDA, TGA, US FDA, WHO.

UNIT 2 FACILITY
Capability: Small to medium-volume solids manufacturing for domestic and export markets.
Capacity: 4 billion tablets.
Accreditation: ANVISA, FMHACA, GCC, ICHA, MCAZ, MCC, MHRA, NAFDA, NDA, PIC/S, PMPB, PPB, TFDA, TGA, US FDA, WHO.

UNIT 3 FACILITY
Capability: End state packing for domestic market.
Capacity: 140 million packed units of tablets and capsules.
Accreditation: MCC and PIC/S.

UNIT 4 FACILITY
Capability: Hormonal and high-potency solids manufacturing and packaging for the domestic and export markets.
Capacity: 3,2 billion tablets (hormonal); 395 million tablets (potency).
Accreditation: MCC▲ and LAsD.
▲ *Pending*.

STERILE FACILITY SVP 1: MULTI-PRODUCT SUITES A AND B
Capability: Eye drops, ampoules, liquid and lyophilised vials for domestic and export markets.
Capacity: Suite A: 42 million units of eye drops; 2,9 million units of liquid vials; Suite B: 11,75 million units of ampoules; 23,5 million units of liquid vials.
Accreditation: ANVISA, LAsD▲, MCC, PIC/S, PPB▲, US FDA, WHO (pre-qualification).
▲ *Pending*.

STERILE FACILITY SVP 2: HIGH-POTENCY SUITE
Future capability: Lyophilised vials, vials, ampoules and prefilled syringes.
Capacity: Phase 1: 110 million prefilled syringes per annum.
Accreditation: Regulatory inspections to take place (project phase).

NOTRE DAME DE BONDEVILLE, FRANCE

BLOCK 3: ETNA AND STROMBOLI LINES, PFS FILLING, VISUAL INSPECTION, DEVICE ASSEMBLY AND PACKAGING BUILDINGS
Capability: Aseptic prefilled and terminally sterilised syringe manufacturing and packing for domestic and export markets.
Capacity: 85 million syringes (Etna line); 130 million syringes (Stromboli line).
Accreditation: ANSM, ANVISA, ASN, DQS, HPB, PMDA, US FDA.

BAD OLDESLOE, GERMANY

MULTI-PRODUCT SUITE
Capability: Solid dose forms, oral and topical liquids, semi-solids and blow-fill seal, manufacturing and packing for domestic and export markets.
Capacity: 3,3 billion tablets; 6 240 tonnes of liquids; 1 404 tonnes of topical liquids; 351 tonnes of semi-solids, 60 million units for blow-fill seals.
Accreditation: ANVISA, GRA, IRA, LRA, PPB, PMDA, TGA, US FDA.

API facilities

CAPE TOWN, SOUTH AFRICA

FCC API FACILITY
Capability: Specialised API manufacturing for domestic and export markets.
Capacity: 46 000kg
Accreditation: EDQM, MCC, PIC/S, PMDA, US FDA.

NOTRE DAME DE BONDEVILLE, FRANCE

API FACILITY

NADROPARIN
Capability: Specialised biochemical API – conversion of heparin to nadroparin.
Capacity: 200 batches of nadroparin.
Accreditation: ANSM, DQS.

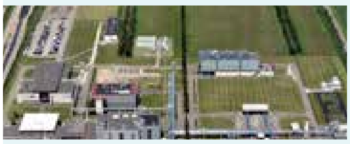
CERTOPARIN
Capability: Specialised biochemical API – conversion of heparin to certoparin.
Capacity: Work in progress.
Accreditation: In progress.

FONDAPARINUX FACILITY
Capability: Specialised chemical API – purification by chromatography of Fondaparinux.
Capacity: 34 batches of Fondaparinux sodium.
Accreditation: ANSM, ANVISA, DQS, KFDA, PMDA, TRA, US FDA.

SIOUX CITY, USA

API FACILITY
Capability: Specialist biochemical API – heparin intermediates.
Capacity: Biologicals – capacity is measured on demand – dependent on product mix.
Accreditation: US FDA.

OSS, THE NETHERLANDS



DE GEER SITE
Capability: Specialised hormonal and chemical APIs.
Capacity: 150KvH.
Accreditation: ANVISA, IGZ, KFDA, PMDA, US FDA.

MOLENEIND SITE
Capability: Specialised biochemical, hormonal and chemical APIs.
Capacity: Dependent on product mix.
Accreditation: ANVISA, IGZ, KFDA, PMDA, US FDA.

BOXTEL SITE
Capability: Specialised biochemical API – gonadotrophin intermediates.
Capacity: Measured on demand.
Accreditation: IGZ, PMDA, US FDA.

Comprehensive manufacturing capabilities, including Regional facilities, is available online

The Aspen way

Healthcare. We Care. It's in our DNA.

We are committed to providing high quality, affordable products responsibly to all our customers and, in pursuance of this, products are manufactured and distributed in accordance with the applicable regulations, legislation and guidelines governing the pharmaceutical industry. We do this with integrity and with commercial wisdom, striving to enhance the economic and social wellbeing of our stakeholders.

We believe in constructive engagement and communication with our identified stakeholders. In doing so, we undertake to provide information which is truthful, relevant, accurate and consistent.

Aspen's SED programme primarily supports the establishment of clinics, healthcare programmes, educational programmes, community programmes and charitable initiatives which are targeted at addressing the shortage of primary healthcare in South Africa. In addition, all our employees are encouraged to devote at least 67 minutes of their time to the Mandela Day initiative.

Aspen's strength lies in its worldwide team of more than 10 000 employees who work in a trusting environment, free from discrimination, prejudice, bias, harassment and violation. Employee rights and labour regulations are respected through human resources, industrial relations and legal compliance frameworks implemented throughout the Group.

We take a zero-tolerance approach to unethical behaviour and have an unflinching commitment to ensuring that the Group and its employees uphold Aspen's laudable reputation. The Code of Conduct is a values-based code aimed at governing the conduct of all Aspen employees. The areas covered by this 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.

The Code of Conduct is available online. A formalised ethics management programme is implemented annually throughout the Group and is managed by the Company Secretary & Group Governance Officer under the direction of the S&E Co and A&R Co.

We endorse the ethical marketing of medicines and have recently adopted the Aspen Code of Marketing Practice which prescribes certain minimum standards aimed at ensuring that any promotional activities and interactions with healthcare professionals and other affected stakeholders are carried out in a responsible, ethical, professional and legal manner.

All stakeholders are encouraged to report unethical conduct and other transgressions of our Code of Conduct and policies that they may become aware of and an independently monitored whistle-blowing hotline is available for this purpose. This hotline may be contacted at aspenpharma@tip-offs.com or on any of the regional telephone numbers for this line as listed online.

Our manufacturing and supply protocols promote the ongoing review and continuous improvement of operating policies and procedures in an effort to deliver high quality products to the market responsibly, on time and at competitive prices. In doing so, cognisance is taken of developments in environmental legislation, technological enhancements relevant to the Company's operations, resource conservation systems and environmental management guidelines.

Our vision – "To deliver value to all our stakeholders as a responsible corporate citizen that provides high quality, affordable medicines and products globally", encapsulates the Group's inherent approach of conducting business ethically, with integrity and with a commercial wisdom which strives to enhance the economic and social well-being of our patients, consumers, investors, employees, customers and business partners.

Our values define the foundation on which Aspen has been built. These are values we share as we work together towards achieving the vision of the Group. Our five values are:

Commitment

We go the extra mile, seeking to exceed expectations.

Excellence

We strive to be the best we can be and to deliver to the highest standards.

Innovation

We constantly search for better ways of doing things and are solution orientated.

Integrity

Our integrity is not negotiable.

Teamwork

We optimise our performance by pulling together. Our combined capabilities exceed the sum of each individual.

Our external operating context

We operate in a complex and fast-changing environment, with economic impacts, demographic trends, technological advancements and an increased focus on access to healthcare, all influencing the global pharmaceutical industry. This dynamic environment presents us with opportunities to increase our value creation over the longer term, through an innovative and agile strategic approach and effective risk management.

6,5%

Forecast annual compound growth rate in global prescription drug sales to 2022.

Source: Evaluate, May 2017

EXTERNAL MACRO SOCIO-ECONOMIC ISSUES

➜ Increasing global economic activity
➜ Growing and ageing populations
➜ Introduction of biosimilars
➜ Pricing pressures

Compared to 2017, the number of persons aged 60 or above is expected to more than double by 2050.

Source: Department of Economic and Social Affairs, United Nations

Uncertain economic conditions and unpredictable currency exchange rates

➜ Sluggish economic recovery

While global growth slowed to an average of 3,2% in calendar year 2016, down from 3,4% in 2015, the International Monetary Fund's World Economic Outlook at June 2017 notes that global economic activity is steadily increasing in line with a long-awaited cyclical recovery in investment, manufacturing and trade. Economic activity in both advanced economies and emerging and developing economies is forecast to accelerate to 2% and 4,6% respectively in 2017, with overall global growth projected to be 3,5% in 2017 increasing to 3,6% in 2018.

Growth in respect of the European Union area slowed to 1,8% in 2016, down from 2% in 2015, and is projected to grow by 1,9% in 2017, while Russia, Brazil and Nigeria are showing signs of recovery from recessionary conditions. Growth in China is projected at 6,7% for 2017 slowing to 6,4% in 2018, continuing the downward trend from growth rates of 6,9% and 6,7% achieved in 2015 and 2016 respectively. Japan, on the other hand, is forecast to grow in 2017 to 1,3% from 1,0% in 2016, although the medium-term outlook reflects a reduction to below 1% levels. While South Africa's growth rates reduced to 0,3% in 2016 with a slight recovery projected in 2017, significant uncertainty remains following the downgrade of the country's sovereign credit rating.

➜ Volatility in exchange rates

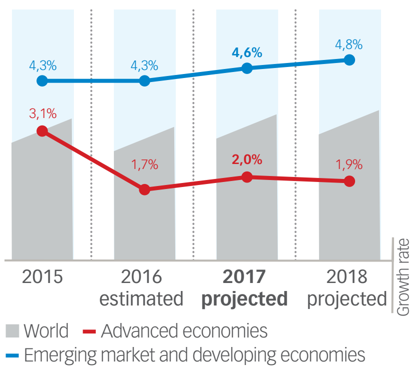
The Rand/US Dollar exchange rate remained volatile, although the Rand has remained resilient against most other currencies.

The Rand also strengthened against the Euro and the Australian Dollar on a year-on-year basis. During 2017 financial year, the Rand/EUR exchange rate averaged R14,84/EUR against R16,11/EUR for the previous financial period. Local political developments and sovereign credit rating downgrades created volatility in the Rand exchange rate during the period.

The global outlook is more positive, influenced by stronger economic activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets, however structural impediments continue to hamper a stronger recovery. The long-term impact of significant political changes, such as Brexit and the change in the administration in the USA, remains to be seen while geopolitical instability in a number of countries and the sustainability of China's growth rate are also key risk factors.

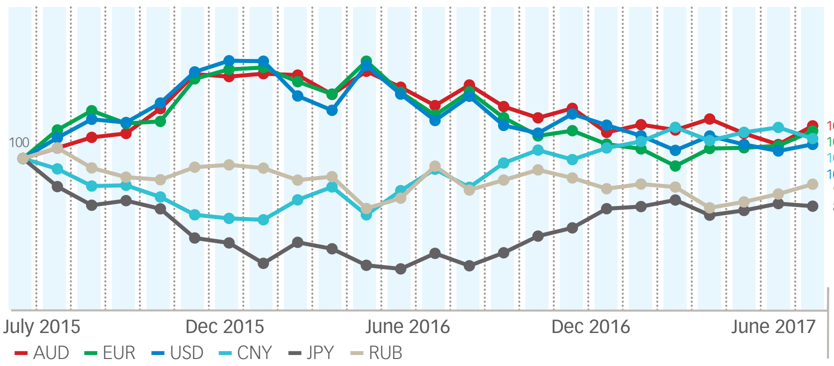
While the pharmaceutical sector is somewhat shielded from economic headwinds, the challenging global economic environment and volatility in exchange rates continue to be material issues impacting strategy and performance.

World Economic Outlook growth projections



Data source: IMF World Economic Outlook

Rand exchange rate indexed to July 2015 (base = 100)



Demographic shifts influencing global healthcare needs

➜ Population growth

According to the 2017 revision of the World Population Prospects issued by the United Nations Department of Economic and Social Affairs, the world's population numbered nearly 7,6 billion as of mid-2017, indicating that the world has added approximately one billion inhabitants over the last 12 years. The world's population is projected to increase by slightly more than one billion people over the next 13 years, reaching 8,6 billion in 2030. More than half of the anticipated growth in global population is expected to occur in Africa, with Asia being the second largest contributor to this growth.

➜ Increasing longevity

Significant gains in life expectancy have been achieved in recent years. Globally, life expectancy at birth has risen from 67,2 years between 2000-2005 to 70,8 years at 2010-2015. This is expected to rise to 77 years by 2045-2050. As fertility declines, population ageing is occurring throughout the world, with the population aged 60 or above growing at a rate of about 3% per year.

➜ Increased urbanisation and improved economic activity

An increasing middle class with enhanced access to healthcare facilities, resulting in increased medicine usage and surgical procedures. Government infrastructure and spending in respect of healthcare has also increased and better informed patients, more active in sustaining their health, are driving expectations for access to the latest medical technology.

The improvement in life expectancy, increased population growth predominantly in the developing world and the increased demand for access to healthcare creates opportunities, but also significant challenges. These demographic shifts result in larger populations requiring healthcare for longer periods. The prevalence of non-communicable diseases and so-called lifestyle diseases and chronic conditions, such as cancer, cardiovascular, metabolic and respiratory diseases, is increasing. This increasing demand for healthcare is placing a significant strain on already burdened healthcare systems.

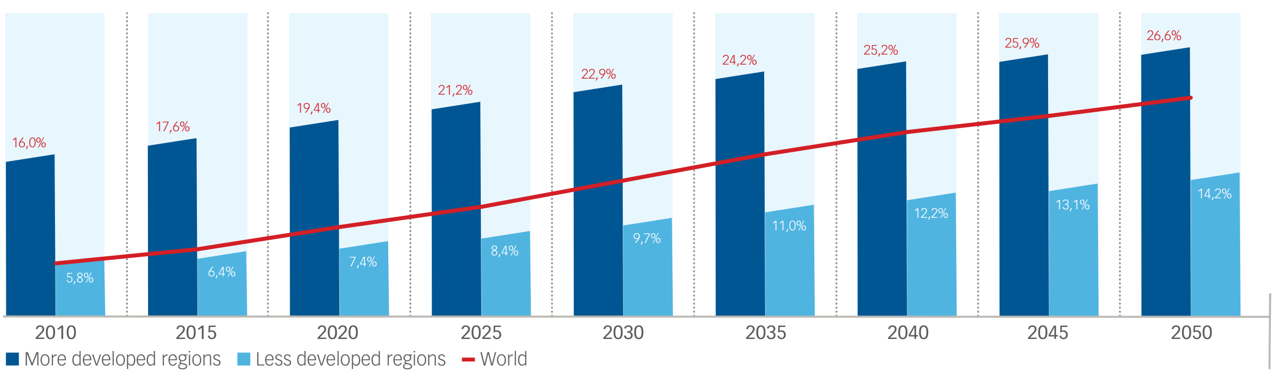
Scientific and technological developments influencing the competitor landscape

Innovation in medical sciences and technology continues to advance, largely focusing on disease areas afflicting developed countries. New drug development, however, is expensive and takes considerable time, and with the high rate of failure to launch, presents a significant risk to companies undertaking research and development activities.

While technological breakthroughs in the design and testing of novel compounds present the opportunity for using small molecules as the basis for new medicines, there is considerable potential for biological innovation due to the entrance in non-traditional biologic disease areas, with increased approvals for novel biologic molecules. Innovation in biologics is not limited to the therapies themselves, but also in routes of administration where delivery is simpler, faster and more compliant. There is increasing global investment in biotechnology, particularly in emerging economies as well as to cater to an ageing population in more developed countries (IMS Global Biotech).

Biosimilars, being a biological medicine that is highly similar to another already approved biological medicine, are also expected to have a significant impact with Evaluate Pharma predicting that biosimilars will erode top selling biologics. Since the first biosimilar approval in the European Union in 2006, there are now several hundred more approved or in the product pipeline globally (2017 Global Life Sciences Outlook, Deloitte).

Percentage population age 65+



Data source: World Population Prospects, Department of Economic and Social Affairs, United Nations

Our external operating context continued

While biosimilar introduction promises growth opportunities, success has been relatively low to date due to a number of challenges. These include:

- the high expense of developing and launching a biosimilar;
- uncertainty in market uptake;
- the wide range of IP complexity which addresses not just the molecule, but the formulation, devices and manufacturing processes;
- regulatory difficulties with divergent regulatory guidelines in different major territories; and
- significant complexity in development and manufacture.

Innovation in technology and the onset of the fourth industrial revolution is also expected to have a considerable impact on the healthcare industry as remote monitoring and care technology, artificial intelligence and wearable technology are all expected to revolutionise diagnosis, treatment planning, patient monitoring and long-term care.

Pressure on healthcare costs

The increasing demand for healthcare, driven by the factors outlined on pages 24 to 26 amid pressures from sluggish economic growth, is placing significant strain on public healthcare systems. With consumers becoming responsible for personally paying a larger percentage of their medicine costs there is increasing consumer pressure to influence the purchasing process. The debate on access to affordable healthcare, pricing and reimbursement is gaining momentum in policy discussions across the world as countries are increasingly seeking to achieve better value in healthcare spending.

A number of countries have introduced a series of measures to address this pressure which include:

- price cuts (achieved through negotiations with the pharmaceutical manufacturers, introduction of reference pricing, application of compulsory rebates);
- promoting the use of generics;
- reduction in package sizing;
- reduction in coverage (e.g. by excluding pharmaceuticals or new treatments from reimbursement); and
- increases in co-payments by households.

Healthcare companies are being asked to demonstrate the clinical and economic value of their products in new ways. While there has been a slight shift in reimbursement in the healthcare market toward rewarding value instead of volume, there are significant challenges to the transition to this new service delivery model as there are no obvious solutions to measuring value. The WHO Fair Pricing Forum, at its May 2017 meeting, reiterated that "fair pricing means pricing that allows for a reasonable return on investment in exchange for an affordable price, which is to say "one that does not bankrupt health systems and other payers" and further noted that a "value-based" pricing model is not viable in all circumstances.

Increased scrutiny on pricing

There is also increased public scrutiny of the behaviour of pharmaceutical companies as well as heightened risk of political and regulatory action on drug pricing. Congressional Hearings in the US and investigations by the United Kingdom's Competition and Markets Authority related to pricing practices have received heightened exposure this year. We have experienced this increased scrutiny from the competition authorities in Europe and South Africa.

Availability of supply

Pharmaceutical shortages of more mature products, some of which are off-patent, essential and irreplaceable are as a result of a variety of factors. This could include the availability of a key raw material and active ingredients, errors in production processes, and difficulties in managing the dynamics of supply and demand. A further impact is the increased requirements to implement upgrades to the product portfolio in order to meet more modern regulatory standards. This could result in the complex redefinition of production and formulation processes, which may, in turn, require new stability and clinical studies adding costs, complexity and uncertainty. Low production volumes together with pricing cuts, threaten sustainability of supply, requiring a balance between fair pricing and the sustainability of companies in the system.

Pharmaceutical industry outlook

Despite these uncertainties, pressures and influences, the broader outlook for the pharmaceutical industry remains positive. The Evaluate's World Preview 2017 shows that prescription drug sales are forecast to grow at an annual compound rate of 6,5% reaching USD1,06 trillion worldwide by 2022. This is slightly down on previous forecasts, with the squeeze on pricing highlighted as a major factor for this decrease.

Global medicine spending and growth will be driven by divergent patterns over the next five years. Developed markets will balance a substantial surge in spending on new medicines with cost controls, a focus on pricing and transparency across markets and the impact of patent expiries. Pharmerging (as defined by Quintiles/IMS) markets will grow more slowly in US Dollar terms than in the last five years as growth in China slows. These countries have widely varying economic, social and healthcare environments and while they share a common theme of lower-cost non-original medicines, they retain significant variation in the mechanisms with which they fund, manage and oversee healthcare and medicines.

The increasing demand for medicines, partly driven by growing demand for drugs to treat age-related as well as lifestyle diseases and chronic conditions, expanding middle classes in emerging markets, changes in clinical practice, as well as the introduction of new drugs into the market, will continue to drive growth. The availability of generics and biosimilars combined with the introduction and strengthening of costs containment polices, however, will temper this by exerting downward pressure on spending.

Our response to the external environment

In response to this dynamic environment and the related challenges and opportunities, we have developed a strategy aimed at creating sustainable value over the medium to longer term.

We understand that access to healthcare is one of the biggest challenges facing modern society. Improving the health outcomes for patients is integral to our strategy. We are committed to contributing to multi-stakeholder collaboration to find sustainable pricing solutions through active engagement with healthcare providers, payers and governments.

Our contribution, as a manufacturer of pharmaceuticals, is to ensure the supply of high quality medicines that continue to provide value through meeting the medical needs of patients. We have carefully shaped our product portfolio to achieve a global and diverse product range in targeted therapeutic areas focusing on speciality products where we can leverage our expertise in complex manufacturing and supply chain management. We have made significant investments in upgrading our older medicines to meet modern regulatory requirements, providing value-for-money alternatives to new and more expensive innovative drugs. Our regionally focused Other Pharma and Nutritionals basket of products, which includes OTC and generic and nutritional products, achieves diversification in our product portfolio.

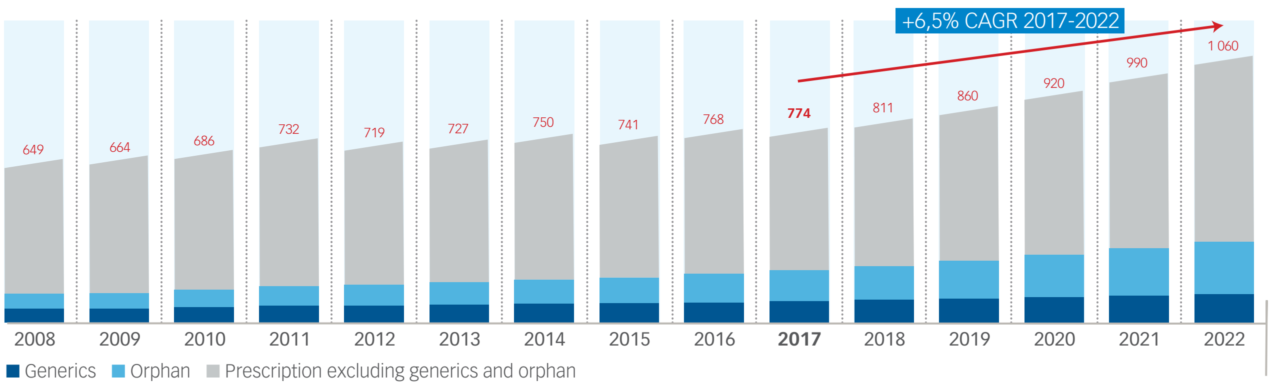
We have a distribution network to over 150 countries with a strong presence in both developed and developing markets. In this effort, we have an effective supply chain model supported by in-country distribution to maximise the reliable supply to expanding geographies making our medicines available to greater populations of patients. This provides us with the opportunity to leverage the increasing demand for medicines driven by demographic trends, supported by global capabilities with a commercial approach tailored for each country.

We have continued to invest in our manufacturing capacity and have expanded our capability in manufacturing niche products with a high degree of complexity including APIs and sterile FDF manufacturing. Increased manufacturing volumes, a focus on manufacturing efficiencies and opportunities for vertical integration provide for enhanced synergies unlocking value creation in the restrictive price environment.

Our product and geographic diversity helps minimize the exposure to geopolitical, economic and currency volatility creating resilience to economic uncertainties and downturns. Our focus on niche speciality pharmaceuticals reduces exposure to competition, due to high complexities inherent to the value chain of these products.

A key issue for the pharmaceutical industry is to retain the trust of its multiple stakeholders, including governments, regulators, patients and society at large. Responsible corporate citizenship underpins our strategy, as we understand that strong corporate governance, high ethical standards and a stakeholder inclusive approach are essential to our navigating the complex, dynamic and uncertain global environment in which we operate.

Worldwide total prescription drug sales (2008 to 2022) (USD'billion)



Source: Evaluate, May 2017

Our sustainable business strategy

We recognise that doing business in a sustainable and responsible manner is integral to ensuring our future viability. Sustainability considerations underpin our strategy and are integrated into the way we do business. We use our six capitals to generate and sustain value for all of our stakeholders.

Our material sustainability issues are those economic, social, environmental and governance issues and risks which are considered to be material to our key stakeholders and/or that have a material impact on our strategic objectives. These issues are determined through ongoing interactions with our key stakeholders with reference to:

- external factors impacting the Group's business model and pursuit of strategic objectives;
- key business risks impacting the Group's sustainability;
- the value exchange and/or opportunity cost of the applied financial, intellectual, manufactured, human, social and relationship and natural capitals to the business as well as the responsible management of these; and
- the Group's responsibility to stakeholders and transparency in reporting with reference to the GRI, King IV, the Companies Act of South Africa, the Department of Trade and Industry's BBBEE Codes of Good Practice ("BBBEE Codes") in South Africa, the JSE/FTSE Responsible Investment Index, the Carbon Disclosure Project and the UN Global Compact.

We have grouped our material sustainability issues into ten sustainability objectives aligned to the Group's strategic objectives, the related capitals and the relevant KPIs. The A&R Co review and approve the sustainability objectives and the related KPIs. The Board monitors the sustainability performance with reference to these KPIs on a regular basis.

Capital	Strategic objective	Sustainability objective	Relevant KPIs
Intellectual capital	To enhance access to high quality, affordable medicines	Sustaining life and health through high quality, affordable medicines	➜ IMS value of total product pipeline for the next five years ➜ Number of product recalls **Assurance provider:** Internal Audit
Manufactured capital	To achieve strategic advantage through our integrated supply chain	Sustaining a cost-competitive manufacturing base	➜ Return on total assets ➜ EBITDA margin **Assurance provider:** PwC
Human capital	To provide a safe, challenging and rewarding environment for our employees	Creating an environment in which our employees can thrive	➜ Average staff turnover ➜ Average training spend per employee **Assurance provider:** Internal Audit
		Providing a safe working environment	➜ DIFR# ➜ LWDFR# **Assurance provider:** ERM

Capital	Strategic objective	Sustainability objective	Relevant KPIs
Social & relationship capital	To practise good corporate citizenship	Promoting equality	➜ Percentage of female employees ➜ Percentage of black employees (South Africa)* **Assurance provider:** Internal Audit ➜ BBBEE accreditation in South Africa* **Assurance provider:** Empowerdex
		Conducting our business in a responsible manner	➜ Number of significant incidents of legislative infringements **Assurance provider:** Internal Group Compliance Officer review
Natural capital	To practise good corporate citizenship	Preserving the environment	➜ Carbon emissions# ➜ Waste recycled# **Assurance provider:** ERM
		Managing the efficient utilisation of scarce resources	➜ Water used# ➜ Electricity used# **Assurance provider:** ERM
Financial capital	To create sustainable economic value for all of our stakeholders	Adding economic value to stakeholders	➜ Growth in revenue ➜ Growth in NHEPS ➜ Growth in EBITDA ➜ Return on ordinary shareholders' equity ➜ Value added per permanent employee **Assurance provider:** PwC
		Maintenance of financial health	➜ Operating cash flow per share ➜ Leverage ratio **Assurance provider:** PwC

 # Measured for manufacturing business only (does not include NZNM).
** South African businesses only.*

Changes to KPI definitions:
- ➜ We have historically used EBITA as our key indicator of operating profitability. In order to enhance peer group comparison, we have changed to EBITDA, the more widely used indicator, and restated all comparative figures.
- ➜ In prior years, the revenue from the SSA Collaboration was notionally grossed up to reflect invoiced sales and defined as gross revenue, which was used in the KPI analysis. With the termination of the SSA Collaboration agreement all related KPIs are restated using reported revenue.

We have integrated the reporting on the above sustainability objectives into our reporting on the capitals in this Integrated Report. A Sustainability Data Supplement is available online to provide our stakeholders with further sustainability-related data.

Assurance in respect of the information reflected for these sustainability KPIs has been obtained by means of a combined assurance approach, with ERM providing assurance on the key SHE indicators in line with the AccountAbility AA1000 Assurance Standard, PwC providing assurance on the financial indicators and other assurance providers such as the Group's Internal Audit and Empowerdex providing assurance on the balance of the indicators reported. The assurance statements issued by ERM and PwC are available online.

Our business model

Our business model leverages our unique value drivers to provide high quality medicines and products and create value for all of our stakeholders in a responsible and sustainable way.

Through understanding our key stakeholders' needs, identifying opportunities and managing risks

- Key stakeholder expectations
- Identified opportunities and risks
- External factors influencing our business

Strategy is developed and aligned to our values and vision

- To enhance access to high quality, affordable medicine
- To achieve strategic advantage through our integrated supply chain
- To provide a safe, challenging and rewarding environment for our employees
- To practice good corporate citizenship
- To create sustainable economic value

Enabled through our unique value drivers

- Access to capital
- Cash flow generation capabilities
- Business acquisition and integration expertise
- Vertical integration advantages
- Globally competitive, scalable and widely accredited manufacturing facilities
- Trusted Aspen brand
- High-performance and innovative culture
- Centres of excellence for product development, regulatory, supply chain and procurement resources
- Strong stakeholder relationships and corporate reputation
- Committed responsible corporate citizen

Our values | **Commitment** | **Excellence**

Implemented through our globally integrated value chain

Providing high quality, affordable medicines and products, focusing on niche therapeutic areas

Creating value for all of our stakeholders that is sustainable in the longer term

Product pipeline development

Patient/consumer needs

Product development, acquisition and registration

Manufacturing and supply chain operations

Procurement

API manufacturing

FDF manufacturing

Distribution

Commercialisation

Marketing and sales

Healthcare professional engagement and support

Patient/consumer use

ANAESTHETICS

Diprivan
EMLA
Naropin
Ultiva
Xylocaine

THROMBOSIS

Arixtra
Fraxiparine
Mono-embolex
Orgaran

HIGH POTENCY & CYTOTOXICS

Alkeran
Eltroxin
Imuran
Ovestin
Purinethol

NUTRITIONALS

Alula
Infacare
S-26
SMA

Intellectual: Improved health and quality of life for patients and consumers who use our products
Patients in more than 150 countries treated with Aspen products

Human: Employment opportunities and skills development provided to our more than 10 000 employees
42% of wealth created, amounting to R7,0 billion distributed to employees in more than 50 countries

Social & relationship: Uplifting the lives in the communities in which Aspen works around the world
Implementation of more than 250 SED project and initiatives in communities across the globe

Natural: Initiatives to reduce the impact of our operations on the natural environment
18 energy, water and waste disposal efficiency projects initiated

Manufactured: Economic stimulation in the regions in which we operate
R24,9 billion spent on suppliers and service providers and R1,5 billion invested in capital projects

Financial: A contribution to the governments through direct and indirect taxation
8% of wealth created paid to governments

Financial: Sustainable earning growth and return for shareholders
CAGR in excess of 36% in revenue, EBITDA and NHEPS since listing

Financial: Generation of wealth to fund future growth and expansion
R4,9 billion reinvested in the Group

Innovation
Integrity
Teamwork

Our strategic business performance

The Board annually considers and agrees on the strategic objectives, the sustainability objectives and related material KPIs. Group and business unit executives are responsible for executing the Group's strategy and performance is monitored by the Board on a quarterly basis. The performance of executive directors, executives and senior management is linked to financial, social, environmental and governance aspects related to their mandated responsibilities resulting in an integrated approach to securing long-term business sustainability.

Strategic objective	KPI	Performance highlights for 2017
To enhance access to high quality, affordable medicines	IMS value of total product pipeline for the next five years **USD3,2 billion** (2016: USD4,8 billion) Number of product recalls **7** (2016: 11)	➜ Continued focus on the streamlining of the global product portfolio into niche therapeutic areas that allows for the provision of affordable treatment options with proven efficacy and safety, increasing access to patients across our expanding geographical footprint. ➜ Developed and launched a Group Code of Marketing Practice aimed at ensuring consistency in the ethical marketing of our pharmaceutical products. ➜ Refinement of sales and distribution networks to better serve customer requirements across all territories. ➜ A total of 45 products launched in 14 countries, increasing access to high quality, affordable medicines and products. ➜ An extensive review of all product development and licensing initiatives undertaken to refocus the approach in accordance with the Group's future growth plans and strategy. ➜ Strong focus on quality maintained with positive results achieved in inspections undertaken by regulators and audits conducted by customers. ➜ Product recalls experienced have been contained to specific batches.
To achieve strategic advantage through our integrated supply chain	EBITDA margin **28%** (2016: 28%) Return on total assets **11%** (2016: 11%)	➜ Capital investment of R1,5 billion in our manufacturing capability, further strengthening our position as a world-class manufacturer of complex and niche pharmaceutical APIs and FDF products. ➜ Fraxiparine vial production transferred to the Sterile facility in Port Elizabeth, transferring technical skills and manufacturing capability to South Africa and providing an alternative source of supply to the Notre Dame de Bondeville site. ➜ In the climate of increasing pressure on the heparin supply chain and more onerous regulation, the integrated supply chain from Sioux City through Oss to the Notre Dame de Bondeville site has improved our ability to respond to these challenges and create opportunity for synergies. ➜ Significant operational efficiencies achieved in European production sites. ➜ Increased integration of regulatory, manufacturing and IT processes and systems to achieve efficiency and manage risks across the complex supply chain.

A high level overview of our performance over the past year, the challenges and risks and the outlook for each strategic objective is set out below. Further detail on the application of our capitals, the sustainability objectives and performance against the KPIs is set out on pages 28 and 29.

Key opportunities, risks and challenges

- Regulatory requirements and product regulations continue to evolve and become more complex, requiring additional resources to maintain and upgrade our intellectual property. Product registration timelines are long in certain key countries. The increasing cost of product ownership impacts the achievement of acceptable returns on investment from existing and new products.
- The higher potential returns associated with differentiated products, which make up an increased portion of our pipeline, have greater investment requirements in the development phase.
- By its nature, the manufacture and supply of pharmaceutical products is highly technical, complex and regulated and consequently an increased risk of batch rejection, product recall and/or disruption to supply.
- The introduction of large numbers of new sales representatives, particularly in countries where we have not previously been represented, creates significant challenges of cultural orientation and alignment with our business ethos.

Short to medium-term outlook

- Initiatives taken to streamline the global product portfolio and pipeline into niche therapeutic areas is intended to provide heightened focus of attention on products aligned with our areas of strategic focus.
- The newly acquired Anaesthetics portfolio represents a strategic fit with the Thrombosis portfolio, providing an opportunity to provide an enhanced contribution in the hospital channel.
- The exclusive licence agreement with Teva concluded post-year end to launch two products (Enjuvia and Cenestin) in the USA leveraging our synthetic conjugated estrogen API business creates the opportunity to reintroduce synthetic conjugated estrogens available to USA patients.
- Development and refinement of the product pipeline in line with the Group's targeted therapeutic categories for each region will be pursued on an ongoing basis to leverage the areas of expertise which we have developed. Launch timing is dependent on the speed of processing of the necessary registrations by the regulatory authorities in each country.
- The evaluation of opportunities in new territories which may justify the expansion of the Group's promotional footprint will be performed.

Key opportunities, risks and challenges

- The manufacturing of pharmaceutical products is highly regulated and complex with manufacturing sites being subjected to various regulatory inspections. Manufacturing sites which do not comply with regulated standards are required to take remedial action and in extreme circumstances, risk closure until remediation is complete.
- We continue to be engaged in multiple projects to transfer production of certain pharmaceuticals to new lines within existing Aspen-owned facilities, our alternative production facilities and/or third-party manufacturers. These technical transfers, and the deployment of new technologies, frequently offer more cost-efficient and reliable manufacturing, but can pose execution risk.
- There is a key reliance on specialised raw materials, some of which can only be sourced from a single supplier.
- There is a key reliance on certain third-party contract manufacturers for the continued supply of products within specification and required timeframes.
- Currency volatility impacts the cost of goods across the supply network.
- Product registration times are unpredictable, which affects the supply chain readiness to launch products rapidly following registration.
- Technical transfer of products that have been on the market for long periods of time risk the requirement of upgrades before the transfer process can be completed.

Short to medium-term outlook

- The increased capacity as a result of the investment in strategic capital expansion projects is expected to favourably impact returns and an improved return on total assets in the medium term.
- The acquisition of the remaining rights to the intellectual property and manufacturing know-how related to the AstraZeneca anaesthetics portfolio will provide strategic opportunity to acquire control over the supply chain and leverage manufacturing synergies. Significant capital projects are planned for the Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites in order to transition elements of the manufacture of this portfolio over the next five years.
- A continued focus on projects realigning sites of manufacture for selected products will increase production efficiency and result in improved cost of goods.
- Targeted plans are in place to increase production volumes by means of new product introductions and the realignment of production currently being outsourced to third-party manufacturers, improving economies of scale.
- Our integrated supply chain matched with our global distribution capabilities places us in a position to enter into value creating partnerships.
- SAP implementations recently completed, in progress and planned for the future are expected to increase overall supply chain efficiency.

Our strategic business performance continued

Strategic objective	KPI	Performance highlights for 2017
To provide a safe, challenging and rewarding environment for our employees	Average staff turnover **14%** (2016: 14%) Average training spend per employee **R4 987** (2016: R5 829) Disabling injury frequency rate ("DIFR") **0,91** (2016: 1,06) Lost work day frequency rate ("LWDFR") **0,84** (2016: 0,84)	➔ With a participation rate of 84%, the global employee engagement survey indicated an engagement rate of 74,6%, an improvement on the 65,5% achieved in 2013, and significantly above the global benchmark. ➔ The implementation of the first phase of the global integrated human resources management system has been successfully completed with the remaining phases expected to complete during the course of the 2018 financial year. ➔ A Technical Training Academy at the Port Elizabeth site and a Biochemistry Centre of Excellence in Europe have been established to support the development of skills and the transfer of technical expertise. ➔ The executive team was further strengthened to deepen expertise in key areas of the business. ➔ Efforts aimed at the targeted restructuring of the workforce in selected operations have been undertaken to achieve operational efficiency. This has included a voluntary severance process at the Port Elizabeth site. ➔ The exceptional performance of selected employees was recognised through the global Aspen Employee Recognition Awards. ➔ High safety standards have been maintained with zero incidents of occupational fatalities or permanent disabilities. ➔ Various forums established to support diversity and inclusion initiatives.
To practice good corporate citizenship	Carbon emissions scope 1 **48 435**tCO_2e (2016: 43 588tCO_2e) Scope 2 **160 237**tCO_2e (2016: 158 260tCO_2e) Electricity used **692 449**GJ (2016: 689 048GJ) Water used **1 634 966**kℓ (2016: 1 789 283kℓ) Waste recycled **76 577** tonnes (2016: 70 740 tonnes) Percentage of female employees **49%** (2016: 48%) Percentage of black employees (South Africa) **81%** (2016: 80%) BBBEE level **4** (2016: 4) Significant legislative infringements **1** (2016: 0)	➔ We are a contributing participant to the UN Global Compact and are committed to the application of this Compact's principles in all of our business activities ➔ We operate on an established foundation of strong corporate governance with emphasis on embedding our values and Code of Conduct across all operations. ➔ Ethics risk assessments initiated across all business operations as part of our ethics programme. ➔ Improved rating on the on the JSE/FTSE Responsible Investment Index. ➔ An extensive project has been initiated to address the fast-changing taxation landscape and the increasing reporting requirements. ➔ Improved rating achieved in the Carbon Disclosure Project and continued participation in the Water Disclosure Project. ➔ Heightened focus on transformation initiatives in the South African business and the achievement of Broad-Based Black Economic Empowerment ("BBBEE") objectives. ➔ More than 250 SED projects completed, contributing to the wellbeing of communities in which we do business. ➔ The ruling by the Italian Competition Authority, which resulted in a fine of EUR5,2 million having to be paid, is being reviewed and could include an appeal to the "Council of State" appeal court.

Key opportunities, risks and challenges

- The ability to attract, retain and develop the diverse talent and specialist technical skills required to support the rapid growth and increasing complexity of operations remains a challenge.
- The successful integration of employees from acquired businesses into the Aspen culture and values remains a critical success factor and receives ongoing attention from senior leadership.
- The inherent safety risks relating to the pharmaceutical and chemical industry will always be a key focus as standardised safety, health and environment ("SHE") processes are embedded across all of our operations.

Short to medium-term outlook

- A new global HR strategy has been developed for implementation over the next three years with heightened focus on talent, skills development, succession planning and retention of key skills.
- A total reward strategy is being developed to ensure our employees are competitively rewarded and we are positioned as an employer of choice. This will include a review of the current recognition programmes and employee wellness focus.
- The implementation of the remaining modules of the global human resource management system is expected to support effective human resource management processes across the Group.
- Continued investment in growing our own talent through initiatives such as the middle management and junior management development programmes creates opportunity for our people to reach their potential while creating a talent pipeline to support our future growth objectives.
- The consistent application of the Group SHE standards and the phased approach to ISO certification will receive ongoing attention.
- Further measures aimed at reducing SHE risks at the Moleneind facility at Oss, including the cessation of chemical operations which present the highest risks activities, will be executed over the next year.

Key opportunities, risks and challenges

- Reporting and disclosure requirements in respect of our corporate citizenship and the application of international best practice remain onerous and require management focus and attention. We are committed to continue meeting these reporting requirements in a balanced and responsible manner.
- Our operations span multiple territories, with complex regulatory frameworks. Changes in legislation can impact our operations or increase the risk of non-compliance.
- We are dependent on stable and consistent water and energy supply and will be impacted by the future availability of these scarce resources.
- The age and design of the Moleneind facility at Oss and the high level of regulatory scrutiny on this site continue to be a challenge for the site and is receiving key focus from site management and Group executives.
- A continued focus of the Group is to maintain a consistent ethical culture across our geographically and culturally diverse operations and offices.
- The European Commission has opened proceedings to investigate certain actions of the Company, and certain of its European subsidiaries, in respect of alleged abuse of market dominance. We continue to provide our full cooperation in this regard.

Short to medium-term outlook

- Ongoing emphasis will be placed on ensuring an ethical and values-driven culture throughout the Group, giving credence to our motto of *Healthcare. We Care.*
- Continued investment in appropriate skills development and enterprise development initiatives in line with the increased targets and higher BBBEE recognition levels as a result of the updated BBBEE Codes revised in May 2015.
- Our support of a number of SED projects, both in South Africa and in the other countries in which we do business will be continued.
- Aspen Oss management will continue to work proactively with the authorities to address concerns relating to SHE risks at the site, which will be significantly mitigated through the planned reduction in chemical activity at this site.
- We are committed to complying with Competition Law requirements in the countries in which we operate and will continue our approach of full and constructive engagement with the relevant authorities in this regard.
- We remain committed to preparing high quality tax reporting as required under the Base Erosion and Profit Shifting project that has been endorsed by the OECD which is being implemented by tax authorities in countries in which we operate.

Our strategic business performance continued

Strategic objective

To create sustainable economic value for all our stakeholders

KPI

Growth in revenue
16%
(2016: -2%)

Growth in NHEPS
16%
(2016: 10%)

Growth in EBITDA
13%
(2016: 4%)

Return in ordinary shareholders' equity
12%
(2016: 11%)

Operating cash flow per share
1,421 cents per share
(2016: 707 cents per share)

Leverage ratio
3,2 times
(2016: 3,3)

Value added per permanent employee
R1,8 million
(2016: R1,9 million)

Performance highlights for 2017

- We created R16,9 billion in value of which R7,0 billion was paid to employees, R1,4 billion in revenue for governments, R24,9 billion in payments to providers of goods and services and R17 million to support various SED initiatives.
- Double-digit growth in revenue to R41,2 billion, while our primary indicator of financial performance, NHEPS, grew 16% to 1 463 cents per share.
- The newly acquired anaesthetics portfolios from AstraZeneca and GSK, which consumed considerable focus this year, contributed additional revenue of R7 billion.
- Significant expansion in China with revenue totalling R1,8 billion across the anaesthetics and thrombosis therapeutic classes.
- Decline in the base Pharmaceutical business, notably in Developed Europe due to once-off changes in the distribution model, unfavourable exchange rate impact and continued pricing pressure, particularly on the thrombosis therapeutic class.
- Focused attention on the South African Pharmaceutical business resulting in a strong second half turnaround in the declining revenue trend for this business.
- Decline in the Nutritionals businesses in Australasia and Latin America as a result of market disruptions in Australia and a highly competitive landscape in both regions.
- An intensive review of working capital levels to achieve more optimal levels across the Group has resulted in a significant improvement in operating cash flow.
- The overall strengthening of the Rand over the year has negatively impacted reported results as a high percentage of earnings is in foreign currency.
- The Group continued its value creation initiative projects, unlocking an additional R1,2 billion in synergies through various projects. The visibility of these gains is eroded by currency headwinds, price reductions, set-backs by the Nutritionals business and an increased infrastructure investment in China.
- Supply and distribution agreement for Hydroxyprogesterone Caproate ("HPC") concluded in the USA resulting in R0,4 billion revenue from this region.

Key opportunities, risks and challenges

- Increased and sustained emphasis on rising healthcare costs and more scrutiny on the pricing of pharmaceuticals by governments, health insurers and consumers in most countries.
- Evolving pharmaceutical regulations and application of increasingly stringent quality standards has led to raised costs of compliance across all territories. The complex regulatory environment makes it more difficult to maintain returns on investment.
- While the Group is exposed to currency volatility in specific countries, trading in a diversified mix of currencies diminishes the risk on a Group-wide basis.
- Competition in the global pharmaceutical market remains fierce. Low-cost Asian pharmaceutical companies are active in all major territories with many competing generics being launched upon patent expiry of a molecule. There is also the risk of the potential introduction of biosimilars in certain territories.
- Volatile geopolitical and economic conditions in many countries present a challenging trading environment, constraining organic growth in those countries.
- The operationalisation of multi-site, multi-product and multi-territory acquisitions is complex and can place strain on the financial and human capital resources of the Group. The integration of the acquired businesses into the Aspen culture is a key success factor of these transactions.
- China is a complex and challenging territory in which to do business with significant differences in culture, regulatory frameworks and commercial practices.

Short to medium-term outlook

- Strategic initiatives have been undertaken to diversify market risks, currency risks and product risks supporting sustainable growth prospects. Our globally competitive production capabilities and economies of scale help to mitigate pricing pressures.
- As the acquired anaesthetic portfolios are integrated into our business, opportunities to leverage both the existing hospital-focused sales force and potentially, in due course, our sterile manufacturing capabilities will be pursued.
- The considerable footprint created in China and the rest of the Asian business through the acquired anaesthetic and thrombosis products provides the critical mass to support further product diversification in this significant pharmaceutical market.
- Focused attention on the commercial strategies of European CIS and Latin America are expected to result in improved performance in the forthcoming year.
- The Nutritionals business will be the subject of an important strategic review in order to best position this therapeutic focus area given the changing landscape for this business.
- Opportunities to leverage the HPC launch in the USA over the medium term as well as the launch of synthetic and conjugated estrogens through the licensing agreement concluded with Teva.
- A number of the synergy projects the Group has been working on are scheduled to come to fruition in the 2018 and 2019 financial years, as we work toward achieving the targeted R2,5 billion contribution to EBITDA from these initiatives by the 2019 financial year.
- The return of the Group to strong operating cash flows provides enhanced scope for reinvestment in value creating initiatives.
- Our favourable relationships with many multinational pharmaceutical companies positions us well to participate in related opportunities arising and we will remain alert to acquisitive opportunities which present strategic value.

Financial review

Gus Attridge
Deputy Group Chief Executive

The highlight of the positive results achieved in the financial year ended 30 June 2017 was the excellent operating cash flow of R6.5 billion – this was more than double the prior year and represented a 109% conversion of earnings to cash. This outcome was enabled by the success of management initiatives to substantially reduce the investment in working capital.

Performance headlines

Revenue increased by 16% to R41,2 billion and normalised headline earnings per share was up 16% to 1 463 cents in the year ended June 2017.

Relative movements in exchange rates had a net unfavourable impact on our financial performance, as illustrated in the table on page 39, which compares performance for the past year to performance in the prior year at previously reported exchange rates and then at CER being a restatement of 2016 performance at 2017 average exchange rates.

Change in segmental reporting

During the course of the year, the Group revised its operating model to align with the therapeutic areas identified for specific focus. Accordingly, we have adjusted our segmental reporting format to reflect this. Considerable research was done in assessing segmental reporting disclosures by the major global pharmaceutical companies and I am satisfied that Aspen's new disclosure is comparable to any of these companies and I believe provides a more meaningful insight into the business' performance. An intensive project was undertaken by the finance team over the course of the year to enable the revision in reporting.

Acquisitive and organic revenue growth

Commercial Pharmaceuticals revenue increased 24% (30% in CER) to R31,4 billion, driven by the anaesthetics acquisitions and growth in emerging markets. Nutritionals revenue was down 8% (3% in CER) at R3,2 billion as sales in Australia were affected by pricing pressure caused by general overstocking in the trade following the restrictions on exports to China. Manufacturing revenue was 1% lower (6% higher in CER) at R6,6 billion.

Comparative exchange rate effect

Years ended 30 June	Reported 2017 R'billion	Reported 2016 R'billion	Change at reported rates %	CER 2016 R'billion	Change 2017/2016 at CER %
Revenue	**41,2**	35,6	+16	33,8	+22
Normalised EBITDA*	**11,4**	10,1	+13	9,7	+18
NHEPS (cents)	**1 463,2**	1 263,7	+16	1 210,9	+21

**Operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the Group's accounting policy.*

Revenue by business segment

R'million	2017	2016	% Change	2016 (CER)	% Change
Commercial Pharmaceuticals	**31 437**	25 403	24	24 240	30
Anaesthetics*	**7 065**	114	>100	114	>100
Thrombosis*	**5 665**	6 448	(12)	5 989	(5)
High Potency & Cytotoxics*	**4 687**	5 030	(7)	4 696	0
Other Commercial Pharmaceutical Brands#	**14 020**	13 811	2	13 441	4
Nutritionals	**3 224**	3 516	(8)	3 331	(3)
Manufacturing	**6 552**	6 640	(1)	6 180	6
– API	**4 411**	4 365	1	4 041	9
– FDF	**2 141**	2 275	(6)	2 139	0
Total Revenue	**41 213**	35 559	16	33 751	22

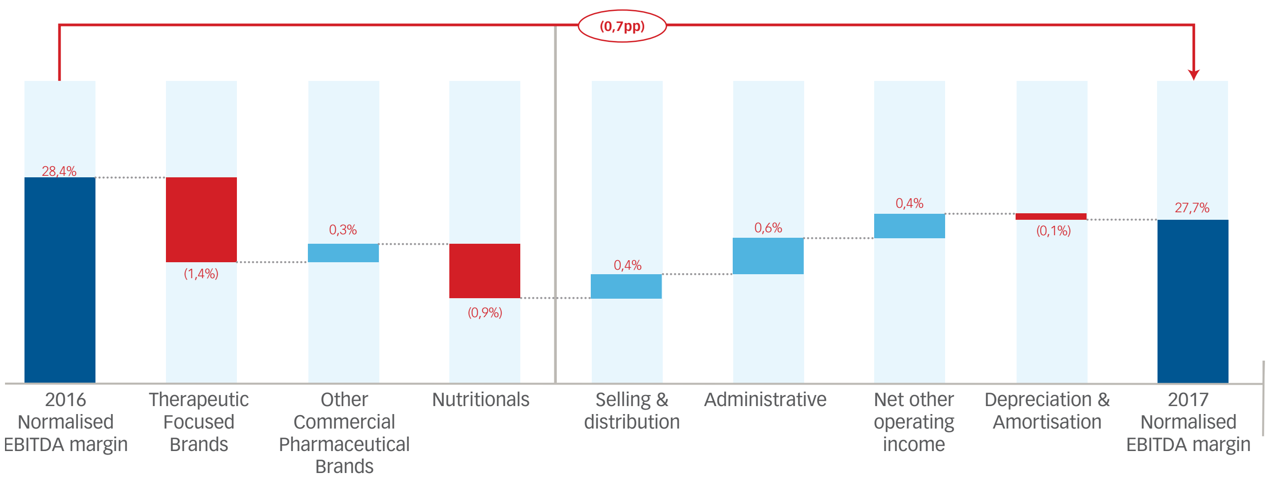
* *Therapeutic Focused Brands.*
# *Other Commercial Pharmaceutical Brands are largely domestic brands.*

Margins diluted

The gross profit percentage declined from 50,3% in the prior year to 48,3%. This was due to the dilutive effect of the lower relative gross profit percentage of the acquired AstraZeneca anaesthetics portfolio and the decline in the nutritionals gross profit percentage due to the aforementioned pricing pressure in Australia as well as lower volumes in the Vallejo manufacturing site during the first half of the year while surplus stocks arising from Aspen's discontinuation of supply to Venezuela were depleted. These unfavourable factors off-set the benefits achieved from margin improvement initiatives.

The normalised EBITDA margin percentage of 27,7% benefited from lower relative net operating expenses, limiting the year-on-year decline in margin at this level to 0,7%. This translated into a 13% rise in normalised EBITDA to R11,4 billion. These movements are illustrated below.

Contribution to change in normalised EBITDA margin



Financial review continued

Earnings record maintained

Normalised net funding costs rose from R1,7 billion to R2,1 billion due to higher notional interest on deferred payables and a negative movement in foreign exchange losses.

The normalised effective tax rate of 17,1% reflected a higher weighting of taxable income in lower tax rate jurisdictions.

Normalised headline earnings of R6,7 billion was 16% higher, a 19th successive year of growth. Normalised headline earnings, which adjusts for specific non-trade items set out in our accounting policies, is the primary measure we use to assess Aspen's underlying financial performance. Headline earnings of R5,9 million increased 46%. The significant increase in headline earnings is largely attributable to the devaluation of Aspen's Venezuelan business in the prior year. Net profit for the year was up 18% at R5,1 billion.

We measure earnings per share at the basic, headline and normalised headline levels. Stakeholders are encouraged to consider each of the measures disclosed and to make their own decisions as to which is most appropriate to their needs. Set out below is a reconciliation between earnings per share at these three measurement levels:

Earnings per share measures

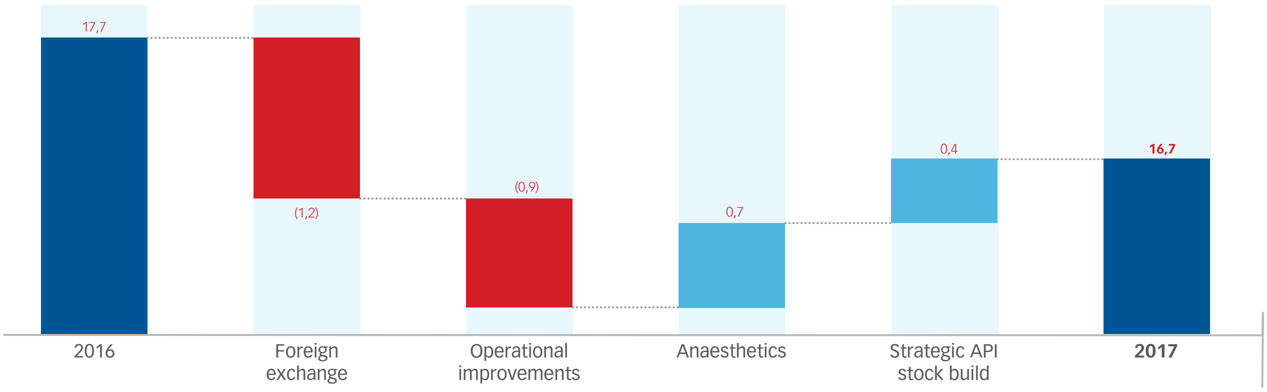
Cents	2017	2016	% Change
Basic earnings per share (EPS)	**1 123,4**	945,4	19
Loss on sale of property, plant and equipment	**5,4**	0,2	
Net impairment of property, plant and equipment	**43,2**	3,5	
Impairment of intangible assets	**93,5**	198,3	
Loss on sale of business	**15,4**	–	
Profit on sale of divested products	**–**	(258,6)	
Loss on sale of intangible assets	**18,6**	0,2	
Headline earnings per share (HEPS)	**1 299,5**	889,0	46
Capital raising fees	**23,5**	58,9	
Restructuring costs	**66,7**	50,4	
Transactions costs	**68,6**	74,8	
Net hyperinflationary adjustment[1]	**–**	190,6	
Product litigation costs	**34,9**	–	
Foreign exchange gain relating to acquisition	**(30,0)**	–	
Normalised HEPS	**1 463,2**	1 263,7	16

[1] *Net monetary adjustments and currency devaluations relating to hyperinflationary economies.*

Cash generated doubles

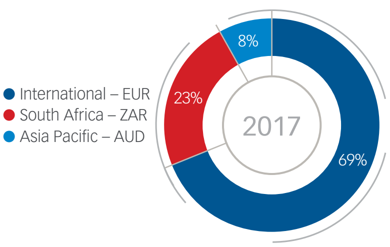
We achieved a return to Aspen's record of strong historic cash flows, more than doubling operating cash flow to R6,5 billion. This translates to an operating cash flow per share of 1 421 cents representing a 109% conversion of earnings to cash. A focus on working capital management allowed us to significantly reduce the investment in additional working capital. Working capital, benefiting from operational improvements and positive currency translation effects, actually decreased by R1,0 billion to R16,7 billion. Movements in working capital for the year are illustrated in the table below.

Working capital – R'billion



We spent R12,3 billion on acquisitions and other capital expenditure during the year, in addition to which we paid R1,2 billion to shareholders by way of a dividend. As a result of our strong operational cash flows and favourable exchange rate effects (R2,1 billion) the increase in net borrowings was limited to R4,4 billion. Borrowings, net of cash, amounted to R37,1 billion at the year-end representing gearing of 47%. The funders' covenants were comfortably achieved. During the course of the 2018 financial year we intend to embark on an "amend and extend" exercise with our primary lenders.

Net debt: R37,1 billion



Increased capital expenditure on property, plant and equipment ("PPE") planned

We did not complete all of the PPE capital expenditure planned for the 2017 financial year due to a combination of realignment of project plans and delays in work on the specialist facility under construction at Oss. In addition to the project at Oss, we also have material capacity expansion projects planned for Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe in anticipation of future manufacture of anaesthetics. Should we manage to execute all planned PPE capital expenditure on time in the year ahead, this could amount to R3,3 billion which is more than double that spent in the 2017 financial year.

Dividend raised

The Board was pleased to be able to conclude that after taking into account the earnings and cash flow performance for the year, existing debt service commitments, future proposed investments and funding options, a gross dividend paid from income reserves of 287 cents per ordinary share should be declared to shareholders which represents a 16% increase.

Gus Attridge
Deputy Group Chief Executive

Impacting lives

Our Mandela Day programme

Mandela Day is more than a celebration of this former statesman's life and legacy. It is a global movement to honour his life's work and act to encourage an attitude to change the world for the better.

NELSON MANDELA INTERNATIONAL DAY
TAKE ACTION. INSPIRE CHANGE,
MAKE EVERY DAY A MANDELA DAY.

Caring for less fortunate communities through active SED programmes has been part of our DNA since the start of the 21st century. Primary healthcare; education including graduate programmes; and social upliftment are only a few of the categories that form part of our SED initiatives, with Mandela Day being the largest Group-wide project.

Aspen participated in the campaign for the first time in 2011 with a single project that supported a small school for mentally and physically disabled children in Johannesburg. Such was the impact of the project, that our commitment to **the programme has subsequently extended across the six continents where we have a business presence, with 37 countries participating in Mandela Day this year.**

The intent of the campaign has always been for employees to become actively involved and give back to less fortunate, marginalised communities. This approach has been widely adopted and embraced with many volunteers becoming personally involved in worthy organisations on a broader scale well beyond Mandela Day.

The Mandela Day organisation's appeal for 2017, *#actionagainstpoverty*, was honoured by our business units who engaged in 105 projects that reached over 101 000 beneficiaries this year. Projects aimed at improving healthcare, social, educational and environmental initiatives received priority focus. Projects undertaken were specifically aimed at neglected, abandoned or abused babies and children as well as the elderly, and also included relief for vulnerable orphans, physically and mentally disabled, and terminally ill children.

Through established and accredited food relief organisations that prepare nutritious meals from unsold yet edible produce, our teams also prepared over 70 000 meals to feed hungry communities in Australia, Germany, Hong Kong, Ireland, Italy, Britain and Tanzania. In addition, valuable acts of random kindness were carried out by sales representatives across the continents by gifting a simple meal to a homeless person or doing a good deed for those who have so little yet are so grateful for the generosity that makes a meaningful difference in their lives.

Notably during the past year, environmental projects that cannot be quantified in terms of beneficiaries directly reached but which will provide for future generations, also received increased attention from certain of the business units.

Since our inaugural participation, our employees have engaged in more than 330 projects for nearly 300 000 beneficiaries who have been directly touched through our programme.

Intellectual capital

Intellectual capital

INPUTS

- Intellectual property rights, marketing authorisations, licences, trademarks and software
- Goodwill
- Pipeline of products
- Governance, compliance, supply chain and data management systems and processes
- Business acquisition and integration know-how
- Global sales, marketing and distribution centres

ACTIVITIES

- Development of a product pipeline that is carefully selected and tailored to each territory in which we operate and is aligned to the Group's therapeutic focus areas
- Identification and assessment of acquisition opportunities to accelerate growth, facilitate local expansion into targeted growth territories
- Integration of acquired businesses into our value chain while ensuring synergistic efficiencies and economies of scale
- Assessment of existing product portfolio for adequacy of returns and relevance to the market it serves
- Development and maintenance of efficient and compliant regulatory, pharmacovigilance, procurement and supply chain systems
- Maintenance and protection of intellectual property rights
- Responsible and ethical marketing and promotion of our products

OUTPUTS

- Increased number of patients benefiting from our products
- Broad portfolio of branded and generic products including prescription medicines, biologicals, generics, infant nutritionals and other consumer healthcare products
- Product portfolios aligned with targeted therapeutic categories for each region
- Consistent, compliant and efficient regulatory, pharmacovigilance, procurement and supply chain systems which provide competitive advantages for the Group
- Successful launch of 45 products from the pipeline during the past year
- High quality affordable medicines and products that improve quality of health

Our intellectual capital supports our focused therapeutic basket of high quality, affordable medicines and products.

Sustaining life and health through high quality, affordable medicines and products

Access to affordable healthcare is a global priority. We are committed to improving the health outcomes for patients in our therapeutic areas through the provision of high quality pharmaceutical and infant nutritional products in a commercially sustainable way. Through our ongoing efforts to focus on developing a product portfolio that leverages our intellectual and manufacturing advantage and expanding our geographical reach, the number of lives benefiting from our medicines and products continues to grow.

Therapeutic focus areas

During the year under review, we continued to consolidate our global portfolio of specialist products, building a strategic pipeline and enhancing vertical integration through optimising specific supporting assets held within the business.

Anaesthetics Portfolio

Our acquisition of the rights to the anaesthetic products from AstraZeneca and GSK during the year has positioned us as one of the leading providers of anaesthetic products worldwide. Our Anaesthetics portfolio includes products that are indicated for the induction and maintenance of general anaesthesia (Diprivan), opioids used during induction, maintenance and recovery (Ultiva) and neuro-muscular blocking agents used to facilitate intubation and to relax the muscles for surgical procedures (Nimbex). A significant portion of the portfolio also consists of local anaesthetics, including injectables and topical agents such as ointments, gels, sprays, creams and patches (EMLA, Naropin and Xylocaine).

Thrombosis Portfolio

Our basket of thrombosis products is aimed at the prevention and treatment of thrombotic diseases, including deep vein thrombosis, pulmonary embolism and acute coronary syndrome. Our focus in this portfolio is the low molecular weight heparins (Fraxiparine and Mono-embolex), Xa inhibitors (Arixtra) and heparin derivatives (Orgaran).

High Potency & Cytotoxic Portfolio

Our High Potency & Cytotoxic Portfolio is characterised by products that generally contain APIs which evoke the indicated response when administered at a low concentration. Most of these molecules have a narrow therapeutic index allowing for a small window between the effective and toxic doses. These medicines are used mainly in life-saving medical conditions and due to their potency and toxicity, are manufactured under specialist conditions. Included in this portfolio are our products that are designed to treat underactive thyroid conditions (Eltroxin), immunosuppressants (Imuran), oncological products (Alkeran, Purinethol), female hormonal replacement therapies (Ovestin), anabolic steroids (Sustanon and Deca-Durabolin) and glucocorticoids (Meticorten and Oradexon).

During the year, we have made substantial progress in stabilising our synthetic esterified and conjugated estrogen APIs. We have secured an exclusive licence agreement with Teva to launch two products (Enjuvia and Cenestin) in the USA, thereby vertically integrating with our synthetic conjugated estrogen API business. This is an exciting development in our women's health product basket.

Nutritionals Portfolio

We supply a wide range of infant nutritional and growing-up milk products across both the premium and value product segments. While breastfeeding is best for infants, in circumstances where breastfeeding is not possible, our infant nutritional products provide mothers and caregivers with a science-based alternative. Growing up milks are designed to supplement the diet of children older than 12 months, providing them with nutrients that may otherwise not be consumed in sufficient quantities. We have the rights to manufacture and market the S-26 and SMA brands in Southern Africa, Australia and Latin America. As part of the transaction conditions in terms of which we secured these rights, we are transitioning these brands to our own brand, Alula, over the next few years. Our Infacare brand, which already has a strong position in SSA, has been introduced into Latin America.

Other Commercial Pharmaceutical Brands

We continue to enhance our regional portfolios in line with local therapeutic strengths and niche value propositions, specifically aligned to growth targets within branded prescription medicines, OTC franchises, consumer brands, as well as through more complex licensing deals in the biologic space.

The business segment reviews set out on pages 74 to 83 provide further detail on these therapeutic portfolios and their performance.

Intellectual capital continued

ARVs

HIV/AIDS and related co-morbidities, such as tuberculosis, which are fuelled by HIV, continue to present a significant challenge to the South African government and broader society in general. Latest statistics reveal that around 6,5 million South Africans, or 12% of the population are infected with HIV. Notwithstanding the significant progress that has been made in rolling out ARVs, with around 3,9 million South Africans currently on treatment, new challenges have arisen as a consequence of funding pressure occasioned by a deteriorating public fiscal position and new treatment guidelines aimed at placing the entire infected population on treatment over the next 48 months. This would mean an additional three million patients entering ARV programmes in the public and private sector over this period. The approach is consistent with the joint UNAIDS/WHO objective of 90-90-90, i.e. knowing the status of 90% of HIV patients, having 90% of these on ARV treatment and achieving viral suppression in 90% of those on treatment. In addition, as more patients receive and remain on treatment, so too the risk of resistance of first-line drugs increases, which places further fiscal pressure on both the state and private funders as patients shift to costlier second and third-line treatments.

Having regard for both the clinical and fiscal challenges described above, we recently launched dolutegravir, a single ARV drug, with an improved safety and resistance profile. To this end, we are actively engaged in the formulation and development of a three-in-one dolutegravir containing ARV, aimed at significantly improving resistance profiles, ensuring enhanced patient compliance and less side effects. This will ultimately reduce the disease burden and ease some of the fiscal pressure in the medium- to long-term, as less patients will switch to the costlier second and third line drugs and hospitalisation can be reduced due to an improved side effect profile. While this combination product is in development, we continue to provide ARV treatment to approximately 1,1 million South Africans in the private and public sector.

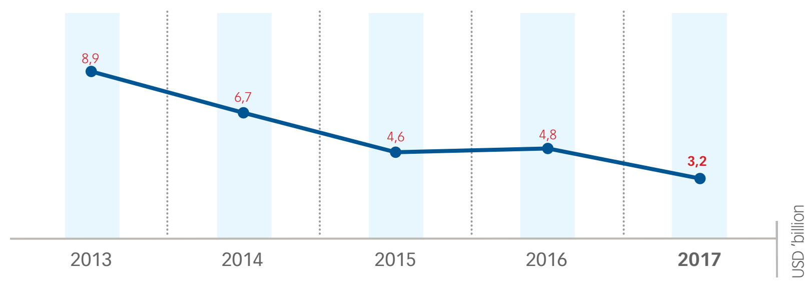
Product pipeline

Intellectual property, in the form of developed and acquired product molecule dossiers, is the key driver for organic growth in the pharmaceutical industry. Our product pipeline largely represents acquired product dossiers, planned product line extensions to leverage existing brands across certain territories, targeted branded product acquisitions as well as selected products that are developed under the direction of highly skilled scientists employed by Aspen at our internal facilities and also in collaboration with other global pharmaceutical companies and research facilities.

Products in the pipeline are aimed at therapeutic categories relevant to emerging disease profiles in each territory. Generic products are launched once the patent for the originator equivalent has expired, subject to the relevant in-country product registration requirements being met. Dossiers in the pipeline are continuously monitored for technical feasibility and alignment with the Group's commercial objectives in key territories.

Additional organic growth is achieved through identifying opportunities to commercialise existing brands across other territories where customer demand exists and where technical and commercial feasibility of product supply is assured. Acquisitive growth, in the form of corporate acquisitions and product distribution arrangements, largely entered into with leading multinational pharmaceutical companies, supplements our organic growth strategy and strengthens our ability to respond to identified healthcare needs.

KPI: IMS value of total product pipeline for the next five years.



The Group's product pipeline has reduced by USD1,6 billion from USD4,8 billion to USD3,2 billion, mainly due to a total IMS value of USD1,1 billion being released through launches in Japan, Australia and South Africa. The rationalisation of the Group's product pipeline that commenced in 2016, and continued in 2017, impacted the USA, Australia and Europe most significantly, and will ensure that the regional product pipelines consist of molecules with confirmed commercial feasibility and therapeutic alignment with our focus areas. Group projects that are subject to timing of technical validation and product registration processes were excluded from the pipeline in order to reflect a more robust plan, with a potential for future upside, particularly in Brazil, Mexico and South Africa. The value realised through the consistent review of our pipeline is also influenced by market competition, prevailing pricing regulations and, in the case of generic products, the level of discount compared to that of the originator molecule presently sold in the market.

We launched 45 (2016: 93) products in 14 countries in the period under review.

Responsible promotion of products

We are committed to ensuring that we promote our products responsibly across all our operations. During the year, we completed an extensive review of our marketing practices and developed a Group Code of Marketing Practice. This code, which was released in July 2017, is aimed at ensuring that any promotional activities and interactions with Healthcare Professionals ("HCPs"), other healthcare staff, government officials, regulatory officials, patient groups, media and the general public are carried out in a responsible, ethical, professional and legal manner. Specific training on the implementation of this code is being undertaken across our operations. We are also committed to complying with other relevant regulations and legislation in respect of matters relating to consumer relationships, including advertising standards and consumer engagement protection laws.

Aspen Nutritionals fully subscribes to the WHO International Code of Marketing of Breast-Milk Substitutes and adheres to all national government legislation pertaining to the implementation of this Code.

Our qualified medical representatives have specialist product knowledge to support and educate customers, including dispensing doctors and pharmacists. We conduct product awareness training for employees and for customers, as appropriate. Our customer relationship management objectives and related customer engagement activities continue to receive ongoing focus. Since we do not deliver products directly to the end customer or consumer, we take care to ensure that only accredited third-party distributors are used to provide logistics services and in certain markets, wholesaling services.

All our suppliers and service providers are bound by the Aspen Supplier Code of Conduct and are required to uphold prescribed ethical and human rights standards across the supply chain.

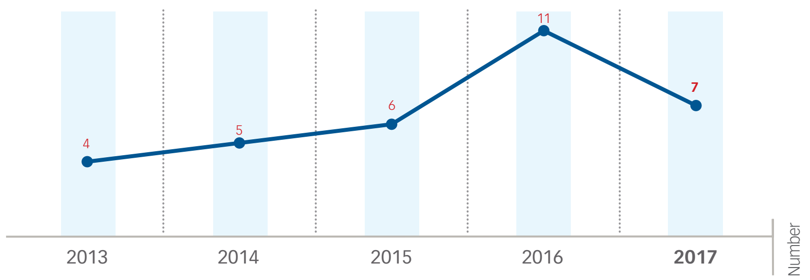
Managing the responsible supply of high quality products

Since patient safety is of primary importance, we have a zero-defect approach to managing product quality. We recognise that we are accountable for the responsible manufacture and supply of products in accordance with applicable pharmaceutical regulations, legislation and guidelines. This underpins the trust in the Aspen brand. Stringent compliance procedures are in place across the supply chain to maintain and grow customer confidence. Regulated in-process and supply chain quality management controls are in place and strictly applied. Raw materials and packaging materials are purchased from accredited and authorised suppliers who meet the necessary quality, regulatory and Aspen-specified requirements.

Products are manufactured at our own manufacturing sites or sourced from reputable, third-party suppliers. Manufacturing sites are required to comply with good manufacturing practice ("GMP"), which governs the manufacture of products in the pharmaceutical industry, and to uphold the status of pharmaceutical regulatory approvals that are relevant to the supplied territories. The Quality Assurance Department conducts audits of potential and existing suppliers to support the Group's high quality objectives in the supply chain.

Only products that meet the prescribed quality and regulatory standards are released for sale into the market and regulated quality compliance controls are in place. The quality and efficacy of supplied products are monitored throughout the product lifecycle using systems approved and monitored by regulatory authorities. As the holder of the marketing authorisation, we are responsible for the quality of our own products across all territories. The S&E Co provides oversight on consumer relationships as it relates to pharmaceutical product quality and adverse drug reaction incidents reported globally.

KPI: Number of product recalls



While the number of product recalls has decreased, we had to initiate seven product recalls during the financial year. The circumstances requiring the product recalls were contained to specific batches and comprised mainly non-product integrity-related root causes. The circumstances resulting in the product recalls have been investigated, the root causes determined and corrective measures implemented to address the identified issues.

Additional information available online:
➜ Aspen Sustainability Data Supplement
➜ Aspen Code of Conduct

Manufactured capital

Manufactured capital

INPUTS

- Our strategic FDF and API manufacturing operations worldwide
- Third-party manufacturing network
- Global distribution network
- Public infrastructure in the countries and territories in which we operate

ACTIVITIES

- Continuous improvement initiatives to sustain a cost competitive manufacturing base
- Monitoring manufacturing quality standards, compliance with Current Good Manufacturing Practice ("CGMP") and other applicable regulatory requirements
- Ongoing investment in manufacturing technology and capacity
- Development and maintenance of third-party manufacturing network and consideration of options to outsource and insource
- Vertical integration between strategic manufacturing facilities providing a synergistic competitive advantage
- Distribution of manufactured product through public infrastructure and transport networks

OUTPUTS

- Globally competitive, scalable and widely accredited manufacturing facilities that provide a sustainable competitive advantage
- Manufacturing capabilities and providers that are aligned to commercial objectives
- Economies of scale for key products
- Provision of high quality, affordable medicines and products that improve quality of health of patients in more than 150 countries

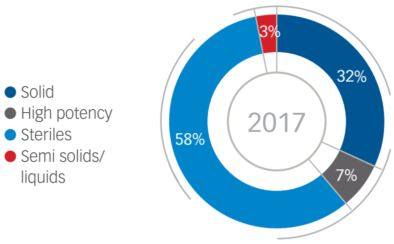
The investment in our API facilities and FDF manufacturing capabilities aimed at delivering integrated and operational synergies is a key enabler in supporting our mission to produce high quality, affordable medicines and products, enhancing access to healthcare in over 150 countries.

Sustaining a cost-competitive manufacturing base

Leveraging the Group's diverse and specialist production capabilities

Our strategic objective of supplying high quality, affordable products is underpinned by our manufacturing capabilities, vertical integration in some aspects of our supply chain and ownership of our strategically important manufacturing facilities. Our 25 manufacturing facilities present a range of production capabilities and capacities aligned to our current and future commercial objectives. These include oral solid and semi-solid dose manufacturing, sterile manufacturing and API manufacturing. An overview of the Group's strategic manufacturing capabilities is set out on pages 20 and 21.

FDF manufacturing



We have invested in developing our sterile manufacturing platform, focusing on complex, speciality products.

During the last year, our strategic manufacturing projects continued to focus on the alignment of the acquired facilities with our manufacturing and commercial strategies, as well as our quality and compliance standards and policies and procedures. Ongoing investment in the upgrading of our world-class manufacturing facilities ensures our ability to supply quality products, ensure ongoing compliance to GMP and create increased manufacturing capacity to meet both current and future operational requirements. Capital expenditure on the replacement and expansion of property, plant and equipment amounted to R1,5 billion (2016: R1,7 billion).

In terms of the transaction with AstraZeneca announced on 13 September 2017, we will acquire the remaining rights to the intellectual property and manufacturing know-how related to the AstraZeneca anaesthetics portfolio. This provides us with a strategic opportunity to acquire control over the supply chain and pursue manufacturing synergies. Significant capital projects are planned for the Port Elizabeth, Notre Dame de Bondeville and Bad Oldesloe sites in order to transition the manufacture from AstraZeneca sites over the next five years.

Oral solid dose manufacturing

Capacity expansion projects in respect of the oral solid dose manufacturing sites, including diversification projects for existing and newly acquired global brand products, continue to progress according to plan and a number of highlights in this regard are detailed below:

- construction of the high containment facility at the Port Elizabeth site is completed. This facility, designated Unit 4, employs technologies that support the requirements for high levels of containment and operator protection, and will be used as an additional site in the manufacture of certain global brands. During the year, trial and validation batches for the first product were completed;
- new bottle and blister lines as well as a compression machine were commissioned at the Port Elizabeth site;
- following a number of challenges, the manufacture of Thyrax was successfully transitioned to the Bad Oldesloe site and supply to patients in the Netherlands resumed; and
- the transfer of the Meticorten brand to the Bad Oldesloe site has been completed.

We remain focused on achieving significant cost reductions from the Port Elizabeth site's large scale, coupled with its complex manufacturing capability. The Bad Oldesloe site's ability to provide specialised and flexible manufacturing and packing capabilities, as well as its favourable location within the European market, further bolsters our ability to deliver competitive and bespoke manufacturing solutions.

Sterile manufacturing

Our facilities at the Port Elizabeth and Notre Dame de Bondeville sites provide us with extensive sterile manufacturing capability. The manufacture of Fraxiparine vials has commenced at the Port Elizabeth site, with the transfer of Mono-embolex vials to this site currently underway. Integration and capacity expansion plans in respect of these sites have progressed well in the past year:

- construction of the extension to the sterile manufacturing capabilities in Port Elizabeth, comprising a combination vial/ampoule suite, is complete and the commercial manufacture of vials has commenced;
- the capacity expansion plan at the Notre Dame de Bondeville site, comprising the establishment of a new high speed prefilled syringe filling suite, has been completed. The first trial and validation batches for Fraxiparine syringes were completed in the prior year and commercial manufacture has now commenced;
- the transfer of manufacture of Arixtra prefilled syringes to the high speed Etna line at the Notre Dame de Bondeville site was completed in the last year and first commercial supply has now commenced. Water-for-injection capacity has also been transferred to this line. These transfers have enabled the closure of the legacy filling line at this site, resulting in the achievement of the projected savings from this project; and
- construction of the new laboratory at the Notre Dame de Bondeville site has been completed.

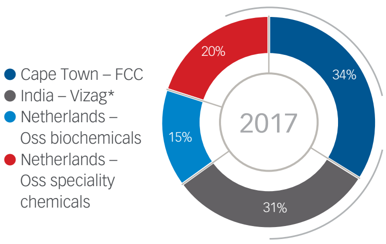
Manufactured capital continued

API manufacturing

- Our API network comprises five owned sites, three located in the Netherlands (two in Oss and one in Boxtel), one in the USA (Sioux City) and one in South Africa (Cape Town).
- In addition to owned facilities, Laurus Labs, a leading Indian API manufacturer, has constructed a new facility dedicated to the production of large-volume, early-stage API intermediates on our behalf as part of our strategic alliance with this manufacturer and cost competitiveness drive. The new facility comprises two blocks, one dedicated to manufacturing hormonal products and one dedicated to the manufacture of general and steroidal products, including fermentation. Technology transfer processes have been completed and validation batches are in the process of being manufactured.
- The integration of the Oss sites into our existing API network has been successfully completed. The realignment and integration projects in relation to API manufacture across the Group to enable the closure of the chemical production at the Moleneind site in Oss, eliminating safety and environmental risks associated with chemical production at this site, as well as improving cost competitiveness, have progressed well in the past year.
- The project to increase the heparin purification capacity by repurposing the IPT3 manufacturing facility at this site has been completed and trial and validation batches have been completed.
- The reintroduction of conjugated and esterified estrogen API production at the Oss site is also progressing, with first commercial supply of esterified estrogens having taken place post year end, and will offer significant strategic and commercial opportunities aligned to our vertical integration plans in this therapeutic area.
- The new high-volume, high-potency multipurpose API facility at FCC which was completed in the prior year is in operation.

The FCC and Oss sites provide Aspen with specialised API capabilities in respect of both Aspen's own and third-party commercial opportunities. The combination of the Oss and Sioux City sites with the Notre Dame de Bondeville site and Port Elizabeth steriles facility, provides a fully integrated biochemical supply chain to support some of our Thrombosis portfolio of products.

API manufacturing



Since 2013, we have increased our API manufacturing capacity fivefold, significantly enhanced our capabilities and achieved geographic diversification.

** Intermediate manufacturing.*

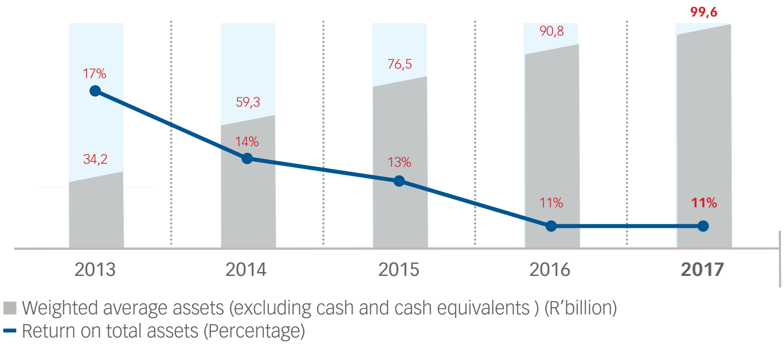
Nutritionals manufacturing

We have three infant nutritional manufacturing sites globally, namely the Johannesburg, Vallejo and Auckland sites. The Johannesburg and Vallejo sites are fully integrated infant nutritional manufacturing sites where raw ingredients (including milk powder) are converted into infant milk powder through a spray drying and blending process. The product is then packed into various formats for sale to consumers. The Johannesburg site also has an Ultra-high temperature ("UHT") liquid facility for the manufacture of infant ready-to-feed products. The Auckland site is a blending and packaging site only and operates as a joint venture between Aspen and NZNM. The infant formula base powder is manufactured by strategic partners based in Australia and New Zealand and delivered to the Auckland site for final blending and packaging in various formats. The Auckland site is one of a few global infant nutritional manufacturing facilities that has CNCA approval, allowing it to manufacture brands for sale in China. The business also introduced capability to manufacture product in sachets (including 1g sachets) as well as a Glue Carton Erector to improve quality and efficiencies in the packing process. A "high lid" applicator has also been trialled during the year for supply to the Chinese market. During the year the site was licensed to produce registered formulas for the USA and has received US FDA approval for export.

Ongoing investment in assets

Our continued investment in manufacturing capacity and growth in intangible asset value has contributed to an increase in total asset value. The return on these additional investments will only be realised in the medium term due to the fact that these ongoing investment projects straddle a period of between two and four years before becoming operational.

KPI: Return on total assets

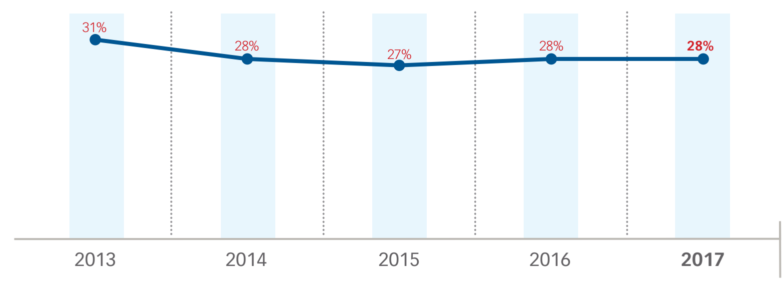


Cost containment and increased efficiencies

We continue to have a strong focus on continuous improvement initiatives and saving plans to enhance production efficiencies and optimise economies of scale across the Group. Procurement management is a key focus area to manage the cost and consistent supply of production materials. In addition, a number of the value creation projects that have been initiated are aimed at lowering costs, improving recoveries and optimising production capacity across the Group's manufacturing facilities. Comprehensive, detailed, multi-year savings plans, covering all aspects of the operations, have been delivered according to plan and the Oss and Notre Dame de Bondeville sites are poised to deliver significant cost savings to the Group in the coming years. The progress made in achieving these plans is monitored on a three-monthly basis.

By owning our strategically important manufacturing capital, we are able to better manage our product quality, production efficiencies and cost competitiveness to ensure responsive management of the supply chain. This, in turn, supports the maintenance of Group EBITDA margins.

KPI: EBITDA margin



Overall Group EBITDA margins have remained flat at 28% year on year. Downward pressure on pharmaceutical and nutritional gross margins has been offset by improved expense leveraging across the Group. It is anticipated that EBITDA margins will improve over the medium term as value creation initiatives begin to deliver results.

Additional information available online:
➜ Aspen Sustainability Data Supplement
➜ Aspen Code of Conduct

Human capital

Human capital

INPUTS

- Employee expertise, skills sets and integrity
- Strong and diverse leadership team
- Organisational structures throughout the Group
- Bargaining arrangements and organisational rights in place

ACTIVITIES

- Continued investment in training and upskilling of employees
- Talent management and succession planning to ensure continuity in respect of critical skills
- Constructive engagement with employees and representative labour organisations
- Fostering our commitment to integrity and values-driven leadership
- Focus on employee health, safety and wellbeing
- Appropriate and proven remuneration, incentive and performance management practices

OUTPUTS

- Skilled and capable employees who are motivated to achieve the strategic objectives of the Group
- Maintenance of a high performance culture and the retention of skills
- Stable and constructive industrial relations
- Employees are ambassadors of Aspen, our reputation and our values-based approach to ethics
- Safe and healthy workforce

Built on the foundation of our values and a commitment to the Group Code of Conduct, we strive to provide a safe, challenging and rewarding environment for each of our employees.

Creating an environment in which our employees can thrive

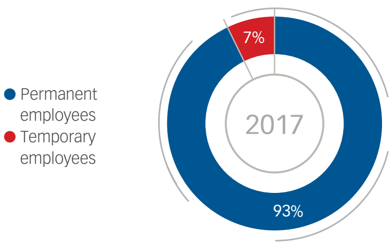
Our global team of skilled, accountable and passionate employees are critical to the success of the Group. We seek to attract, develop and retain appropriately qualified and experienced individuals who present the right mix of technical and behavioural competencies for our targeted business requirements.

The Group Human Resources Department, under the leadership of a new Human Resources Executive, has developed a new three-year human resources strategy, underpinned by seven strategic themes, namely: Talent Management, Learning and Development, Effective and Efficient Organisation, Diversity and Inclusion, Reward and Recognition, Employee Relations and Human Resource Capability Building. The strategy aims to create an environment where fit-for-purpose Human Capital solutions have a global focus with localised relevancy.

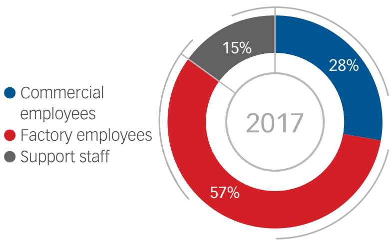
Decentralised human resources structures, at a business unit level, are responsible for implementation of the Group strategy while respecting relevant in-country labour legislation. As the Group continues to grow organically and acquisitively, the Human Resource function is evolving with the business to provide more integrated and relevant solutions. This year, efforts to cement the integration of the acquired businesses continued, with a focus on implementing a global Human Resources system. The system has been implemented in 19 countries thus far and once the project is complete it will serve as a Group platform for employee data and aid the effective implementation of human resources processes for 67 locations. This is envisaged to be a long-term process for the Group.

We pride ourselves in having committed employees. A global engagement survey was launched during the year, which saw over 8 000 employees provide us with valuable feedback regarding their experiences within the Group. We had an 84,3% participation rate and an overall engagement index of 74,6%. Role clarity scored well, as did ethics and the understanding of such in the business. Areas such as career progression and training and development need particular attention across the Group. We are currently looking into the survey results and working on engagement initiatives that aim to enhance an environment conducive to positive and progressive employee experiences.

Total employees (10 204)



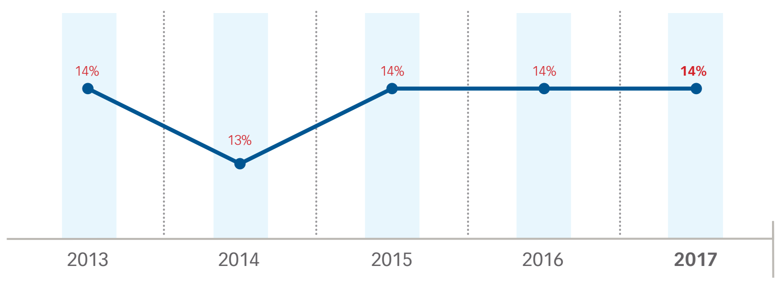
Employee categories



Employee movement is robust and dynamic as we grow organically and competition in the various labour markets put pressure on the organisation to retain and develop our current talent. Employees were recruited to support business expansion requirements and to replace vacancies, while employees joined Aspen in Colombia, China and Brazil as part of the GSK and AstraZeneca anaesthetic portfolio transactions. During the year, 40 employees retired due to non-work-related ill health and reaching normal retirement age (less than 1% of the staff complement). No occupational fatalities occurred during the year (2016: none) but we regret to report the non-work-related deaths of 17 employees. We acknowledge the value that these individuals contributed to our success during their tenure.

The Group's employee turnover rate is 14% (2016:14%) which is mainly as a result of resignations, retrenchments and dismissals. While stable overall, high turnover rates experienced in certain business units are investigated and focused plans implemented to address employee engagement and retention. HR conducts exit interviews and stay interviews to ascertain why employees are leaving the organisation and to address retention risks early. During restructuring processes that were implemented in Port Elizabeth and Oss, detailed consultation plans were put in place to ensure correct consultation was had with affected employees. Labour organisations such as unions and works councils were key stakeholders to these consultations.

KPI: Average staff turnover



Human capital continued

Building talent to drive performance excellence into the next growth horizon

Our dynamic environment requires our employees to be adaptable, results-driven, self-motivated, decisive and responsive team players. All employees are provided with equal opportunities for development, advancement and promotion on merit and without prejudice.

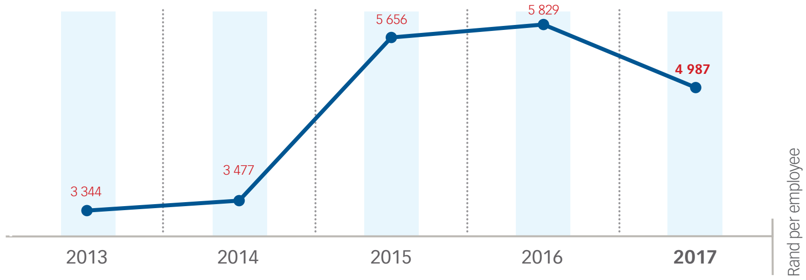
The R&N Co monitors the adequacy of succession plans for the Company's executive directors and the Group's senior executives. Succession plans are revised for key business unit executives and managers, while a new Group talent management strategy is being developed to drive talent attraction, retention and development across the business. The adequacy of these succession plans and the Group's talent planning landscape is monitored by the Group.

A performance management process is in place across the business. The performance reviews are based on functional and business unit strategic objectives. During the year, performance appraisals were completed for 92% of permanent employees across the Group through formal one-on-one meetings between employees and responsible managers. 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. Business unit managers are responsible for the implementation of effective training programmes to address identified skills development needs with the support of HR Departments. The Group human resources function supports business unit management teams to this end and monitors adequacy of implemented training plans.

Technical and managerial skills have been identified as critical and these areas have continued to receive focus in this year. A technical skills academy was established at the Port Elizabeth site, while in the South African and AGI business, 22 delegates successfully graduated from the Middle Management Development Programme, run in partnership with the University of Pretoria's Gordon Institute of Business Science ("GIBS"). Also in partnership with GIBS, we implemented the pilot junior management programme and 25 delegates from across the South African business graduated from this programme. The purpose of the programme is to prepare high potential junior managers for middle management positions by equipping them with relevant skills and knowledge. These fit-for-purpose programmes are in place to build leadership and functional capacity and capability for organic and inorganic growth.

KPI: Average training spend per employee



Training interventions across the Group have included short course training, internal training programmes, management and leadership development programmes as well as executive coaching programmes. In total 7 426 (2016: 7 288) employees were exposed to training interventions at an average cost of R4 987 (2016: R5 829) per employee. The total investment in training decreased by 7% to R49,5 million (2016: R53,3 million). Average training spent per employee has declined over the previous reporting period. This was due to significant training interventions required in previous years relating to system projects increasing the training spend in those years which was not repeated in 2017. Operational constraints, such as the restructuring in Port Elizabeth and Oss, also negatively impacted training programmes this year.

Skills development programmes in South Africa

While the Group continued to support various learning and development initiatives in South Africa during the year, challenges in the implementation of planned projects were experienced. In total 72 learners/apprentices were provided with funding and 41 internships were implemented in the business. A combined total of 11 internships and learnerships were provided to persons with disabilities. Financial assistance in the form of bursaries was awarded to 88 of our employees with a further 80 bursaries being awarded to external students in South Africa. As the means of sustaining our external talent pool and being socially responsible at the same time, the external bursary scheme in South Africa has been re-evaluated and strengthened as a means of getting more return on investment for the business. Our external bursary scheme has enabled us to maintain a supply of relevant qualifications and skills to the industry in the future with a total spend of R5,9 million. Strengthened resource capacity within the HR function coupled with a more focused approach on building relevant capabilities and critical skills will drive our investment in skills development in the next financial year.

Respecting employee rights

As an active participant of the UN Global Compact, we are committed to upholding the labour principles included therein. Our working environment is free of prejudice, bias, harassment and/or violation. Our Code of Conduct entrenches the right of all employees to be treated with fairness, equality and respect. Discrimination of employees on the basis of gender, race, physical health, sexual orientation, individual belief systems and/or any other prejudicial grounds is prohibited. Human resources, industrial relations and legal compliance frameworks are in place to uphold employee rights and ensure compliance with labour legislation. Employees are protected by local labour legislation and internal policies and practices to ensure appropriate hours of work and the management of overtime. Where overtime is a concern, business units have plans in place to mitigate the risks to the employees. Formal grievance procedures are in place and are communicated to employees at each business unit.

During the year, no incidents of unfair discrimination were identified in the Group (2016: Nil).

Employee wage rates across the Group comply with legislated wage rates in the relevant jurisdictions and, where applicable, employees are paid in accordance with rates agreed upon with trade unions and/or collective bargaining councils. Salaries are benchmarked against industry standards in each territory to ensure that high performing employees are offered competitive remuneration packages that would promote retention objectives.

Employees across the Group are free to exercise their rights to belong to trade unions and collective bargaining councils. Relationships with trade union representatives, considered key stakeholders, are managed in a proactive and responsible manner by site HR Managers. Formal processes are in place to foster a culture of transparency and constructive engagement with trade union representatives in each territory. Material operational changes are communicated to the employee trade unions, as necessary, within legislated timeframes and these vary across the territories.

During 2017 approximately 23% of the Group's employees belonged to a trade union and 40% were represented by collective bargaining councils.

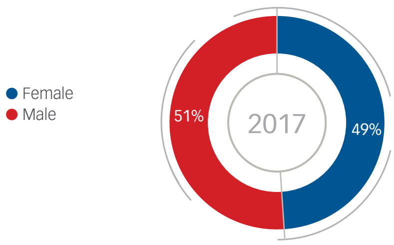
In August 2016 employees at the East London and Port Elizabeth sites embarked on a strike resulting in approximately 24 and 20 lost production days respectively.

Respecting employee diversity and promoting equality in the workplace

As at 30 June 2017, Aspen's diverse team represents 47 different nationalities across six continents. In accordance with the Group's Code of Conduct available online, all employees are treated with fairness, equality and respect. As part of the new three-year Human Resources plan, diversity and inclusion, a key strategic theme, aims to ensure we have an organisation reflective of the demographics of the countries and communities we operate in, in order to optimise strengths from diverse talents and cultures.

The attraction, retention and development of female employees is a priority for the Group and gender diversity is a key performance indicator monitored by the S&E Co. Female employees comprise 49% of the total workforce.

Employee gender diversity (Group)

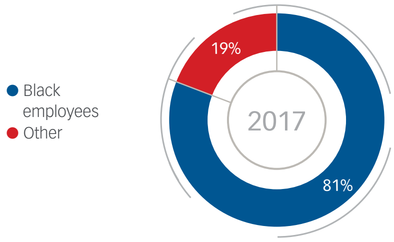


Empowering historically disadvantaged individuals in South Africa

Our transformation policy and employee management policies in South Africa are developed in accordance with the Employment Equity ("EE") Act and the BBBEE Codes to promote the advancement of historically disadvantaged individuals. Each business unit in South Africa has a transformation plan in place and EE committees meet regularly to drive delivery against agreed EE priorities. Transformation indicators for South Africa are monitored by the S&E Co on a quarterly basis. In South Africa, 81% (2016: 80%) of permanent employees are black, as defined in the Employment Equity Act.

Female employees comprise 55% (2016: 55%) of our permanent workforce (in South Africa).

Employee race diversity (South Africa)



Supporting the well-being of our employees

Employee health, wellness and fitness for work are fundamental to enable the effective execution of designated responsibilities and implementation of value-adding initiatives for the business. Employee benefit arrangements include subsidisation of tailored healthcare insurance plans for employees and their direct dependents where this is required. Employees at selected sites also have access to on-site clinics, employee assistance programmes and wellness support programmes.

Human capital continued

Supporting employees in the identification and management of HIV/AIDS

We are committed to promoting HIV/AIDS awareness and offering HIV/AIDS positive employees with the required counselling and support. Each year, we participate in World Aids Day on 1 December and World TB Day on 24 March. Employee awareness of these diseases is created through the dissemination of information booklets, posters and making relevant information available electronically to staff. Our HIV/AIDS policy complies with legal guidelines and prescribes confidentiality of the employee's status. Free condom dispensers are installed in accessible areas across the South African and Kenyan sites.

In South Africa, our HIV/AIDS management programme is administered by an independent health risk management company. Free HIV/AIDS testing is conducted every two years and is offered to all employees in South Africa. The HIV, Counselling and Testing campaign was last conducted in December 2016. 134 employees participated in the voluntary HIV/AIDS testing and 454 participated in the voluntary counselling programme. HIV/AIDS positive employees have access to the disease management programmes through their healthcare insurance schemes which subsidise the provision of ARVs as well as voluntary counselling and support programmes. In South Africa, peer educators provide staff with necessary HIV/AIDS prevention and disease management training and, where required, this is also offered to family members of affected employees.

Providing a safe working environment

Our commitment to safety and security management

Employees are entitled to a safe and healthy working environment and we are committed to ensuring the safety and security of all of our employees and third parties visiting our facilities. This principle is outlined in the Aspen Code of Conduct. The Aspen Code of Conduct for Suppliers and Service Providers echoes this commitment, detailing the expectations and requirements in terms of adhering to our safety standards both in their own workplace and when operating at one of our facilities.

The prevention of work-related injuries, permanent disabling injuries and occupational diseases is a key focus area for site management teams, particularly at the manufacturing facilities where the inherent risks of health and safety incidents, including chemical exposure, are high. Health and safety baseline and issue based risk assessments are conducted to identify and evaluate the magnitude of our health and safety risks through a dynamic, formal and structured process. Issue based risk assessments are conducted for the management of change and any new projects prior to the design phase to ensure that all health and safety risks are considered and mitigated. Due to the nature of pharmaceutical and chemical products, compliance control measures are in place across the supply chain, to address the safe and compliant handling and transport of all materials and products. SHE awareness and competency training programmes are conducted to promote the effective implementation and maintenance of SHE policies and procedures.

Formal SHE representation and management structures are established at all manufacturing sites. SHE compliance is monitored and managed on a day-to-day basis and SHE KPIs form part of site management reporting processes. The Group SHE Department develops and promotes Aspen's SHE standards and monitors compliance and effectiveness of certified SHE management systems across the business units. Independent SHE legal compliance audits are conducted annually across all manufacturing facilities. The Group SHE Department reviews the audit findings to establish trends and focus areas as well as tracking the status of corrective action plans.

The Board monitors material SHE KPIs on a quarterly basis and, through the S&E Co, monitors the effectiveness and compliance of SHE management systems across the Group.

Ensuring employee security

Access controls and security systems are in place across all manufacturing and commercial sites to prevent unauthorised entry in the interests of employees and asset security. Additional measures are implemented by local management teams to protect employee safety in countries where the risk of social and/or political unrest is high.

Managing SHE compliance

We align our health and safety management systems to global standards, with 75% of the fully commercialised primary manufacturing facilities and 29% of the API manufacturing facilities within the Group continuing to comply with the OHSAS 18001 standard. A phased plan is in place to align health and safety management systems to OHSAS 18001 at the remaining API sites by the end of 2019, with the exclusion of Sioux City. Sioux City has been excluded due to the limited scale of the operation. The target date for new certifications was established in line with the publication of the new ISO 45001 standard which will replace OHSAS 18001. The OHSAS 18001 certificates and SHE policies for all internationally certified facilities are displayed across the manufacturing sites and are available online. Maintenance of the OHSAS 18001 management system enables our sites to keep abreast of all applicable health and safety legal requirements, maintain a programme for evaluation of compliance and manage instances of non-conformance.

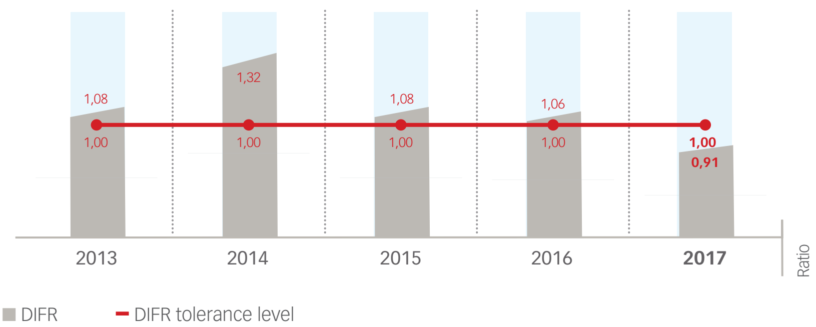
Measuring SHE performance

Independent SHE compliance audits were performed at 15 of the Group's sites during the year with the Kama facility in Ghana included for the first time. The overall compliance results for 2017 were satisfactory with the majority of the international operations experiencing a decrease in the total number of findings raised. All legal findings are managed by each facility through a formal Corrective and Preventative Action system and the Group SHE function obtains regular updates on the compliance status and reports the same to the S&E Co.

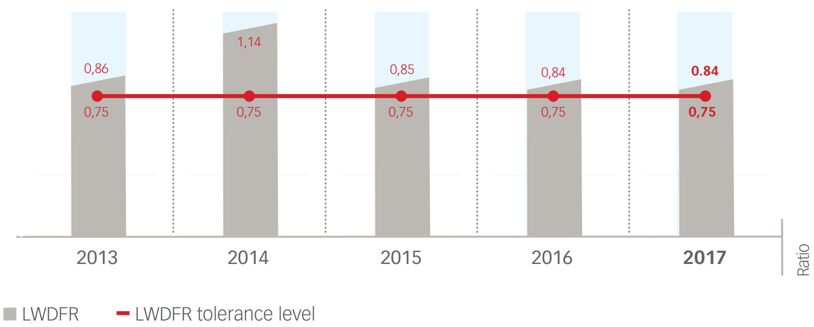
The DIFR and LWDFR represent the Group's material safety KPIs. The DIFR reflects the percentage of employees who suffered disabling injuries in the 12 months ended 30 June 2017, irrespective of whether such incidents resulted in lost work days. The DIFR tolerance is set at less than or equal to 1,00 and is reviewed and approved by the S&E Co on a two-yearly cycle.

The LWDFR indicates the percentage of employees who were absent from work due to work-related disabling injuries over the last 12 months. LWDFR tolerance is set at less than or equal to 0,75.

KPI: DIFR



KPI: LWDFR



During the year, 64 disabling incidents were recorded across the Group's manufacturing facilities compared to 76 incidents in the prior year. No fatalities or permanent disabling injuries occurred during the year.

Following a positive downward trend in the reduction of disabling incidents from 2014, the Group managed to reduce its DIFR to below the tolerance level, while, despite further improvements, the LWDFR remains above the tolerance level. Ergonomics remain an area of focus for 2018.

Formal systems are in place to ensure that incidents are recorded, investigated and analysed in a structured and timely manner in order to identify root causes and prevent the recurrence of incidents.

Ensuring commitment to continual improvement

We are committed to the continual improvement of health and safety management and performance through reasonably practicable measures. Incident statistics are utilised as an input to the identification of improvement opportunities. Continual improvement is demonstrated by the establishment of measurable health and safety objectives which are regularly monitored to ensure achievement thereof. The status of the various continual improvement programmes is also discussed at employee Health & Safety Committee meetings.

Social & relationship capital

Social & relationship capital

INPUTS

- Relationships with communities, customers, regulators, healthcare professionals, investors, suppliers, distribution partners, service providers, governments, media and other key stakeholders
- Responsible corporate citizenship

ACTIVITIES

- Ongoing engagement with key internal and external stakeholders and management of reasonable stakeholder expectations
- Socio-economic investment focused on enhancing healthcare delivery to communities
- Participation in the PHEF, a collaboration between the South African Department of Health and private sector healthcare companies
- Support of Mandela Day across the Group's operations globally
- In-country initiatives aimed at community upliftment
- Support to empowering enterprises, including small and micro-enterprises, through preferential procurement and enterprise development and enterprise supplier development activities
- Contributing participant of the UN Global Compact
- A focus on promoting equity in the Board and workforce composition
- Implementation of Group-wide ethics and legal compliance processes

OUTPUTS

- Enhanced profile as a good corporate citizen with a reputation for high quality, affordable medicines and products
- Delivering value to stakeholders
- Increasing healthcare skills and resources, primarily in South Africa
- Meeting legitimate stakeholder expectations and maintaining a "licence to operate"
- Contributing to the transformation of South African society and the South African economy
- Uplifting the lives of the communities in which we works around the world
- Giving credence to our philosophy "Healthcare. We Care."

Responsible corporate citizenship is more than a compliance requirement, it is fundamental to our objectives and the way we do business. We recognise that there are inseparable linkages between our sustainable growth, our relationships with our key stakeholders and our contribution to society in the broader context.

Conducting business in a responsible manner

Our responsible corporate citizen philosophy encapsulates our inherent approach of conducting business ethically, with integrity and with commercial wisdom that strives to enhance the economic and social wellbeing of our patients, consumers, investors, employees, customers and business partners.

Engaging stakeholders

We are committed to adopting a stakeholder inclusive governance approach and sustaining strong relationships with our stakeholders through transparency and effective communication. Our approach to stakeholder engagement is set out on pages 14 and 15 of this report.

Corporate governance

Led by an effective Board of Directors and long-serving, experienced executives, we operate on an established foundation of strong corporate governance. The King IV Report on Governance is implemented throughout the Group. More can be read about this in the abbreviated Corporate Governance report set out on pages 100 to 103 of this report.

Ethics management and Code of Conduct

We have a zero-tolerance approach to unethical behaviour. Our Code of Conduct, signed by all permanent employees, governs the conduct of employees throughout the Group. Furthermore, our service providers and suppliers are required to adhere to the Aspen Code of Conduct for Suppliers and Service Providers in accordance with terms and conditions included in agreements with these stakeholders.

A formalised ethics management programme has been implemented at all our businesses. This programme is managed by the Company Secretary & Group Governance Officer under the direction of the S&E Co. The Ethics Institute assessed our programme in 2016 and it was confirmed to be effective in all material respects.

During the year, one material breach was reported through the whistle-blowing process. This involved a fraud perpetrated by two senior members of management working in collusion at one of our businesses. Following a thorough investigation, both employees were dismissed and the matter reported to the relevant authorities.

Anti-bribery and corruption

We are committed to the fight against bribery and corruption. We strengthened our stance on bribery and corruption as outlined in our Code of Conduct by implementing an anti-bribery and anti-corruption policy, applicable to all our employees and our suppliers, service providers, consultants, agents or any third parties authorised to act on our behalf. This policy is aligned to the recommendations of the OECD on corruption and prohibits any employee or agent of Aspen from directly or indirectly offering, paying, soliciting or accepting bribes in any form. Read with our gifts and benefits policy, it also prohibits the acceptance or giving of gifts or hospitality that are not of a nominal value or participating in events sponsored by current or prospective customers or suppliers.

Tip-Offs Anonymous Hotline

We promote a culture of openness and transparency throughout the Group and, as such, employees and other stakeholders are encouraged to report unethical conduct and other transgressions of which they may become aware. An independently monitored whistle-blowing hotline, Deloitte's Tip-Offs Anonymous, has been made available to all our employees and allows other stakeholders to report suspected fraud and/or activities which are considered to be transgressions of our Code of Conduct. Quarterly reports detailing the tip-offs received, how these tip-offs have been investigated and the corrective measures taken, are submitted to the A&R Co and S&E Co for consideration as appropriate.

Respecting human rights

We are a signatory of the UN Global Compact and are committed to upholding the principles of respecting and protecting internationally proclaimed human rights, as well as ensuring that we are not complicit in human rights abuses. The Aspen Code of Conduct details our commitment to fundamental human rights and S&E Co monitors the effectiveness of ethics management in the Group. All our suppliers and business partners are required to confirm acceptance of the Aspen Code of Conduct for Suppliers and Service Providers to provide assurance that human rights and good ethical standards are upheld within the supply chain.

No businesses in the Group are deemed to be at risk of violating human rights which prevent child labour, forced or compulsory labour. During the year, no incidents of discrimination, forced labour or compulsory labour were reported within the Group (2016: Nil).

As part of our commitment to good corporate citizenship, we support the United Nations Declaration on the Rights of Indigenous Peoples as adopted on 13 September 2007 and respect the rights of indigenous peoples in the countries and territories in which we operate. There were no reported incidents where the rights of indigenous people were violated (2016: Nil). These aspects are monitored in respect of all business units.

Social & relationship capital continued

Approach to taxation

The decision to establish a business presence for Aspen in a country is based on the strategy of the Group and the commercial viability of doing so, taking into consideration the Group's need to support its customer base, the location of its investments in specialised manufacturing facilities and the availability of appropriately skilled people who contribute to the overall value chain. Our tax philosophy is to ensure each business is effectively managed, it pays the right amount of tax (which is aligned to its revenue generating and value adding activities) in the country in which it operates and that it maintains a cooperative relationship with the local tax authority. We do not enter into tax-driven structures as we are committed to managing our tax affairs in a fair and responsible manner.

Our Group Tax Committee (which comprises the Group Deputy Chief Executive, the Group Finance Officer, the Group Treasury Executive and the Group Tax Executive) manages adherence to our tax philosophy under the guidance and direction of the A&R Co. The Group Tax Committee is responsible for recommending new policies and, once approved, the Group Tax Department is responsible for ensuring those policies are implemented by all our businesses. The effectiveness of the implementation of the policies is monitored by the Group Tax Department and the results of this monitoring are reported to the Group Tax Committee and the A&R Co. Certain matters are also brought to the Board's attention, including any adverse assessments disputed by the Group Tax Department.

Political contributions

We do not make payments or other contributions to political parties, organisations or their representatives or take part in party politics.

Legal compliance

Lawful compliance and respect for the rule of law underpins an ordered and effective society. We are committed to complying with the applicable legal and regulatory requirements wherever we do business. The Group Legal & Compliance Officer is responsible for the implementation of an effective legislative compliance framework and provides the Board with assurance that the Group is compliant with applicable laws and regulations.

KPI: Number of significant incidents of legislative infringements

	2013	2014	2015	2016	**2017**
Significant incidents	0	0	0	0	**1**

During the year, the Italian Competition Authority ruled that Aspen had abused its dominance in respect of a portfolio of oncology products in this country. This ruling was upheld on appeal and resulted in us having to pay a fine of EUR5,2 million plus interest. Legal advisers are being consulted on the next steps to be taken, which could include an appeal to the "Council of State" appeal court. No other significant incidents of legislative infringements were recorded during the year reflecting effective compliance management and governance processes that were adhered to across the Group.

The proceedings opened by the European Commission to investigate certain pricing aspects related to Aspen's portfolio of oncology products in Europe are ongoing.

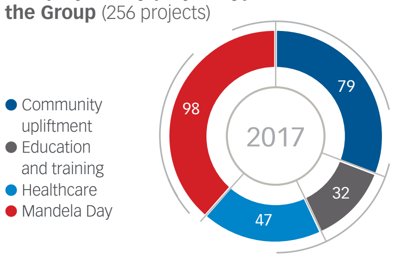
Contributing to the enhancement of healthcare, education and basic needs in communities

Our SED programmes are implemented at a local level through the business units, thereby channelling contributions to areas of greatest impact in the particular local context.

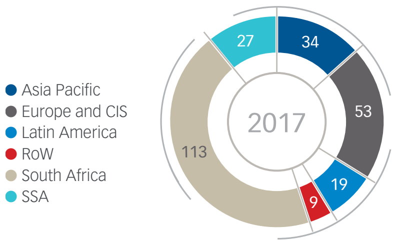
We are proud of our commitment to Mandela Day in which business units across our operations initiate projects that positively impact beneficiaries in the communities in which we operate.

We supported a total of 256 SED projects during the year which were valued at R17,7 million, largely based in South Africa.

SED projects by project type across the Group (256 projects)



Number of SED projects supported per region during 2017, valued at R17,7 million



In South Africa, we are committed to supporting initiatives that address the underdeveloped healthcare infrastructure, shortage of healthcare professionals and the long-term consequences of HIV/AIDS to the country's sustainability objectives. Our SED strategy, led by the Senior Executive: Strategic Trade & Development, is primarily aimed at utilising our social & relationship capital to promote initiatives that provide long-term solutions to the healthcare, education and HIV/AIDS issues in South Africa.

In South Africa, 113 SED projects (2016: 88) were supported at an investment of R14,2 million (2016: R13,9 million). This spend was allocated as follows:

	R'million	%
Basic health and HIV/AIDS (including spend on clinics, HIV/AIDS and healthcare)	**3,5**	25
Education and training	**5,0**	35
Sport and the promotion of healthy lifestyles	**1,0**	7
Other (including Mandela Day and community upliftment)	**4,7**	33
Total	**14,2**	100

We continue to be an active contributor to the PHEF. The PHEF is presently focused on three joint initiatives with the South African Department of Health, all of which are set to make a meaningful and fundamental difference to the country's public healthcare services.

These initiatives include:

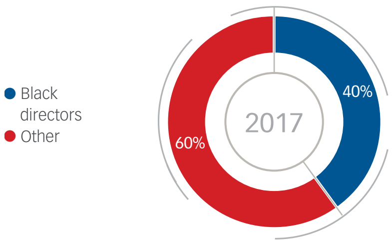
- sponsoring 75 medical students from rural-based communities for the full six year duration of their studies, after which they will return to their rural settings to contribute to primary healthcare in communities; to date most of the students have progressed into their fifth year of their studies and one student from this cohort has already graduated;
- the sponsorship of 73 masters and PhD students who are undergoing research in the fields of HIV/AIDS and tuberculosis, thereby increasing South Africa's research capacity and capabilities. The sponsorship of additional PhD and masters students is currently underway; and
- contributions towards the establishment of the Health Leadership Academy, recently established by the Minister of Health, which will improve the skills of public sector hospital CEOs and build further management capacity in the public sector.

Promoting equality

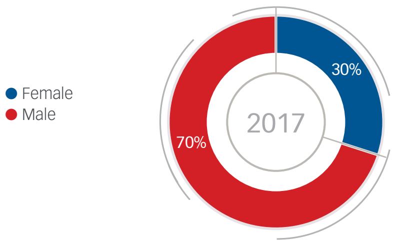
Transformation in South Africa

As a proudly South African-based group, we support the country's transformation objectives aimed at empowering historically disadvantaged groups in South Africa and subscribe to the notion that, through the legislated economic empowerment initiatives, South Africa will benefit from the social reparation of past injustices and the added economic contribution of inclusive and unrestricted participation by all citizens.

Board race diversity

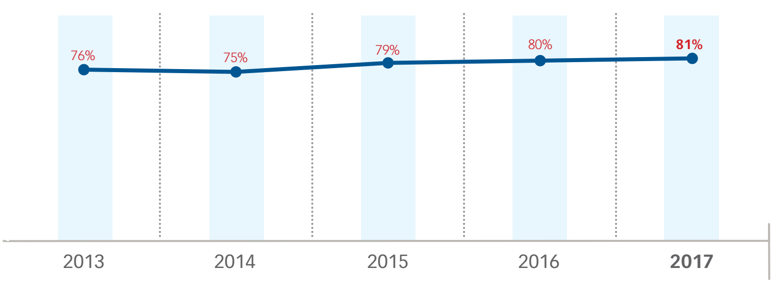


Board gender diversity



We have developed transformation objectives and programmes and our employee management policies in South Africa are aligned with the Employment Equity Act and the BBBEE Codes to promote the advancement of historically disadvantaged individuals and women (also refer to page 55 of the human capital section of this report).

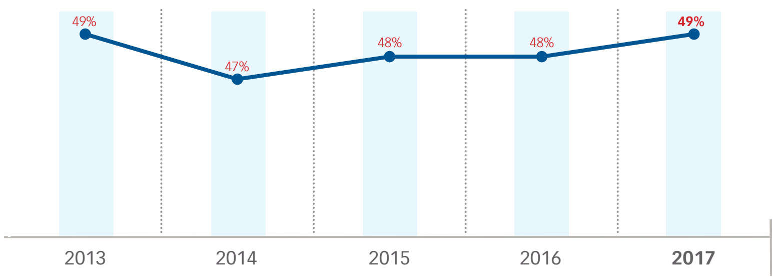
KPI: Percentage of black employees (South Africa)



Social & relationship capital continued

The attraction, retention and development of female employees is a priority for the Group and gender diversity is a key performance indicator monitored by the S&E Co.

KPI: Percentage of female employees (Group)



In addition, enterprise development programmes and preferential procurement objectives and targets are in place to support the emergence of black-owned and black female-owned businesses. To this end, procurement initiatives include the identification of qualifying suppliers. Our total BEE procurement spend with empowering suppliers amounted to R3,8 billion representing 81% of total measured procurement spend (2016: 89,94%).

Our enterprise development and enterprise supplier development programmes have seen loans to the value of R49,5 million advanced to selected beneficiaries.

The S&E Co monitors progress of the Group's transformational objectives on a regular basis.

We have maintained our Level 4 contributor status for the year.

KPI: BBBEE accreditation in South Africa

	2013*	2014*	2015	2016	**2017**
Contributor level	3	3	4	4	**4**

** Under the previous BBBEE codes*

The Group's BBBEE certification was performed by Empowerdex, an independent economic empowerment rating and research agency. The 2017 certificate can be accessed online.

Additional information available online:

- Aspen Sustainability Data Supplement
- Unabridged Corporate Governance report
- S&E Co report
- A&R Co report
- Stakeholder Engagement report
- Aspen Code of Conduct
- Supplier Code of Conduct
- Aspen's BBBEE report 2017
- Communication on Progress report in respect of Aspen's application of the UN Global Compact's 10 Principles for 2017
- Responsible corporate citizen philosophy
- BBBEE philosophy policy

Natural capital

Natural capital

INPUTS

- Natural resources which we use – water, air, land, minerals and biodiversity
- Energy derived from fossil fuels and renewable energy sources

ACTIVITIES

- Ongoing commitment to containment and reduction of our carbon footprint and reliance on fossil fuels from the activities we undertake through site management strategies, formal conservation projects and renewable energy initiatives
- Monitoring of emissions across manufacturing sites
- Responsible water management and usage across manufacturing sites
- Participation in annual Carbon Disclosure and Water Disclosure Projects
- Implementation and monitoring of systems and processes in place to manage hazardous and non-hazardous waste
- Promotion of waste recycling initiatives across manufacturing sites
- Monitoring and control of the quality of effluent discharge
- Contributing participant to the UN Global Compact, aligned with its principles in respect of environmental stewardship
- Compliance with ISO 14001 Environmental Management System by manufacturing sites in South Africa (excluding FCC), Bad Oldesloe, Vallejo, Vitoria, Dandenong and Notre Dame de Bondeville with plans to phase in at other material manufacturing sites by the end of 2019

OUTPUTS

- Contribution to sustainable supply of energy and water to manufacturing sites critical to our ability to operate
- Projects resulting in a reduction of carbon footprint
- Cost containment as a result of energy and water-saving initiatives allowing for competitive manufacture
- Responsible disposal and management of hazardous and non-hazardous waste, resulting in an increase in waste recycled and a reduction in waste to landfill

Natural capital continued

As a manufacturer of quality medicines, APIs and nutritional products, we are reliant on the conversion and use of natural capital in creating value for our stakeholders. We recognise that our operations directly and indirectly impact the environment and the Aspen Environmental Management Protocol affirms our commitment to reducing our impact on the environment, responsible environmental management, conservation and protection across all of our operations.

Approach to environmental stewardship

We are committed to promoting the efficient use of resources such as energy, water, paper and production materials with due regard to the scarcity of natural resources and the environmental impact resulting from the utilisation and application of such resources in conducting our business activities. We are a signatory to the UN Global Compact and fully support global initiatives aimed at protecting the environment and conserving natural resources.

The implementation of our Environmental Management Protocol (incorporating the Group's environmental management principles) and compliance with all applicable environmental legislation is the responsibility of designated business unit executives.

Our Board monitors the status of environmental risks through the review of material environmental management performance indicators at scheduled intervals. The S&E Co assists the Board in monitoring the adequacy of environmental management systems and the extent to which these comply with relevant legislation. Under the direction of the Group Strategic Operations Executive, the Group SHE Department develops and promotes our environmental management principles and standards and monitors the alignment of business unit environmental management systems to the Group's standards.

Our environmental management systems are aligned to global standards, with 75% of the fully commercialised primary manufacturing facilities and 29% of the API manufacturing facilities within the Group continuing to comply with the ISO 14001 Environmental Management System standard. A phased plan is in place to align environmental management systems to ISO 14001 at the remaining API sites by the end of 2019, with the exclusion of Sioux City (which is excluded due to the small scale of the operation).

During the year, a number of environmental training interventions were conducted across the manufacturing sites to ensure consistent application of environmental principles, standard operating procedures, compliance with legislative requirements and to create awareness of new developments. The Group participates in a number of industry platforms in order to keep abreast of initiatives and technological developments focused on the efficient use of scarce natural resources. Awareness Campaigns were rolled out across the Group in celebration of World Water Day and World Environment Day.

The Aspen Code of Conduct for Suppliers and Service Providers requires our suppliers and service providers to conduct their business in an environmentally conscious manner and that they ensure their compliance with the applicable environmental legislation.

Development of activity-based intensity measures

The identification of suitable activity-based intensity measures for material environmental KPIs is a key project for the Group. We are currently piloting activity-based intensity measures across all our manufacturing operations for a period of two years during which data is being collected to assess whether the measures identified are meaningful and provide a reliable baseline. Appropriate activity-based intensity measures will support our ability to accurately measure consumption patterns and production efficiencies, and to drive conservation projects.

Material environmental issues

As reported extensively in the 2015 Sustainability Report, a number of environmental and safety risks exist in respect of the sites acquired in 2013 from MSD in Oss, the Netherlands. The age and design of the Moleneind facility gives rise to an inherently high risk of SHE incidents, and several spills have occurred at this site since its acquisition. There is a high level of regulatory oversight with frequent inspections taking place and the management at Aspen Oss is working proactively with the authorities to address concerns. Although the number and severity of spills declined due to a number of risk mitigation actions undertaken during the year, the Aspen Oss management team has identified further measures aimed at reducing the SHE risks at the site, including the cessation of chemical operations in certain of the older plants in Oss over the next year. These operations present the highest environmental risks activities at this site.

The soil contamination risk at the Boxtel facility remains, and accordingly the environmental liability has been retained in this regard (refer to page 121).

In 2015, it was reported that a criminal investigation had been initiated relating to the alleged performance of maintenance at the De Geer facility during 2013 without the timely notification of the authorities. At a hearing on 3 November 2015, the court found in favour of Aspen Oss and the Permit Foundation De Geer. On

16 November 2015, Aspen received notification that the public prosecutor is appealing this finding. This appeal has now been withdrawn.

The investigation by the authorities in relation to five specified spills that allegedly occurred at the Moleneind and the De Geer facilities during April and May 2014 is still under way. Aspen Oss and the Permit Foundations will continue to provide their full cooperation to the authorities during the investigation.

Preserving the environment

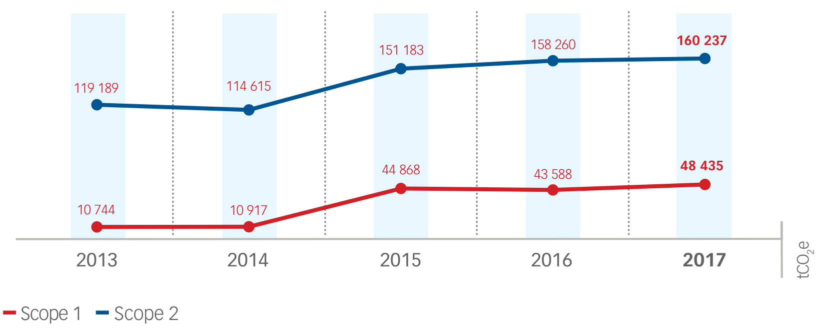
Managing emissions

We recognise the potential environmental, social, political and economic implications of climate change as a significant issue. Our environmental management principles promote the containment and reduction of our carbon footprint in our operations and in the broader supply chain in a technically and economically feasible manner through structured systems of environmental monitoring, reporting and management. We pursue this objective through the investment in energy-efficient equipment and the utilisation of green energy technologies where feasible.

Through the implementation of periodic stack emission tests, we have established that the Group's risk of harmful air emissions is low and, consequently, we have not prioritised the development of air emissions targets. We do, however, monitor the risk of harmful air emissions regularly. In accordance with GMP regulations, we have installed technically advanced air handling systems and exhaust filtration systems at almost all of our facilities to maintain the correct environmental conditions and minimise the risk of the release of harmful substances into the atmosphere.

Scope 2 emissions, comprising purchased steam and electricity, represent our largest source of emissions. The main sources of our Scope 1 emissions are from fugitive refrigerants, and the consumption of fuel and natural gas, primarily used for the production of steam and the operation of Aspen-owned vehicles.

KPI: Carbon emissions



Scope 1 and Scope 2 emissions for the Group have increased by 11% and 1%, respectively.

Scope 1 emissions have increased due to the increased use of natural gas as opposed to electricity at the Bad Oldesloe site (as a result of the commissioning of the Combined Heat and Power plant) and the reclassification of fuels used in the boilers at the Port Elizabeth site from Scope 2 to Scope 1 (due to a change in ownership of the boilers).

Scope 2 emissions generated from purchased electricity and steam have increased due to the inclusion of the Ghana site in the reporting scope and the commissioning of two new facilities at the Port Elizabeth site, although the shift of some emissions to Scope 1 partially offset this increase.

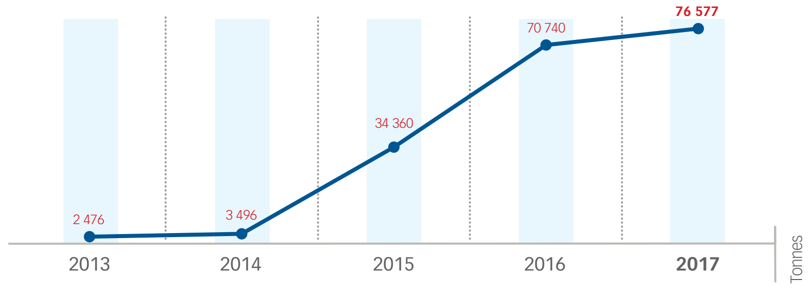
We continue to participate in the Carbon Disclosure Project and achieved a "B – Management Level" rating for CDP 2016, an improvement from the "C – Awareness Level" rating for CDP 2015. Companies at "B" level are assessed as having taken further steps to effectively reduce emissions, indicating more advanced environmental stewardship.

Responsible management of waste

As part of the pharmaceutical and chemical industries, a large portion (23%) of our waste is classified as hazardous. Specific systems and processes are in place to manage both our hazardous and non-hazardous waste in compliance with the waste management legislation applicable in each territory. We have completed the construction of a new waste facility at the FCC site in order to improve waste management at the site. We use specialised licensed waste management service providers to manage the transportation, treatment and disposal of waste in accordance with contracted terms and relevant legislation.

Natural capital continued

KPI: Waste recycled



The inclusion of the Ghana site in the reporting scope and the commissioning of two new facilities at the Port Elizabeth site has resulted in a marginal increase in the total waste generated by the Group. The quantity of recycled waste increased by 8%, mainly due to the change in product mix at Sioux City and additional waste from construction activities at Oss. The continuous promotion of waste recycling as well as initiatives to significantly reduce waste sent to landfill is ongoing for the entire Group resulting in waste generated that is sent to landfill decreasing from 6% to 4%.

Responsible management of effluent

The quality of effluent discharge is monitored and controlled across all sites, in accordance with local municipal by-laws. In the event that there is a deviation from the required standards, a thorough root cause analysis is conducted and corrective action plans are implemented. No material fines in this regard were reported for the financial year.

Biodiversity

As at year end, none of the Group's business units were located in conservation areas or areas of biodiversity.

Managing the efficient utilisation of scarce natural resources

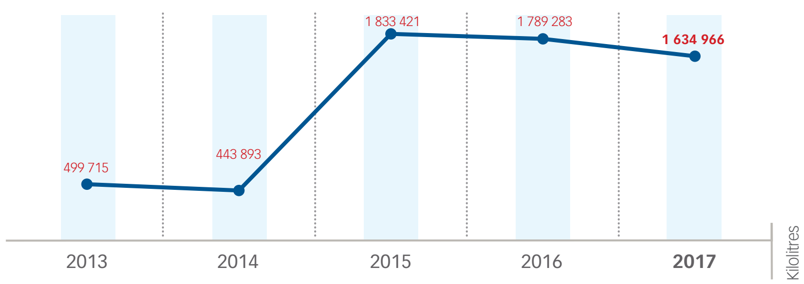
Water

We use water extensively in our manufacturing processes, in the cleaning of our equipment and facilities, for employee hygiene, in steam generation and to maintain the required manufacturing environmental conditions. Municipal water is the primary source of water across the Group, although groundwater is also used at the manufacturing sites in Notre Dame de Bondeville, Oss, Dar es Salaam and Vallejo.

Water scarcity and water supply are global risks that are increasing in impact and probability. We are currently undertaking a baseline water risk assessment for all manufacturing sites using a web-based tool in order to better understand our exposure to these risks and inform our future sustainable water management and water stewardship initiatives. We have experienced increasing risk in South Africa due to severe drought conditions in the Western and Eastern Cape where certain of our facilities are based, further exacerbated by increased urbanisation and the ageing municipal infrastructure. As a scarce resource, we recognise that initiatives aimed at conserving and harvesting water will contribute to more sustainable water availability. We are committed to responsible water management and usage at all our manufacturing facilities as per the stated environmental management principles. Recycling of cooling water and reuse of rejected water from the reverse osmosis process are some of the water conservation projects successfully implemented in the South African and Brazil operations.

We participated in the annual Water Disclosure Project in 2016 and achieved a performance score of "B – Management Level". Companies at this level are assessed as taking actions associated with good water management.

KPI: Water used



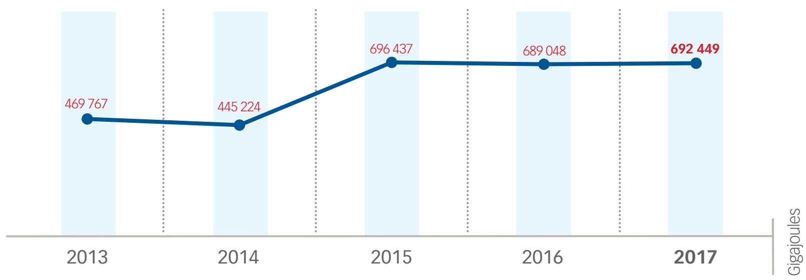
Water consumption has decreased by 9% (154 317kℓ) despite the inclusion of the Ghana site in the reporting scope and the commissioning of two new facilities at the Port Elizabeth site. Revised operational requirements at the Port Elizabeth site and the Sioux City site have also resulted in increased consumption. The reduction in consumption was driven by the closure of two buildings at our Notre Dame de Bondeville site, the temporary shutdown of the back-up purified water installation at Oss and resource conservation initiatives.

Energy

Electricity is a critical resource utilised in our manufacturing processes and is becoming an increasingly expensive commodity. In South Africa, there is a risk of supply interruptions at times of excessive load on the national electricity grid although this has stabilised. Through the efficient use and conscious conservation of electricity we are committed to reducing the impact of increased electricity prices on production costs, and will ensure that critical energy resources are conserved.

Additional energy sources utilised by Aspen are fuel, liquid petroleum, purchased steam and natural gas.

KPI: Electricity used



The Group's electricity consumption remained stable for 2017. The increase in electricity usage due to the inclusion of the Ghana site in the reporting scope and the commissioning of two new facilities at the Port Elizabeth site was offset by the closure of two buildings at Notre Dame de Bondeville, the commissioning of the Combined Heat and Power plant at Bad Oldesloe which utilises natural gas instead of electricity as well as specific programmes implemented by sites to reduce energy usage.

Additional information available online:

- Aspen Sustainability Data Supplement
- Aspen Environmental Management Protocol
- CDP 2016 submission
- WDP 2016 submission
- ERM Assurance Statement
- Communication on Progress report in respect of Aspen's application of the UN Global Compact's 10 Principles for 2017
- ISO 14001 certificates

Financial capital

Financial capital

INPUTS

- Pool of funds available to Aspen through capital and debt funding
- Cash flow generation capabilities
- Reserves

ACTIVITIES

- Maintenance of strict financial discipline and controls
- Deciding on deployment of available capital
- Measurement of financial performance, value creation and cash generation
- Active engagement of providers of capital and debt funding
- Seeking out investment opportunities to increase revenue generation, profitability and shareholder returns
- Focus on organic growth
- Generation of synergistic benefits from acquired businesses
- Refinancing and maintenance of debt arrangements
- Assessment of return on investments
- Focus on working capital management

OUTPUTS

- Economic value creation for Aspen's stakeholders, including its shareholders, employees, customers, providers of capital, governments and business partners
- Distributions to shareholders
- Double-digit earnings growth to Aspen's shareholders for 19 consecutive years
- Total shareholder return of 14 475% from listing until 30 June 2017 equating to a CAGR of 30%
- CAGR in excess of 36% for revenue, EBITDA and NHEPS since listing
- Funding opportunities at competitive rates
- Strong cash generation enabling reinvestment into the business

We aim to create value for all of our stakeholders by managing our financial capital in a commercially astute and diligent manner thereby harnessing opportunities for long-term sustainable economic growth.

Adding economic value to stakeholders

While the provision of high quality and affordable medicines and products directly benefits patients and consumers, a focus on building a profitable and sustainable business model generates economic value for our varied stakeholder groups.

The Deputy Group Chief Executive's Financial Review, set out on pages 38 to 41, provides an overview of our financial performance for the year.

Our activities this year have created R16,9 billion in wealth. This is calculated after taking into account R24,9 billion that has been spent on purchasing materials and services, contributing to the sustainability of our suppliers in the various economies in which we operate. Our employees receive the largest share of total value distribution (42%) while a significant portion (29%) is reinvested in the Group to fund future growth and expansion. Our gross economic contribution in the form of direct tax, paid to central and local governments in the countries in which we operate, amounted to R1,4 billion.

Group value added statement

for the year ended 30 June 2017

	% change	2017 R'billion	2017 %	2016 R'billion	2016 %
Revenue	16	**41,2**		35,6	
Therapeutic Focused Brands	50	**17,4**		11,6	
Other Pharmaceuticals	1	**20,6**		20,5	
Nutritionals	(8)	**3,2**		3,5	
Other operating income		**0,3**		1,9	
Less: Purchased materials and services	26	**(24,9)**		(19,8)	
Value added from operations	(6)	**16,6**	**98**	17,7	98
Investment income		**0,3**	**2**	0,3	2
Total wealth created	(6)	**16,9**	**100**	18,0	100
Employees	(5)	**7,0**	**42**	7,3	41
Providers of capital – finance costs	(13)	**3,6**	**21**	4,2	23
Finance costs		**2,4**	**14**	3,2	18
Capital distribution and dividends paid to shareholders		**1,2**	**7**	1,0	6
Governments	(29)	**1,4**	**8**	1,9	10
Reinvested in the Group	6	**4,9**	**29**	4,6	26
Depreciation and amortisation		**1,3**	**8**	1,2	7
Deferred tax		**(0,1)**	**(1)**	0,0	–
Income retained in the business		**3,7**	**22**	3,4	19
Total value distribution	(6)	**16,9**	**100**	18,0	100
Value added statistics					
Weighted number of permanent employees		**9 155**		9 174	
Revenue per employee (million)*	16	**4,5**		3,9	
Value added per employee (million)	(6)	**1,8**		1,9	
Wealth created per employee (million)	(6)	**1,8**		1,9	
Weighted number of total employees		**9 905**		10 503	
Revenue per employee (million)*	23	**4,2**		3,4	
Value added per employee (million)	(1)	**1,7**		1,7	
Wealth created per employee (million)	0	**1,7**		1,7	
Monetary exchanges with government					
Current taxes (excluding deferred tax)		**1,2**		1,8	
Customs and excise duty		**0,2**		0,1	
Gross contribution to central and local governments		**1,4**		1,9	
Additional collections on behalf of government					
Employees' taxes		**1,1**		1,2	
Net value added tax paid		**0,6**		0,8	
		1,7		2,0	

** The number of employees who joined Aspen from acquired businesses during the year has been weighted and included for the number of months since the effective date of acquisition.*

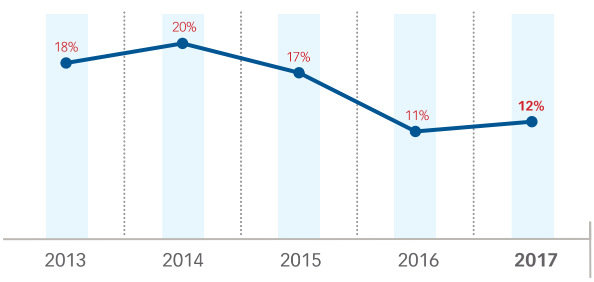
Financial capital continued

Delivering returns to shareholders

We are committed to delivering returns to our long-term shareholders and we have delivered a CAGR of 30% to shareholders who have remained continuously invested in the Company since listing.

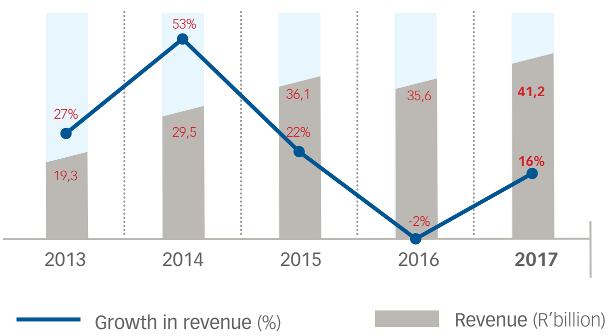
After considering the Group's cash flow and earnings performance for the past year, existing debt service commitments, future proposed investments and funding options, the Board declared a gross dividend of 287 cents per ordinary share (2016: 248 cents per share).

KPI: Return on ordinary shareholders' equity



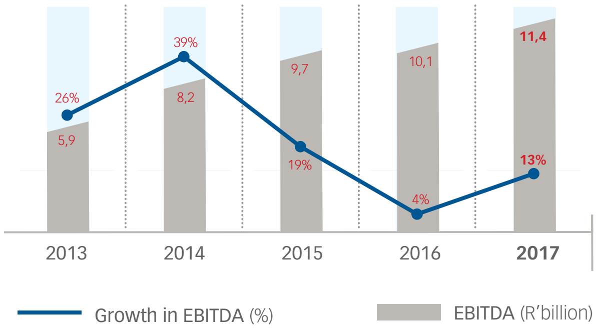
There has been an increase in attributable profits arising from the operational increase in normalised EBITDA of 13% and the lower overall tax rate. The negative impact on shareholders' equity resulting from the stronger Rand has been counter balanced by an increase in retained income resulting in a marginal increase in overall shareholders equity level to R43,1 billion compared to R42,5 billion in the prior year. The net effect of the increase in attributable profits and the relatively flat shareholders' equity has increased the return on shareholders' equity by 1,5% over the prior year.

KPI: Growth in revenue



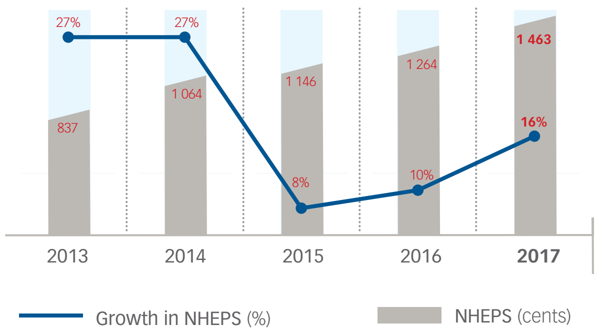
The GSK and AstraZeneca anaesthetic transactions generated revenue of R7,0 billion this year and together with an improved performance in the South African commercial business assisted in achieving a 16% growth in revenue. The base business revenue was, however, under pressure this year due to the stronger Rand, which resulted in a dilution of translated sales. On a CER basis the base business revenue grew +1%.

KPI: Growth in EBITDA



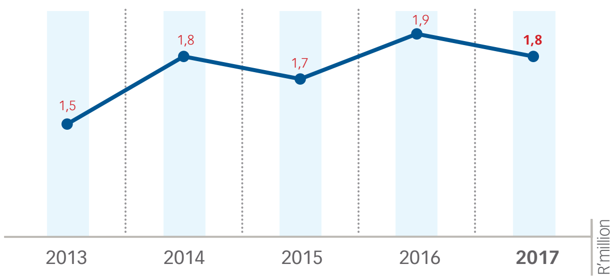
The improved EBITDA growth is mainly attributable to the contribution of the new business acquisitions and further positively impacted by a focus on cost containment initiatives implemented during the year. Performance was diluted by the stronger Rand.

KPI: Growth in NHEPS



The growth of 16% in NHEPS is driven by the new business acquisitions, the improved performance in South Africa and a lower normalised effective tax rate of 17,1% (2016: 19,5%).

KPI: Value added per permanent employee



The value added from operations declined by 6%. This is due to the higher level of other operating income in the prior year as a result of the divestment of products in Australia and margin dilution this year, predominantly due to the AstraZeneca anaesthetic deal structure and a weaker Nutritionals gross margin. With a steady level of permanent employee headcount, the value added per permanent employee has decreased by 6% (a decrease of 1% based on total (permanent and temporary) employees).

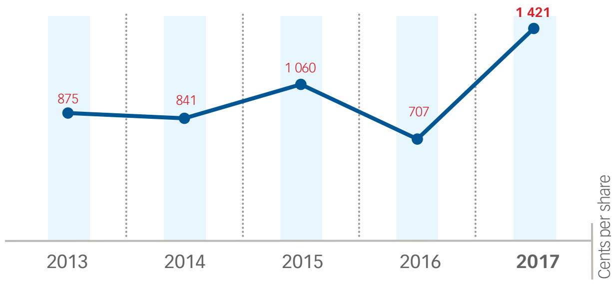
Maintenance of financial health

To sustain our business model and to generate accretive value for investors, we have a fiduciary duty to our stakeholders to manage our financial capital in a responsible manner. Robust financial controls and treasury management systems are in place to mitigate currency, interest rate and credit risks as far as reasonably possible.

Working capital

A significant effort has been made to reduce our investment in working capital and these initiatives, together with foreign exchange rate benefits, have resulted in a reduction of 6% in net working capital levels to R16,7 billion. The working capital cycle for Aspen Oss is higher due to the long production cycle for APIs produced at this site. The Group's working capital, excluding Aspen Oss, as a percentage of revenue for 2017 decreased to 33% (2016: 40%). While inventory carrying levels remain a focus for the Group, there will be operational requirements to build stock from time to time to facilitate safety stock levels while territories and manufacturing sites are transferred.

KPI: Operating cash flow per share



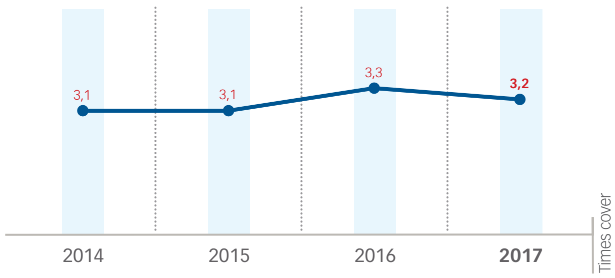
The significant reduction in working capital investment (R2,5 billion lower than 2016) has lifted operating cash flow per share to new levels. The investment in strategic APIs and the new acquisition working capital requirements has partly diluted the growth.

Funding and treasury risk management

The Group Treasury Committee monitors treasury relevant risks which affect the Group from time to time, such as liquidity, foreign exchange, interest rate, covenant compliance and counterparty risks, and provides guidance to local management in managing these risks. Local management is empowered, within the relevant approvals frameworks, to make decisions regarding how to manage these risks, as well as taking ownership for the implementation of any related action.

The Group's net borrowings increased by R4,4 billion to R37,1 billion due to increased funding required for the significant transactions and capital expenditure undertaken during the year. A favourable currency translation effect and improved cash flow from operations offset the increased funding requirement to some extent. We intend to embark on an "amend and extend" exercise with our primary lenders.

KPI: Leverage ratio



The leverage ratio achieved is generally in line with our historic leverage levels, and is below our traditional covenant level of 3,50 times (although we did invoke our right to increase our leverage covenant level for the years ending 31 December 2016 and 30 June 2017 from 3,50 to 4,00 times).

Additional information available online:

➜ Annual Financial Statements
➜ Sustainability Data Supplement

Impacting lives

Mira's fight against cancer

Breast cancer is the most frequent cancer among women worldwide and the fifth most common cancer in the world overall. It is also the most frequent cause of cancer death in women in less developed regions and the second greatest cause of cancer death in more developed regions after lung cancer.[1]

[1] *International Agency for Research on Cancer (IARC). 2012; http://globocan.iarc.fr.*

Mira Vanmali transferred from South Africa to our AGI office in Mauritius in 2011. Accompanied by her husband Nishal and their two sons Kahil and Yashil, they settled down with a new corporate family at AGI. During the first five years of her appointment, Mira demonstrated true Aspen values and transitioned up the corporate ladder.

The Vanmali family's world turned upside down when, in early December 2016, Mira was diagnosed with breast cancer.

She immediately returned to South Africa for a second opinion which concluded that the cancer was aggressive and that she needed to undergo five months of chemotherapy and surgery. Armed with a survivor spirit, Mira was back at work in January 2017 and began her treatment immediately.

Our primary and inherent concern to care for patients was visibly demonstrated within the business, through the support given to Mira. Her workload and hours were tailored to accommodate her physical needs and treatment, and her courage galvanised her colleagues to willingly cover tasks on her behalf, often working after hours in a bid to support her.

She continued to work as much as she physically could and, while receiving chemotherapy, nurses were always amazed at her commitment as she sat tapping away on her laptop while an intravenous drip slowly administered her life-saving medication.

Her coworkers' support by means of text messages, emails and emotional encouragement was extremely uplifting and was further amplified with a surprise Mad Hatter's Day social event to show solidarity with Mira's fight against cancer. For this occasion, the entire AGI team wore head gear alongside Mira, with some of her male colleagues going so far as to shave their heads.

The greatest celebration of the year was the news in May that Mira was cancer-free. While her body had been healed by the treatment she received, her spirit and courage had been nurtured and uplifted by her colleagues.

Cancer does not choose a name, it attacks randomly. In this case, Mira's Aspen family demonstrated our DNA through unwavering support and solidarity in her time of need.

Business segment overview

Anaesthetics

Anaesthetic products are categorised into two classes, namely general anaesthetics, which cause a reversible loss of consciousness; and local anaesthetics, which cause a reversible loss of sensation locally (e.g. for local surgical procedures) or for a limited region of the body such as epidural anaesthesia, while maintaining consciousness.

Our diverse product range includes, *inter alia*, Diprivan and Ultiva (general anaesthetics used for induction, maintenance and recovery); Nimbex (a muscle relaxant used to facilitate intubation during surgical procedures) and a number of local anaesthetics including topical agents such as EMLA.

FY17 highlights

- **Acquisition of the commercial rights to AstraZeneca's global (excluding certain territories, most notably the USA) anaesthetic portfolio, effective from 1 September 2016**
- **Acquisition of GSK's anaesthetic portfolio, effective from 1 March 2017**

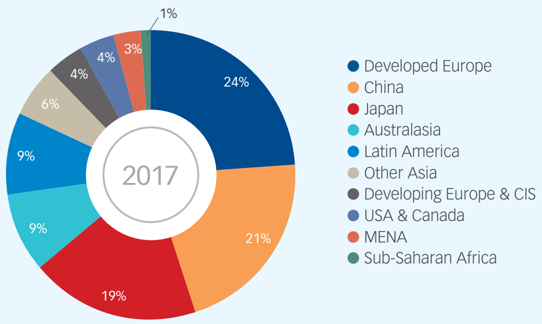
KEY BRANDS

Brand	API	Type of anaesthetic
Diprivan	Propofol	General
EMLA	Lidocaine/Prilocaine	Local
Naropin	Ropivacaine	Local
Ultiva	Remifentanil	General
Xylocaine	Lidocaine	Local

% OF TOTAL GROUP REVENUE

17%

REGIONAL REVENUE CONTRIBUTION



	2017 R'billion
Revenue	
Developed Europe	1,7
China	1,5
Japan	1,3
Other territories	2,5
Total	7,0

Performance

Anaesthetics was established as a therapeutic focus area following the acquisitions of the AstraZeneca anaesthetics and the GSK anaesthetics during the course of the year. The acquisitions are in line with our stated strategy of acquiring products within therapeutic areas that are both niche in nature and complementary to our existing operations. We are now the largest global player in anaesthesia outside of the USA. Revenue of R7,0 billion was recorded post-acquisition with the largest contributions coming from Developed Europe (R1,7 billion), China (R1,5 billion) and Japan (R1,3 billion).

Developed Europe

Performance to date has been encouraging with the focus on the successful transition of the portfolios and managing supply. The AstraZeneca anaesthetics have been substantially integrated and all distribution transfers are in the process of being completed.

The initial feedback from anaesthetists has been positive following the launch of a marketing campaign which focused on increasing the clarity of the benefits of the various products as well as strengths offered. The training and orientation of the sales representatives responsible for these products was also completed during the course of the year to ensure optimal field force effectiveness. These initiatives are expected to be instrumental for performance delivery in the 2018 financial year.

Anaesthetics across all of Europe grew 4,8% to EUR1,4 billion as at 30 June 2017. General anaesthesia which makes up 48,3% of the total by value, grew 3,0%, local anaesthesia grew 2,0% and contributed 20,5% to total value, while topical anaesthetics grew 9,6% with a 31,2% contribution to total value.

Source: June 2017 IMS.

China

The acquisition of the anaesthetics portfolios from AstraZeneca and GSK prompted our entry into China, resulting in significant infrastructure investment being required. Aspen offices have been established in Beijing, Shanghai and Guangzhou with a total headcount exceeding 600, comprising the Group's largest regional sales force. We now have meaningful presence in the second largest and one of the fastest growing countries for pharmaceutical sales in the world.

Early performance indications from this portfolio in China have been encouraging. With the relaxation of the one-child policy, there is potential growth opportunity for Naropin within obstetrics and gynaecology.

Sales of all general anaesthetics (which includes both inhaled and intravenous products) in China grew 11,0% and was valued at USD727 million as at 30 June 2017. Over the same period, the local anaesthetic segment grew 10,5% to approximately USD99 million while the muscle relaxant category grew 10% and was valued at USD56 million.

Source: June 2017 IMS.

Other territories

Following the acquisition of the Anaesthetics portfolio, we have expanded our field force and extended our coverage in Japan. Our focus is on Diprivan prefilled syringes, Marcaine and Carbocaine which currently have limited generic competition.

Anaesthetics now make up approximately 20% of total revenue in Brazil, evidencing the strong brand equity attached to the acquired brands. Diprivan was the biggest revenue contributor in Asia and Latin America in the 2017 financial year.

The addition of the Anaesthetics portfolio has provided impetus for revenue growth in the rest of Asia, despite ongoing pricing pressure and the curbing of healthcare spending by governments.

Prospects

While there are opportunities for growth, the Anaesthetics portfolios have seen declining sales pre-acquisition as a result of increasing generic competition. There is scope for synergies to be achieved between the Anaesthetics and Thrombosis segments in several regions, as we continue working towards positioning Aspen as a strategic provider to hospitals and hospital groups. Our growth strategy for this portfolio includes increased promotional activity following a protracted period of minimal promotion, line extensions and new registrations in certain countries, offering an attractive broad range of anaesthetic product combinations for hospital pharmacies and an intense focus on patient safety and satisfaction. In the 2018 financial year, we will benefit from the full year inclusion of both the AstraZeneca and the GSK anaesthetics portfolios.

On 13 September 2017, we concluded an agreement with AstraZeneca to acquire the remaining rights to the intellectual property and manufacturing know-how related to the AstraZeneca anaesthetics. In addition to the extra value acquired through this transaction, the acquisition gives us the potential to leverage our sterile manufacturing facilities in the future, thereby increasing throughput and reducing the manufacturing costs of all of our sterile products.

Business segment overview
continued

Thrombosis

Thrombosis occurs as a result of the body's haemostatic pathway being activated inappropriately, leading to the formation of blood clots. Aspen's global basket of anticoagulant thrombosis products is aimed at the prevention and treatment of thrombotic disease, including deep vein thrombosis, pulmonary embolism and acute coronary syndrome.

Our product range includes Fraxiparine and Mono-embolex (low molecular weight heparins) and Arixtra (a Xa inhibitor). Orgaran is a heparin derivative (heparinoid) indicated for the treatment of heparin-induced thrombocytopenia ("HIT"). HIT is an adverse reaction occurring in a limited number of patients undergoing heparin-related therapy.

FY17 highlights

- **Exercised option to acquire Fraxiparine and Arixtra from GSK for commercialisation in China, India & Pakistan for a consideration of GBP45 million. The transaction became effective 31 December 2016**
- **Double-digit growth in Emerging Markets**

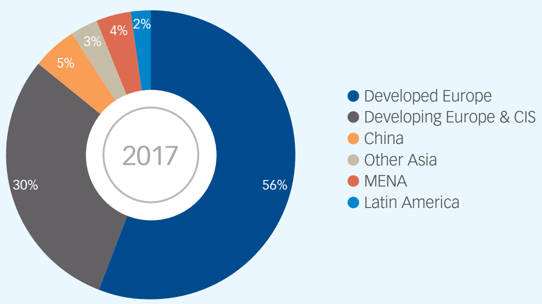
KEY BRANDS

Brand	API
Arixtra	Fondaparinux
Fraxiparine	Nadroparin
Fraxodi	Nadroparin
Mono-embolex	Certoparin
Orgaran	Danaparoid

% OF TOTAL GROUP REVENUE

14%

REGIONAL REVENUE CONTRIBUTION



	2017 R'billion	2016 (CER)* R'billion	% change
Revenue			
Developed Europe	**3,2**	3,7	(14)
Developing Europe & CIS	**1,7**	1,8	(2)
China	**0,3**	–	>100
Other territories	**0,5**	0,5	(3)
Total	**5,7**	6,0	(5)

** Constant exchange rate: FY16 restated at FY17 average exchange rates. Please note that all commentary is based on FY16 CER revenue in order to enhance the comparability of underlying performance.*

Performance

Revenue from Thrombosis declined 5% to R5,7 billion. Emerging Markets delivered robust revenue growth of 13% to R2,4 billion, but the portfolio retreated 16% in the Developed countries (predominantly Developed Europe) where sales of R3,3 billion were recorded.

Developed Europe

Performance in Developed Europe was negatively impacted by mandatory price cuts as a consequence of price referencing and increasing competition due to increased formulary inclusions for orals. Performance was also affected by a once-off change in our distribution model, with Arixtra being the most significantly impacted. Despite this challenging environment, IMS volumes as at 30 June 2017 showed positive growth in Mono-embolex and Arixtra, while Fraxiparine remained flat.

Injectable anticoagulants in all of Europe (Developed and Developing) recorded 1,4% volume growth. Developing Europe made up 25% of the total volume and grew 6% over the period while growth in Developed Europe was flat.

Source: June 2017 IMS.

Developing Europe & CIS

Injectable anticoagulant volumes grew steadily in Developing Europe & CIS where orals are considered a relatively more expensive treatment option. Our commercial teams have engaged in various initiatives aimed at improving profitability. While Fraxiparine posted positive single-digit growth, this was offset by Arixtra supply shortages in Russia.

Other territories

The thrombosis products acquired from GSK, together with the anaesthetic portfolios, have allowed Aspen the opportunity to significantly expand its footprint in China. We recorded positive year-on-year growth in China post-acquisition of the thrombosis products. This follows three years of declining sales prior to the transition. Per IMS, the low molecular weight heparins sector in China grew 18% and was valued at USD622 million as at 30 June 2017. As we focus our detailing efforts on the Thrombosis portfolio, we expect to add to the positive year-on-year growth in the 2018 financial year.

Latin America recorded double-digit growth in respect of this portfolio due to increased penetration of Arixtra into the private market, coupled with new launches in Chile and Mexico. Fraxiparine faced some pricing pressure due to the launch of an enoxaparin generic, which created a negative pricing environment in the low molecular weight heparin class.

Prospects

There is an opportunity to capture commercial synergies between the Anaesthetic and Thrombosis portfolios in hospitals. New indications for Fraxiparine will support broader access to hospital tenders and thus allow more patients to receive our products. Orals, biosimilar and possible generic competition remain challenges to the Thrombosis portfolio. Our growth strategy is aimed at managing price pressure through retail growth, launching existing products into new regions and growing volumes in key segments. Our reputation for quality manufacturing and superior API sourcing are key differentiators in this segment and will be instrumental in helping us combat the pricing pressures anticipated.

Business segment overview
continued

High Potency & Cytotoxics

High Potency & Cytotoxic products generally contain APIs which evoke the indicated response when administered at a low concentration. Due to their potency and toxicity these molecules need to be manufactured under specialised conditions, catering for both employee health and safety as well as product efficacy.

Our offerings in this category cover a wide range of therapeutic areas such as steroids, oncolytic and hormonal replacement therapy products.

FY17 highlights

- **Signed a local promotional partnership agreement on Imuran which has been successful in reducing generic conversion in Japan and allowed us to maintain our category share in a competitive therapy area**
- **Increase in demand for Imuran and Eltroxin in MENA driven by active promotion**
- **Overall supply of Alkeran has improved and this provides an opportunity to expand global sales as supply is stabilised**

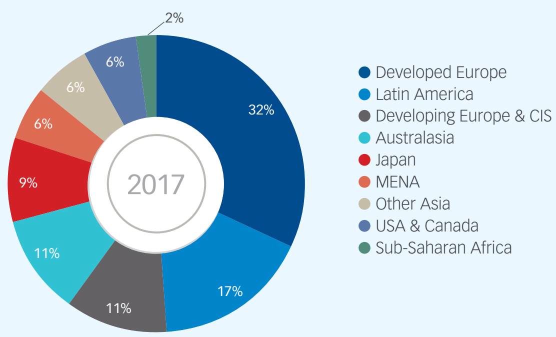
KEY BRANDS

Brand	Therapeutic category
Alkeran	Oncolytic
Eltroxin	Thyroid hormone replacement
Imuran	Immuno-modulator
Ovestin	Estrogen hormone replacement
Purinethol	Oncolytic

% OF TOTAL GROUP REVENUE

11%

REGIONAL REVENUE CONTRIBUTION



	2017 R'billion	2016 (CER)* R'billion	% change
Revenue			
Developed Europe	**1,5**	1,6	(9)
Latin America	**0,8**	0,7	25
Other territories	**2,4**	2,4	2
Total	**4,7**	4,7	–

** Constant exchange rate: FY16 restated at FY17 average exchange rates. Please note that all commentary is based on FY16 CER revenue in order to enhance the comparability of underlying performance.*

Performance

Total revenue from this portfolio remained flat in the 2017 financial year. Performance was impacted by a 10% decline in Developed Markets revenue, mainly attributable to poor performance in Developed Europe where revenue fell 9% to R1,5 billion. Latin America, Russia and South Africa led the performance in Emerging Markets where overall revenue increased 17% to R2,0 billion.

Developed Europe

Performance in Developed Europe was negatively impacted by supply challenges related to Thyrax which was caused by a delay in the transition of the manufacture of this product from MSD to Aspen. Revenue growth was further hampered by increased generic competition for some of our key brands and the disruption caused by the change in distribution model in Europe. Strong performance in the United Kingdom was partially offset by the devaluation of the British Pound following Brexit. Promotional efforts in Russia were key to driving volume growth in Ovestin despite increased generic competition.

Latin America

The positive growth in Latin America was a result of the recovery of Decadurabolin and Durateston in Brazil as we intensified our promotional efforts following a stock-out in the previous financial year. Corticosteroids such as Meticorten and Meticortelone recorded double-digit growth supported by the commercial team's focus on general practitioner training in order to ensure the correct usage of the products.

Other territories

Revenue in Japan was negatively impacted by the increased generic substitution of Decadron under the government incentive scheme aimed at increasing generic usage. Supply disruptions due to manufacturing site changes also negatively impacted year-on-year revenue growth in the other Asian countries.

The products driving growth in this segment in Australasia were Ovestin, Eltroxin and Eutroxsig. The non-reimbursed status of Eltroxin is an issue, but initiatives to ensure enhanced revenue from this brand are ongoing.

In South Africa, we launched a new Eltroxin formulation in June 2017 which involved a change to microcrystalline cellulose as the excipient, as opposed to the previous lactose-based product. Eltroxin's volume share of the Thyroid Preparations segment in South Africa increased from 60,5% at June 2016 to 62,8% at June 2017, as measured by IMS.

Prospects

The securing from Teva of the licence for the New Drug Applications for two conjugated estrogen brands and the rights to commercialise these in the United States is an exciting future opportunity within the High Potency & Cytotoxic Portfolio.

We aim to establish Aspen as a recognised player in the Women's Health segment by leveraging the strong base of API capabilities for this therapy area at Oss. We see an opportunity to position Aspen as a leading supplier in the hormonal and endocrine fields in Europe. The focus in Asia and South Africa will be on maintaining and growing our positions in Imuran and Eltroxin respectively, and managing competition from generics.

Business segment overview
continued

Other Commercial Pharmaceutical Brands

Other Commercial Pharmaceutical Brands is our largest revenue contributor and is largely made up of domestic brands. Emerging Markets are the key drivers of growth in this category which includes some of our most well-known prescription and OTC products.

FY17 highlights

- → **South African business successfully turned around and recorded 29% growth in the second half of the 2017 financial year**
- → **Positive organic growth in the Australian OTC business**
- → **The SSA Collaboration between Aspen and GSK which was a material component of the SSA region was terminated on 31 December 2016**

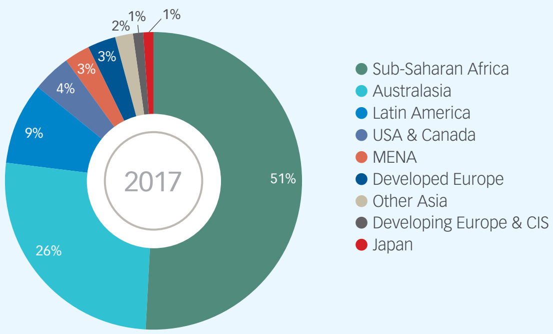
KEY BRANDS

Brand	Therapeutic category
Mybulen	Analgesic
Salofalk	Gastrointestinal
Solpadeine	Analgesic
Tribuss	ARV
Zyloric	Uric acid production inhibitor

% OF TOTAL GROUP REVENUE

34%

REGIONAL REVENUE CONTRIBUTION



	2017 R'billion	2016 (CER)* R'billion	% change
Revenue			
Sub-Saharan Africa	**7,2**	6,8	5
Australasia	**3,7**	4,0	(9)
Other territories	**3,1**	2,6	23
Total	**14,0**	13,4	4

** Constant exchange rate: FY16 restated at FY17 average exchange rates. Please note that all commentary is based on FY16 CER revenue in order to enhance the comparability of underlying performance.*

Performance

Other Commercial Pharmaceutical Brands largely comprises domestic products, with South Africa and Australia being the most material contributors. Revenue from this category increased 4% to R14,0 billion. Adjusting for divestments and products discontinued or to be discontinued, the core of this portfolio grew 9% to R13,6 billion.

Sub-Saharan Africa

In South Africa, a strong turnaround in the second half led to a 9% increase in full year private sector revenue, while public sector revenue increased by 1% to R1,5 billion. A change in leadership along with a restructure in both the commercial and supply chain teams led to the improvement of inventory supply, with notably fewer supply constraints relative to the prior period. The benefit of two single exit price increases also impacted performance during the period.

Tribuss remained the biggest brand by value in the South African private sector. Our top four brands in the private sector, namely Tribuss, Mybulen, Foxair and Trustan reported a combined value growth of 21,9% as measured by IMS at 30 June 2017. Mybulen's performance benefited from down-scheduling from Schedule 3 to Schedule 2 in March 2016, thus allowing access to the product without prescription.

During July 2017, the South African government announced a 12-month extension of the current ARV tender due to expire on 31 March 2018 in order to allow adequate registration time for new bidders likely to enter the next ARV tender. Aspen was awarded an increased value share of the oral solid dosage tender, effective from August 2016 (36,7% vs 32,4% awarded in the previous tender).

Australasia

Results in Australia are distorted by divestments and products which have been, or will be, discontinued. Growth in the base portfolio, which excludes the divested products, was steady at 1% with revenue increasing to R3,4 billion. The generic pipeline has been divested and we are currently developing a pipeline that will sustain the reshaped business.

The overall revenue growth in the base Australian OTC business was pleasing at 3%. Maltofer sales more than doubled year on year, in its second year since launch. Maltofer is now the second largest brand in the Australian iron supplement market.

The Prescription business delivered solid volume performance in the face of continued price erosion under Australia's price disclosure regulations. Within the portfolio, healthy growth was seen in the insomnia treatment product Circadin.

A competitor product was registered but was unable to launch as indication patent protection applies until 2022 in respect of this product.

We aim to introduce a new high dosage Salofalk dosage form in the 2018 financial year to ensure its ongoing competitiveness.

Other territories

Latin America, Asia and the USA all delivered positive results. Latin American performance was attributable to growth in the OTC portfolio, particularly in Milk of Magnesia. Revenue in Japan was positively impacted by the launch of authorised generics from GSK and the increased use of Florinef.

Prospects

This portfolio provides favourable organic growth potential for Aspen considering its strong brand equity and excellent development pipeline to support sustained growth in attractive Emerging Markets.

South African Industry Task Groups and the South African government are being lobbied for longer tender periods (four to five years) with the intention of improving supply stability and reducing the volatility caused by the transition between tenders.

We anticipate a continuation of strong performances in certain prescription and OTC products in Australia despite the negative impact of further legislated price cuts.

We will continue to review the portfolio and look to divest products where we are not creating value. We will also seek to supplement growth through local bolt-on acquisitions and by launching line extensions of valued brands where commercial opportunities in this regard arise.

Business segment overview
continued

Nutritionals

We supply a wide range of infant nutritional and growing-up milk products across both the premium and value segments. Infant nutritionals are used for infants under 12 months of age who are unable to be breastfed while growing-up milk formulas are used to supplement the diet of children older than 12 months. We manufacture and market well established quality brands in Sub-Saharan Africa, Australia and Latin America. As a pharmaceutical company that also supplies infant milks, our rigorous safety and quality standards provide additional credibility to our brand offerings.

FY17 highlights

- Initial signs of rebound evident in Australia with positive growth in volume and value towards the end of the 2017 financial year
- Successful launch of Infacare in Mexico
- South Africa continues to grow in both volume and value

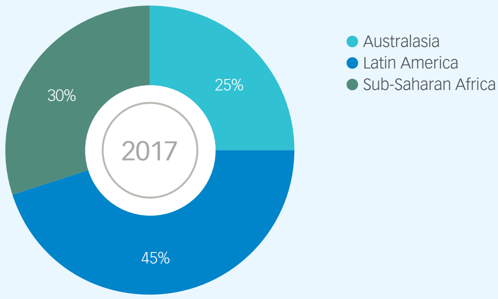
KEY BRANDS

Alula
Infacare
S-26
SMA

% OF TOTAL GROUP REVENUE

8%

REGIONAL REVENUE CONTRIBUTION



	2017 R'billion	2016 (CER)* R'billion	% change
Revenue			
Latin America	**1,4**	1,4	5
Sub-Saharan Africa	**1,0**	0,9	4
Australasia	**0,8**	1,0	(21)
Total	**3,2**	3,3	(3)

** Constant exchange rate: FY16 restated at FY17 average exchange rates. Please note that all commentary is based on FY16 CER revenue in order to enhance the comparability of underlying performance*

Performance

Nutritionals revenue eased 3% to R3,2 billion in the 2017 financial year. While we saw growth in Latin America and Sub-Saharan Africa, a 21% fall in sales in Australasia negatively impacted total revenue growth for the segment. The fall-out in Australia from the withdrawal of informal traders banned from exporting product to China continued to dampen demand and has also caused pricing pressure as operators have cleared consequent surplus inventory. This was a contributing factor to the lower contribution margin percentage achieved. Both Australasia and Latin America showed positive upturns in performance in the second half. In Australia, inventory levels seem to have found equilibrium allowing normal trading volumes to return while an improved performance in Mexico lifted the Latin American business.

Latin America

We launched our Infacare brand targeting the value segment in Mexico after being awarded a government tender in the previous financial year. We have now won the tender two years in a row which has supported the improved performance in Mexico. Although we have seen some evidence of a growing preference for value brands in Latin America, our premium Comfort brand has yielded positive results. In response to changing market dynamics, our broader strategy is to introduce the Infacare brand across the region, as well as to introduce new pack sizes.

Sub-Saharan Africa

We have consistently grown our share in South Africa with hospitals and healthcare professionals continuing to play a positive role in endorsing the credibility of our brands. Our S-26 offering has maintained a high level of awareness and usage among South African consumers, while Infacare has developed a loyal customer base through an established formulation at affordable prices. We are looking to expand our presence in countries outside South Africa, in order to access new territories on the African continent.

Australasia

The withdrawal of informal traders who are now banned from exporting product to China impacted both revenue and margins, as operators were forced to offer substantial rebates and discounts in order to clear surplus inventory. We have seen the first signs of a recovery in Australia as volumes started stabilising and then growing in the fourth quarter of the 2017 financial year.

Prospects

As per the licence agreement signed in 2013 with Nestlé, we have a 10-year period to transfer licensed brands to Aspen-owned brands. The transition to our own brand, Alula, is currently under way across our core territories. In Australia, the manufacture of our first co-branded Alula products commenced in June and launched in October 2017. We simultaneously launched Alula in China through our strategic partnership with a Hong Kong-based distributor. We are in the initial phase of transitioning to the Alula brand in Sub-Saharan Africa and Latin America where launch is anticipated in 2019.

We expect that South African consumers will continue to switch to value brands, with Infacare projected to grow per annum in volumes, while premium brand volumes are expected to remain stable.

Impacting lives

Caring for Mythri's children

Around two million people in Hyderabad live in slums, with 73% existing below the poverty line earning less than USD2 per day. Poverty of this magnitude hardly allows for education as poor parents struggle to pay fees for low-cost schooling. Add to this the hundreds of orphanages in the city and almost every glimmer of hope fades for the poorest of the children.[1]

[1] *Back2back Ministries: About Hyderabad http://back2back.org/hyderabad-india/*

In 2015, our team in India selected the Mythri Orphanage as a worthy beneficiary for their Mandela Day campaign. In recognition of the desperate need of the 52 children cared for at this facility, a social welfare fund was established to enable employees to make monthly contributions towards a better future for these orphans. The number of children being cared for subsequently increased to 75 in 2016.

Following a prioritised consultative evaluation, education, physical welfare and daily living necessities were agreed as being the most critical. A reduced fee structure was negotiated at the local Carewood and Saraswati Schools and the Aspen team immediately mobilised and started supplying school books, stationery, bags, shoes and uniforms to the children while the social welfare fund served to the pay school fees.

Commitment to the initiative extended beyond the classroom, and basic monthly needs of food, toiletries and OTC items were also provided for. A water storage tank and pump was installed to improve the basic infrastructure and items such as bedding, electrical supplies and household utensils were donated. Additional funds were raised during the year to supplement the expansion of the dormitory at the orphanage to create separate living areas for the boys and girls.

This noble initiative is now in its third consecutive year and making a marked difference in the lives of the children as well as our employees, who regularly celebrate special occasions at Mythri where the children are invited to share in festivities with their extended Aspen family.

While these orphaned children may have been born into a life poverty, they are being given the hope of a brighter future through education, compassion and selfless generosity that is being lavished on them by caring employees.

The value of this relief cannot be expressed in words, but the impact that it will have on this generation's future is indeed invaluable and will go a small way in helping them to be freed from the vicious grips of poverty.

Regional overviews

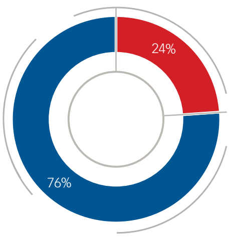
Sub-Saharan Africa

The SSA business provides a diverse basket of branded, generic, OTC and consumer health products which are supplied to both the private and public sectors primarily in South Africa. Our presence outside of South Africa is mainly in Namibia, Botswana, Tanzania, Kenya, Nigeria, Ghana and Uganda.

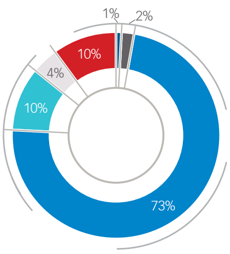
KEY COUNTRIES

- Kenya
- Namibia
- Nigeria
- South Africa
- Tanzania

Contribution to Group revenue



Revenue contribution – by therapeutic category



STATISTICS

NUMBER OF PRODUCTS LAUNCHED:

30

(2016: 55)

IMS* VALUE OF PIPELINE AS AT 30 JUNE 2017 ANTICIPATED TO BE LAUNCHED IN:

0 – 2 YEARS

USD**116** million

3 – 5 YEARS

USD**235** million

NUMBER OF PRODUCT RECALLS:

1

(2016: 4)

AVERAGE STAFF TURNOVER:

13,0%

(2016: 10,0%)

NUMBER OF WORK-RELATED FATALITIES:

Nil

(2016: nil)

NUMBER OF PERMANENT EMPLOYEES:

June 2017	4 238
June 2016	4 309

*South Africa only, rest of SSA not covered by IMS.

Revenue – R'billion	2017	2016 (CER)*	% change
Commercial Pharmaceuticals	7,4	7,0	6
Anaesthetics	0,1	0,1	35
High Potency & Cytotoxics	0,1	0,1	29
Other Commercial Pharmaceutical Brands	7,2	6,8	5
Nutritionals	1,0	0,9	4
Manufacturing	1,4	1,2	22
– API	0,4	0,4	12
– FDF	1,0	0,8	27
Total	**9,8**	**9,1**	**8**

*Constant exchange rate: FY16 restated at FY17 average exchange rates.
Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture.

- The South African private pharmaceutical sector was valued at R39,2 billion for the year ended 30 June 2017.
- Aspen is ranked as the number one pharmaceutical company in the South African private sector with a 14,2% share.
- About one in every five scripts dispensed by South African pharmacists is for an Aspen product, as recorded by ImpactRx.
- In South Africa, four out of the top 20 products by value in the private sector for the year ended 30 June 2017 is for an Aspen product
- Aspen has a strong presence in East Africa and Tanzania through Beta Kenya and Shelys Tanzania.

Source: June 2017 IMS

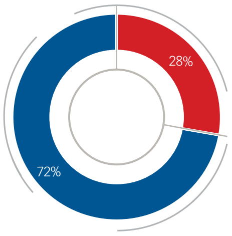
Developed Europe

Our Developed Europe business is made up of operations in Europe's major developed countries. The Thrombosis portfolio makes up the largest proportion of regional revenue followed by the Anaesthetics portfolio. The API site at Oss, supported by its satellite operation at Sioux City, supplies APIs worldwide. The Notre Dame de Bondeville and Bad Oldesloe sites are strategically important manufacturers for the Group.

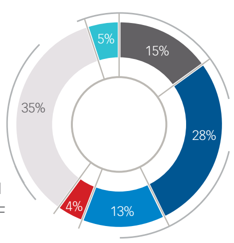
KEY COUNTRIES

- France
- Germany
- Italy
- The Netherlands
- United Kingdom

Contribution to Group revenue



Revenue contribution – by therapeutic category



STATISTICS

NUMBER OF PRODUCTS LAUNCHED:

2

(2016: 9)

IMS VALUE OF PIPELINE AS AT 30 JUNE 2017 ANTICIPATED TO BE LAUNCHED IN:

0 – 2 YEARS

USD**13** million

3 – 5 YEARS

USD**1** million

NUMBER OF PRODUCT RECALLS:

2

(2016: 4)

AVERAGE STAFF TURNOVER:

9,7%

(2016: 7,6%)

NUMBER OF WORK-RELATED FATALITIES:

Nil

(2016: nil)

NUMBER OF PERMANENT EMPLOYEES:

June 2017	2 419
June 2016	2 426

Revenue – R'billion	2017	2016 (CER)*	% change
Commercial Pharmaceuticals	6,8	5,7	21
Anaesthetics	1,7	–	>100
Thrombosis	3,2	3,7	(14)
High Potency & Cytotoxics	1,5	1,6	(9)
Other Commercial Pharmaceutical Brands	0,4	0,4	36
Manufacturing	4,7	4,6	5
– API	4,0	3,7	9
– FDF	0,7	0,9	(25)
Total	**11,5**	**10,3**	**13**

**Constant exchange rate: FY16 restated at FY17 average exchange rates.*
Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture.

- The injectable anticoagulants category in Developed Europe recorded flat volume growth and made up 75% of the total anticoagulants (injectables and orals).
- Anaesthetics across all of Europe (Developed and Developing) grew 4,8% to EUR1,4 billion as at 30 June 2017. General anaesthetics made up 48,3% of total value, while the topical and local anaesthetics segments made up 31,2% and 20,5% of total value, respectively.
  Source: June 2017 IMS

Regional overviews continued

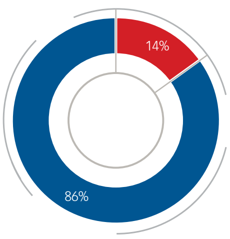
Australasia

We supply a diversified portfolio of branded prescription, OTC, consumer and infant nutritional products into Australia and New Zealand. We are one of the largest manufacturers in Australia and our manufacturing site in Melbourne produces certain tablets, liquids and semi-solids.

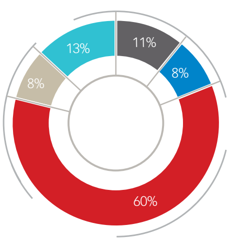
KEY COUNTRIES

- Australia
- New Zealand

Contribution to Group revenue



Revenue contribution – by therapeutic category



STATISTICS

NUMBER OF PRODUCTS LAUNCHED FROM PIPELINE:
2
(2016: 9)

IMS VALUE OF PIPELINE
as at 30 June 2017 anticipated to be launched in:

0 – 2 YEARS
USD**65** million

3 – 5 YEARS
USD**25** million

NUMBER OF PRODUCT RECALLS:
3
(2016: 1)

AVERAGE STAFF TURNOVER:
7,5%
(2016: 21,3%)

NUMBER OF WORK-RELATED FATALITIES:
Nil
(2016: nil)

NUMBER OF PERMANENT EMPLOYEES:

June 2017	595
June 2016	578

Revenue – R'billion	2017	2016 (CER)*	% change
Commercial Pharmaceuticals	4,8	4,5	7
Anaesthetics	0,6	–	>100
High Potency & Cytotoxics	0,5	0,5	2
Other Commercial Pharmaceutical Brands	3,7	4,0	(9)
Nutritionals	0,8	1,0	(21)
Manufacturing – FDF	0,5	0,5	0
Total	**6,1**	**6,0**	**1**

**Constant exchange rate: FY16 restated at FY17 average exchange rates.*
Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture

- The Australian pharmaceutical sector was valued at AUD18,3 billion as at 30 June 2017 with volume growth of 8,2%.
- Aspen is currently ranked 3rd by volume and 10th by value in the Australian pharmaceutical sector for the year ended 30 June 2017.
- Almost one in six scripts written in Australia is for a product distributed by Aspen.

Source: June 2017 IMS

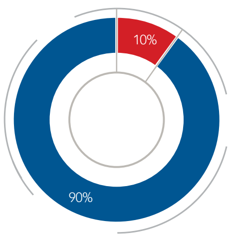
Latin America

We entered the Latin American market in 2008 and initially established a presence in Brazil, Mexico and Venezuela. We have expanded our coverage in this region and now also have a presence in Colombia, Chile, Ecuador, Costa Rica, Peru and Argentina and offer a comprehensive product range that encompasses branded, prescription and OTC products as well as infant nutritionals. We discontinued trade in Venezuela in the 2016 financial year. Our Vallejo site in Mexico has the capability to manufacture infant nutritionals as well as pharmaceutical solids, semi-solids and liquids.

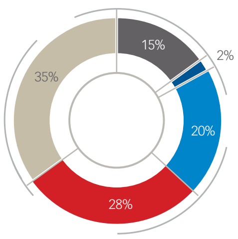
KEY COUNTRIES

- Argentina
- Brazil
- Chile
- Colombia
- Mexico

Contribution to Group revenue



Revenue contribution – by therapeutic category



STATISTICS

NUMBER OF PRODUCTS LAUNCHED FROM PIPELINE:

3
(2016: 4)

IMS VALUE OF PIPELINE

as at 30 June 2017 anticipated to be launched in:

0 – 2 YEARS

USD**423** million

3 – 5 YEARS

USD**290** million

NUMBER OF PRODUCT RECALLS:

1
(2016: 2)

AVERAGE STAFF TURNOVER:

29,5%
(2016: 29,2%)

NUMBER OF WORK-RELATED FATALITIES:

Nil
(2016: nil)

NUMBER OF PERMANENT EMPLOYEES:

June 2017	1 158
June 2016	1 245

Revenue – R'billion	2017	2016 (CER)*	% change
Commercial Pharmaceuticals	2,7	1,9	46
Anaesthetics	0,6	–	>100
Thrombosis	0,1	0,1	25
High Potency & Cytotoxics	0,8	0,7	44
Other Commercial Pharmaceutical Brands	1,2	1,1	6
Nutritionals	1,4	1,4	5
Total	**4,1**	**3,3**	**29**

**Constant exchange rate: FY16 restated at FY17 average exchange rates.*
Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture.

- The Spanish Latin American private pharmaceutical sector was valued by IMS at USD23,1 billion for the year to 30 June 2017.
- The Brazilian private pharmaceutical sector was valued by IMS at USD28,4 billion for the year to 30 June 2017 and Aspen is ranked 54th in this sector.

Source: June 2017 IMS

Regional overviews continued

Developing Europe & CIS

The main revenue contributor to our Developing Europe & CIS business is the Thrombosis Portfolio, followed by High Potency & Cytotoxic Brands. The newly acquired Anaesthetics portfolio currently contributes 12% to regional revenue and is expected to become more significant over time.

KEY COUNTRIES

- Czech Republic
- Poland
- Romania
- Russia
- Slovakia

STATISTICS

NUMBER OF PRODUCTS LAUNCHED FROM PIPELINE:

Nil
(2016: nil)

IMS VALUE OF PIPELINE AS AT 30 JUNE 2017 ANTICIPATED TO BE LAUNCHED IN:

0 – 2 YEARS
USDnil

3 – 5 YEARS
USD1 million

NUMBER OF PRODUCT RECALLS:

Nil
(2016: nil)

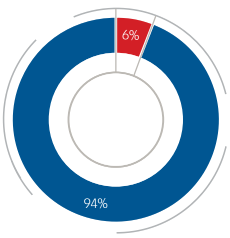
AVERAGE STAFF TURNOVER:

13,7%
(2016: 14,2%)

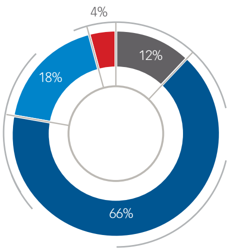
NUMBER OF WORK-RELATED FATALITIES:

Nil
(2016: nil)

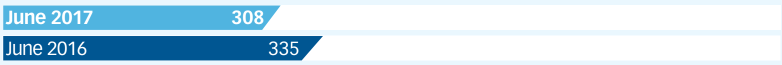
Contribution to Group revenue



Revenue contribution – by therapeutic category



NUMBER OF PERMANENT EMPLOYEES:



Revenue – R'billion	2017	2016 (CER)*	% change
Anaesthetics	0,3	–	>100
Thrombosis	1,7	1,8	(2)
High Potency & Cytotoxics	0,5	0,4	20
Other Commercial Pharmaceutical Brands	0,1	0,1	13
Total	**2,6**	**2,3**	**16**

**Constant exchange rate: FY16 restated at FY17 average exchange rates.*
Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture.

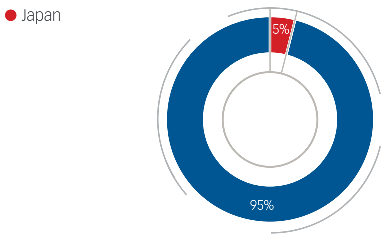
→ Injectable anticoagulants across Developing Europe & CIS grew 6,1% by volume. Volumes in Russia grew 15,6% over the same period.

Source: June 2017 IMS

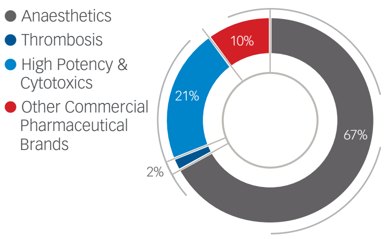
Japan

Aspen's subsidiary in Japan was officially opened in May 2015. Aspen Japan operates according to a flexible business model and employs innovative marketing activities to promote leading international pharmaceutical originator brands and authorised generics in Japan.

Contribution to Group revenue



Revenue contribution – by therapeutic category



STATISTICS

NUMBER OF PRODUCTS LAUNCHED FROM PIPELINE:
5
(2016: 7)

AVERAGE STAFF TURNOVER
20,0%
(2016: 20,7%)

NUMBER OF PRODUCT RECALLS:
Nil
(2016: nil)

NUMBER OF WORK-RELATED FATALITIES:
Nil
(2016: nil)

NUMBER OF PERMANENT EMPLOYEES:

June 2017	53
June 2016	37

Revenue – R'billion	2017	2016 (CER)*	% change
Anaesthetics	1,3	–	>100
High Potency & Cytotoxics	0,4	0,5	(16)
Other Commercial Pharmaceutical Brands	0,2	0,1	67
Total	**1,9**	**0,6**	**>100**

**Constant exchange rate: FY16 restated at FY17 average exchange rates.*
Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture.

- The Japanese pharmaceutical sector declined 4,5% and was valued at USD80 billion as at 30 June 2017.
- The sector was negatively impacted by a 20,6% decline in off-patent drugs due to price revisions and increased generic penetration.

Source: June 2017 IMS

Regional overviews continued

China

Aspen China was incorporated as a wholly foreign-owned enterprise in July 2015 but has not been a significant contributor to the Group performance prior to the 2017 financial year. China is set to become a material contributor to Group revenue with a product range comprising the recently acquired thrombosis and anaesthetic brands as well as some smaller global brands.

STATISTICS

NUMBER OF PRODUCTS LAUNCHED FROM PIPELINE:
Nil
(2016: n/a)

NUMBER OF WORK-RELATED FATALITIES:
Nil
(2016: n/a)

NUMBER OF PRODUCT RECALLS:
Nil
(2016: n/a)

NUMBER OF PERMANENT EMPLOYEES:

June 2017	**399**
June 2016	0

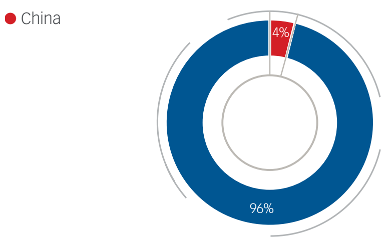
Revenue – R'billion	2017	2016 (CER)*	% change
Anaesthetics	1,5	–	>100
Thrombosis	0,3	–	>100
Total	**1,8**	**–**	**>100**

**Constant exchange rate: FY16 restated at FY17 average exchange rates.*
Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture.

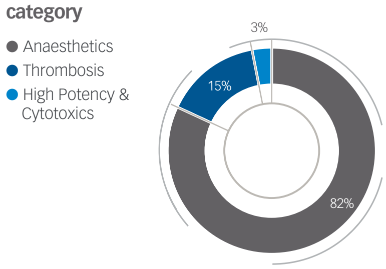
- China made up 37% of the total Asian pharmaceutical sector with an estimated value of USD80 billion as at 30 December 2016.
- Over the same period, the China pharmaceutical sector grew 7,9% in local currency, mostly driven by the 8,4% growth in prescription medication usage in hospitals

Source: June 2017 IMS

Contribution to Group revenue



Revenue contribution – by therapeutic category



Other Asia

Other Asia comprises all Asian territories excluding China and Japan. Anaesthetics make up 36% of revenue in these countries, followed by several products in the Other Commercial Pharmaceutical Brands category. We have active trading subsidiaries in the Philippines, Taiwan and Malaysia.

KEY COUNTRIES

- Hong Kong
- Indonesia
- Philippines
- Taiwan

STATISTICS

NUMBER OF PRODUCTS LAUNCHED FROM PIPELINE:

3

(2016: 8)

IMS VALUE OF PIPELINE AS AT 30 JUNE 2017 ANTICIPATED TO BE LAUNCHED IN:

0 – 2 YEARS

USD**49** million

3 – 5 YEARS

USD**12** million

NUMBER OF PRODUCT RECALLS:

Nil

(2016: nil)

AVERAGE STAFF TURNOVER:

26,0%

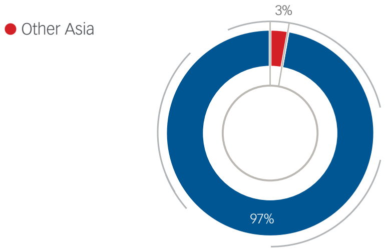
(2016: 31,7%)

NUMBER OF WORK-RELATED FATALITIES:

Nil

(2016: nil)

Contribution to Group revenue



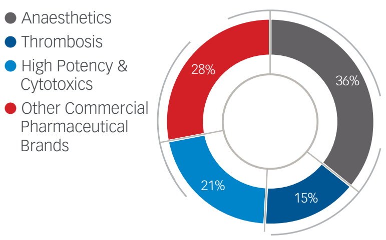
NUMBER OF PERMANENT EMPLOYEES:

June 2017	166
June 2016	157

Revenue – R'billion	2017	2016 (CER)*	% change
Anaesthetics	0,4	–	>100
Thrombosis	0,2	0,2	4
High Potency & Cytotoxics	0,3	0,3	(3)
Other Commercial Pharmaceutical Brands	0,3	0,4	(7)
Total	**1,2**	**0,9**	**50**

**Constant exchange rate: FY16 restated at FY17 average exchange rates.*
Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture.

Revenue contribution – by therapeutic category



- The Philippines pharmaceutical sector grew 6,9% and was valued at USD3,4 billion as at 30 June 2017.
- The Taiwan pharmaceutical sector grew 0,5% and was valued at USD5,4 billion as at 30 June 2017.
- The Indonesian pharmaceutical sector grew 0,3% and was valued at USD3,6 billion as at 30 June 2017.

Source: June 2017 IMS

Regional overviews continued

Middle East and North Africa

We supply globally branded pharmaceutical products as well as local brands into multiple territories within MENA. Egypt, Algeria and Saudi Arabia combined contributed approximately 50% to total sales in MENA for the 2017 financial year.

KEY COUNTRIES

- Algeria
- Egypt
- Morocco
- Saudi Arabia
- United Arab Emirates

STATISTICS

NUMBER OF PRODUCTS LAUNCHED FROM PIPELINE:

Nil
(2016: nil)

IMS VALUE OF PIPELINE AS AT 30 JUNE 2017 ANTICIPATED TO BE LAUNCHED IN:

0 – 2 YEARS
USD**158** million

3 – 5 YEARS
USD**9** million

NUMBER OF PRODUCT RECALLS:

Nil
(2016: nil)

AVERAGE STAFF TURNOVER:

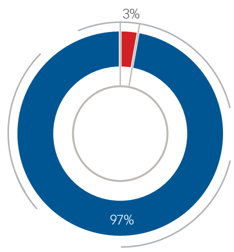
18,7%
(2016: 23,5%)

NUMBER OF WORK-RELATED FATALITIES:

Nil
(2016: nil)

Contribution to Group revenue

- MENA

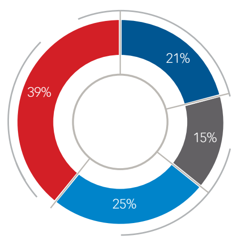


NUMBER OF PERMANENT EMPLOYEES:

June 2017 55
June 2016 52

Revenue contribution – by therapeutic category

- Anaesthetics
- Thrombosis
- High Potency & Cytotoxics
- Other Commercial Pharmaceutical Brands



Revenue – R'billion	2017	2016 (CER)*	% change
Anaesthetics	0,2	–	>100
Thrombosis	0,2	0,1	25
High Potency & Cytotoxics	0,3	0,2	4
Other Commercial Pharmaceutical Brands	0,4	0,4	5
Total	**1,1**	**0,7**	**36**

**Constant exchange rate: FY16 restated at FY17 average exchange rates.*
Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture.

- ➜ The MENA pharmaceutical sector grew 7,9% and was valued at approximately USD29,3 billion for the year to 30 June 2017.
- ➜ Growth was largely driven by Algeria and Egypt whose value grew in double digits to USD4,8 billion and USD4,6 billion respectively.

Source: June 2017 IMS

USA & Canada

Aspen Pharmacare Canada was founded in 2014 to support our products distributed in this region. The development of our complex API capabilities into niche FDF offerings represents an opportunity for future product launches in the United States. Our satellite API facility in Sioux City supports the Oss site in supplying APIs worldwide.

KEY COUNTRIES

- Canada
- USA

STATISTICS

NUMBER OF PRODUCTS LAUNCHED FROM PIPELINE:

Nil

(2016: 1)

IMS VALUE OF PIPELINE AS AT 30 JUNE 2017 ANTICIPATED TO BE LAUNCHED IN:

0 – 2 YEARS

USD**97** million

3 – 5 YEARS

USD**1 671** million

NUMBER OF PRODUCT RECALLS:

Nil

(2016: nil)

AVERAGE STAFF TURNOVER:

24,1%

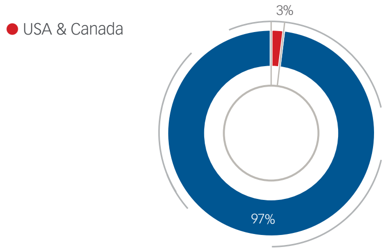
(2016: 15,9%)

NUMBER OF WORK-RELATED FATALITIES:

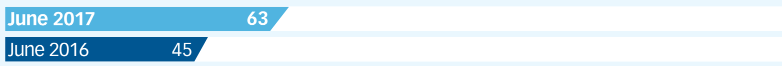
Nil

(2016: nil)

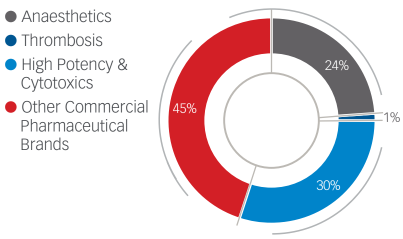
Contribution to Group revenue



NUMBER OF PERMANENT EMPLOYEES:



Revenue contribution – by therapeutic category



Revenue – R'billion	2017	2016 (CER)*	% change
Anaesthetics	0,3	–	>100
Thrombosis	–	0,1	(83)
High Potency & Cytotoxics	0,3	0,4	(20)
Other Commercial Pharmaceutical Brands	0,5	0,1	>100
Total	**1,1**	**0,6**	**69**

** Constant exchange rate: FY16 restated at FY17 average exchange rates.*
Note: Commercial Pharmaceuticals revenue by customer geography and manufacturing revenue by place of manufacture.

- The Canadian pharmaceutical sector is estimated to grow 4,9% to USD28,4 billion in 2018.
- The US pharmaceutical sector continues to be the world's largest and growth is expected to average 6% to 9% through to 2021.

Source: June 2017 IMS

Board of Directors

Executive directors

Stephen Saad

(53)

Executive director; Aspen Group Chief Executive

Qualifications: CA(SA), Honorary doctorate

Appointed: January 1999

Stephen is a founding shareholder of the Aspen Group and his responsibilities extend to include the strategic positioning and global transactions, geographic expansion and product diversification of Aspen in developed and emerging markets as a leading multinational pharmaceutical company.

Gus Attridge

(56) ●

Executive director; Deputy Group Chief Executive

Qualifications: CA(SA)

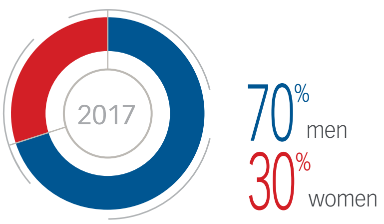
Appointed: January 1999

A founder of Aspen, Gus is the Deputy Group Chief Executive of the Aspen Group. He is also a member of the Social & Ethics Committee and attends meetings of all of the other Board Committees by invitation. In addition to his other responsibilities, Gus also performs the duties of the Company's Financial Director.

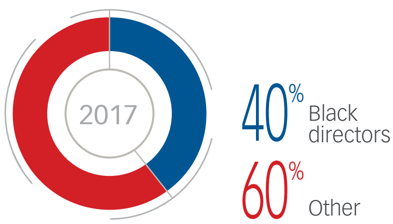
Committee diagram key:

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

Board gender representation



Board race diversity



Non-executive directors

Kuseni Dlamini

(49)

Qualification: MPhil (Oxon), BSocSci (Hons) (Natal), Global Leadership for the 21st Century Programme (Harvard), Foundations for Leadership in the 21st Century (Yale)

Appointed: April 2012

Classification: Independent non-executive, Chairman

Kuseni is the Chairman of Massmart Holdings Limited. He was previously Chairman of Times Media Group Limited and 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 former Chairman of the South African National Parks ("SANParks") and a former member of the Global Agenda Council on Economic Growth and Poverty Alleviation formed by the World Economic Forum. He is active in academic and professional bodies, which include the Council of the University of Pretoria, South African Institute of International Affairs ("SAIIA"), and the advisory boards of the Gordon Institute of Business Science and Common Purpose.

Kuseni is a member of the Remuneration & Nomination Committee.

Roy Andersen

(69)

Qualification: CA(SA), CPA (Texas), CD(SA)

Appointed: August 2008

Classification: Lead independent non-executive

A Chartered Accountant by profession and with significant experience in the banking, insurance, construction and packaging industries, Roy's expertise in fields such as governance and remuneration have been of great benefit to Aspen. 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 a non-executive director of Nampak Limited, chairman of SASFIN Holdings Limited and SASFIN Bank Limited and a major general in the South African National Defence Force, holding the post of Chief of Defence Reserves. 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.

John Buchanan

(73)

Qualification: CA(SA), BTh (Hons) EDP (Columbia)

Appointed: May 2002

Classification: Independent non-executive

John brings extensive financial and business management experience to the Board having held a number of executive positions with leading South African listed companies. He was previously the Group Finance Director of Cadbury Schweppes (South Africa) Limited and Metal Box (South Africa) Limited, as well as an executive director of Nampak Limited. He has also served as a non-executive director on the boards of companies in the ICT and packaging industries, where he was Chairman of their Audit And Risk Committees. He currently serves on the National Council of the South African Institute of International Affairs and is Chairman of its Finance Committee.

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

Board of Directors' continued

Non-executive directors continued

Maureen Manyama

(40) ● ●

Qualification: CA(SA), BCom (Hons) (Taxation), MBA

Appointed: June 2014

Classification: Independent non-executive

Maureen has 17 years' combined experience in the various fields on a governance level, both as part of management and various governance structures. She started her career in external auditing, followed by internal audit, financial reporting and management while qualifying as a Chartered Accountant. Maureen's past key roles and areas influenced include General Manager: Finance and Support at Postbank and the Chief Financial Officer and executive director, both at the Airports Company South Africa Limited and SAFCOL (including Acting CEO role). She has held directorships on several other boards and committees during the past 13 years, including the South African Reserve Bank where she resigned on 31 July 2017.

Maureen is a member of the Audit & Risk Committee and Social & Ethics Committee.

Chris Mortimer

(56)

Qualification: BA, LLB

Appointed: January 1999

Classification: Non-executive

Chris has been a full-time practising attorney since 1988 and has substantial legal and commercial expertise. His intimate knowledge of the Group, its business operations and governance processes have been of immense benefit to Aspen over the years and he continues to serve the Board as a trusted adviser. As Chris's firm is intermittently called upon to provide legal advice to the Group, he is classified as a non-independent non-executive director.

Babalwa Ngonyama

(43) ●

Qualification: CA(SA), MBA, Higher Diploma in Banking Law (RAU)

Appointed: April 2016

Classification: Independent non-executive

Babalwa is the CEO of Sinayo Securities (Pty) Limited, a women-owned and managed securities firm, and the Deputy Chairperson of Brand South Africa. Prior to this, she held positions as the Group Chief Internal Auditor of Nedbank Limited, Chief Financial Officer of Safika Holdings (Pty) Limited, partner at Deloitte (Financial Institutions Services Team and Chairperson of the Transformation Advisory Board), and audit partner at Nkonki Incorporated. She is, among others, a non-executive director and member of the audit committees of Impala Platinum Holdings Limited, and formerly of Barloworld Limited, and therefore brings considerable financial and commercial experience to the Board. In August 2008, she received an award as a BBQ business woman visionary. Babalwa was a member of the Education and Academic Review Committees of the South African Institute of Chartered Accountants ("SAICA"), she was the founding Chairman of the African Women Chartered Accountants ("AWCA"), and currently a member of its Advisory Board.

Babalwa is a member of the Audit & Risk Committee.

David Redfern

(51)*

Qualification: BSc (Hons), CA

Appointed: February 2015

Classification: Non-executive

**British*

David was appointed chief strategy officer of GSK in May 2008 and is responsible for corporate development and strategic planning. He has, in this role, assisted GSK in numerous bolt-on acquisitions and joint ventures including, in particular, a multi-billion dollar three-way asset swap with Novartis. He is a member of GSK's Corporate Executive Team and reports to the CEO. Prior to holding this position, he was responsible for the leadership of GSK's business in Northern Europe from 2005 to 2008 and Central and Eastern Europe from 2002 to 2005. He joined Glaxo in 1994 in finance and progressed through a series of finance roles before becoming Finance Director of the European business in 1999.

In addition to his current role, David is Chairman of ViiV Healthcare Limited. ViiV is a joint venture between GSK, Pfizer and Shionogi and focuses specifically on the development and commercialisation of medicines to treat HIV.

Sindi Zilwa

(50) ● ●

Qualification: CA(SA), CD(SA), Advanced Taxation Certificate (UNISA), Advanced Diploma in Financial Planning (UOFS) and Advanced Diploma in Banking (RAU)

Appointed: September 2006

Classification: Independent non-executive

Sindi is the co-founder and retired chief executive officer of Nkonki Incorporated, having held the position from 1998 to 2016. A Chartered Accountant by profession, Sindi is an expert in the areas of accounting, auditing and business management. Sindi is also a Chartered Director (SA) and has vast experience as a director in the public and private sectors, currently serving as a non-executive director of Discovery Holdings Limited, AngloGold Ashanti Limited, Metrofile Limited and Gijima Limited, among others. She is an author of "The ACE Model-Winning Formula for Audit Committees", used by the Institute of Directors to train audit committee members in South Africa, and the author of "Creating Board and Committee Effectiveness".

She is a member of the South African Institute of Chartered Accountants and Independent Regulatory Board for Auditors. Sindi was previously non-executive Chairman of Airports Company South Africa and a non-executive director of Woolworths Limited, Primedia Limited, Wiphold Limited, Ethos Private Equity, Institute of Directors, Alexkor Limited, Rebosis Limited, ATNS SOC Limited and 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.

Riaan Verster (41)

Qualification: BProc, LLB, LLM (Labour Law), ACIS

Appointed: December 2011

Classification: Company Secretary & Group Governance Officer

Riaan is an admitted attorney, having qualified as such in 2000. He has practiced as a company secretary for almost 10 years, first as the Group Company Secretary at Bell Equipment Limited and currently as the Company Secretary & Group Governance Officer of Aspen Pharmacare, a position he has held since September 2011.

Abbreviated Corporate Governance report[1]

The Board remains 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 philosophy

Governance in the Group extends beyond mere legislative and regulatory compliance. Management strives to entrench an enterprise-wide culture of good governance aimed at ensuring that decisions are taken in a fair and 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.

Corporate governance and application of King IV

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.

The directors are of the opinion that the Group has applied the requirements of King IV. The application of the King IV principles and adoption of the various recommendations set out there is more fully detailed in our King IV application register available online.

Role and function of the Board

A formally documented and approved Board Charter outlines the composition, scope of authority, responsibilities, powers and functioning of the Board. In addition, the Board functions in accordance with the requirements of King IV, the provisions of the South African Companies Act of 2008, the Listings Requirements of the JSE and other applicable laws, rules or codes. The following were the key activities and outcomes from the performance of the Board's responsibilities during the year:

- approved and reviewed the strategic direction of the Group and monitored the execution of strategic plans to ensure the Group achieves its objectives in this regard;
- identified and oversaw the Group's communication and the constructive engagement with key stakeholders;
- monitored and oversaw major capital expenditure, acquisitions and disposals as reported on throughout this report;
- considered financial reports and reviewed and approved annual budgets and business plans;
- monitored the financial performance and the achievement of approved KPIs relating to the Group's capitals and approved annual and interim financial reports and the dividend payable to shareholders;
- identified and monitored key risk areas;
- reviewed risk management strategies and ensured the implementation of appropriate mitigation strategies;
- reviewed the performance of the Board, its committees, the Chairman, the Group Chief Executive, the Deputy Group Chief Executive and oversaw succession planning in respect of the executive directors and other senior executives, with the assistance of the R&N Co; and
- made decisions on key issues or matters and delegated authority for the day-to-day running of the business of the Group to management in line with an approved Group approvals framework.

Board leadership

The Board is currently led by Kuseni Dlamini, an independent non-executive director. The Board has appointed Roy Andersen as the lead independent non-executive director to act as Chairman in instances where the Chairman may be unavailable or have a conflict of interest. As with the chairmanship, the appointment of the lead independent non-executive director is made by the Board annually, after each annual general meeting.

Both the Chairman and the lead independent non-executive director have formally mandated roles and responsibilities and the Chairman is subject to an annual evaluation of his performance. The evaluation of the Chairman's performance is coordinated under the direction of the lead independent non-executive director.

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.

Composition of the Board

The Board currently comprises 10 directors, two of whom are executive directors with the remainder being non-executives. Six of these are considered independent non-executive directors and constitute the majority of the non-executive directors on the Board.

The composition of the Board is carefully considered to ensure that there is an appropriate 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 R&N Co.

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.

While non-executive director appointments are based on merit and overall suitability for the role, the R&N Co remains appreciative of Aspen's status as a multinational pharmaceutical company and diversity considerations when making recommendations for appointment to the Board. The Board further recognises that, as a South African-based company, it is important to consider the gender and racial diversity of the Board and as such has set aspirational targets of 50% female representation (currently at 30%) and 50% black representation (currently at 40%) in the number of directors who serve on the Board. These targets will be reviewed from time to time to ensure broader representation into the future.

The Deputy Group Chief Executive fulfils the role of full-time executive financial director and the appropriateness of the expertise and experience of this director is assessed and reported upon by the A&R Co on an annual basis.

Board appointment and retirement processes

The appointment of any new director is considered by the Board as a whole on the recommendation of the R&N Co and in terms of a formally adopted policy, following rigorous and transparent appointment processes which include conducting the appropriate background confirmations. 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. Newly appointed non-executive directors are required to provide details of their professional commitments outside of Aspen and a statement that confirms that he or she will have sufficient time available to fulfil the responsibilities ascribed to directors.

[1] *The unabridged Corporate Governance report is available online.*

The R&N Co, consisting exclusively of independent non-executive directors and chaired by the lead independent non-executive director, is responsible for making recommendations to the Board for the identification and removal of underperforming or unsuitable directors, should this prove necessary.

While no formal staggered rotation arrangements are in place, the Company's memorandum of incorporation requires one-third of the non-executive directors to retire by rotation at each annual general meeting. Directors who retire may, if eligible, offer themselves for re-election. The re-election of retiring directors by shareholders is subject to a recommendation by the R&N Co, 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. No new directors were appointed during the year.

Although non-executive directors have no fixed terms of appointment, 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, provided that shareholders confirm such reappointment at the next annual general meeting. 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. John Buchanan, who has turned 73 during the year, has been invited by the Board to serve as a director for the year and this reappointment has been proposed to shareholders in terms of ordinary resolution 3 as set out in the notice of the 2017 annual general meeting.

The average overall attendance rate of the Board meetings for the 2017 financial year was 98,75%.

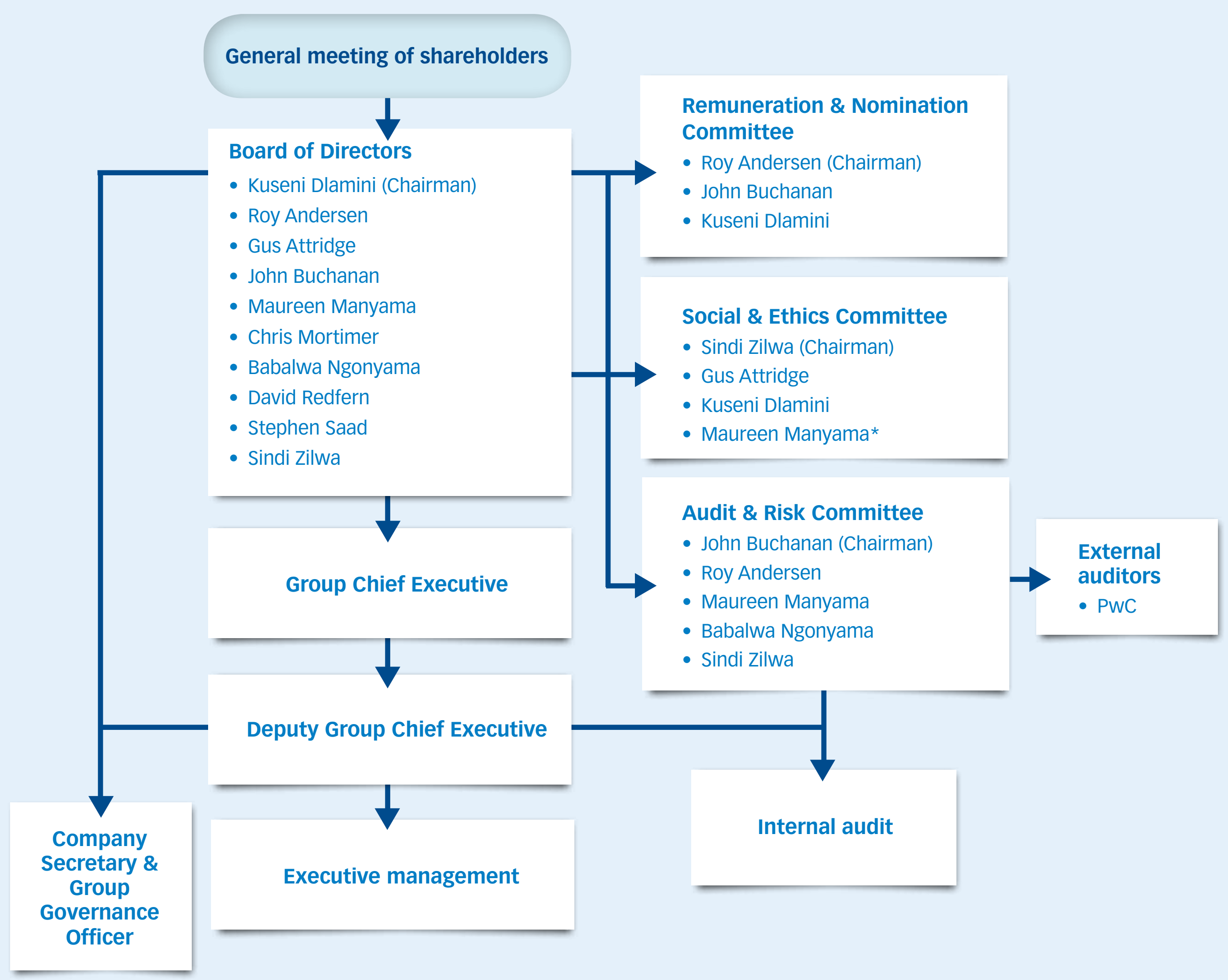
Board Committees

The Board has established the following Board Committees, each with specific terms of reference, to assist it in the execution of its role:
- A&R Co;
- R&N Co; and
- S&E Co.

All of the Board Committees are constituted in accordance with the recommendations of King IV and are chaired by an independent non-executive director. The Terms of Reference of each Board Committee are reviewed as necessary and specify the relevant Committee's constitution, mandate, relationship and accountability to the Board. Detailed reports on the constitution, role and performance of each Board Committee are available online.

The A&R Co consists exclusively of independent non-executive directors. The members of this Committee are elected by shareholders at every annual general meeting.

Corporate governance structure



* *Maureen Manyama was appointed to the Committee on 11 August 2016.*

Abbreviated Corporate Governance report continued

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

Board	5 September 2016	14 September 2016	6 December 2016	28 February 2017	8 March 2017	2 May 2017 (*Ad hoc*)	28 Jun 2017 (Strategy)	29 June 2017
Roy Andersen	✓	✓	✓	✓	✓	✓	✓	✓
Gus Attridge	✓	✓	✓	✓	✓	✓	✓	✓
John Buchanan	✓	✓	✓	✓	✓	✓	✓	✓
Kuseni Dlamini	✓	✓	✓	✓	✓	✓	✓	✓
Maureen Manyama	Apology	✓	✓	✓	✓	✓	✓	✓
Chris Mortimer	✓	✓	✓	✓	✓	✓	✓	✓
Babalwa Ngonyama	✓	✓	✓	✓	✓	✓	✓	✓
David Redfern	✓	✓	✓	✓	✓	✓	✓	✓
Stephen Saad	✓	✓	✓	✓	✓	✓	✓	✓
Sindi Zilwa	✓	✓	✓	✓	✓	✓	✓	✓

Board and Committee meetings

The Board meets at least once every quarter. These meetings and the meetings of the Board Committees are held as scheduled, with additional meetings being convened to discuss specific issues which arise between scheduled 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. Meeting packs, containing detailed proposals and management reports, are distributed by the Company Secretary & Group Governance Officer 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 all directors, and requires approval by a majority of directors to be valid.

The Board Committees report formally to the Board at each Board meeting following any meeting of a committee.

Evaluation of Board performance

An evaluation of the performance of the Board, the Board Committees, the Chairman, the Group Chief Executive, the Company Secretary & Group Governance Officer and of each of the individual directors is conducted annually under the stewardship of the R&N Co. Evaluations are designed to gain an insight into how each of the directors of the Board believes the Board is meeting its objectives. While the results of these assessments were found to be satisfactory, the Chairman has engaged with directors in respect of certain aspects raised as a result of the evaluation process.

Independence of non-executive directors and conflicts of interest

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, we actively solicit details of our directors' interests in the Group, their material external shareholdings in companies they are directors of and other directorships so as to determine whether there are any actual or potential conflicts of interest. Directors are expected to consider whether any shareholding in the Company affects their independence and discuss the matter, if appropriate, with the Chairman. A register containing the directors' declarations of interest is kept by the Company Secretary & Group Governance Officer, circulated to all directors at least once per year 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 non-executive directors who have served on the Board for longer than nine years is assessed annually.

Succession planning

The Board has delegated succession planning for the Group Chief Executive, Deputy Group Chief Executive and senior executives to the R&N Co with direct input, as appropriate, from the Chairman and the Group Chief Executive. Succession plans are integrated into the KPAs at management and executive levels and reported to the Board annually.

Standards of directors' conduct

Directors conduct themselves in accordance with our Code of Conduct and act consistently in performing their common law and legislative duties of care, skill and diligence, giving due consideration to their fiduciary responsibilities towards the Company.

Company Secretary & Group Governance Officer

The Company Secretary & Group Governance Officer plays a pivotal role in the corporate governance of the Group. He is appointed by and is accountable to the Board as a whole. He 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 & Group Governance Officer. He is not a director of the Company and the Board has also satisfied itself of the fact that he continues to maintain an appropriate arm's length relationship with the Board. All directors have access to the advice and services of the Company Secretary & Group Governance Officer.

Director development

Newly appointed directors are required to participate in an induction programme coordinated by the Chairman together with the Company Secretary & Group Governance Officer. 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 introduced to key members of management. The programme 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 our Code of Conduct.

The Company Secretary & Group Governance Officer is also, with the assistance of the Group Legal Officer & Group Compliance Officer, 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 and are presented by senior management or subject experts. These sessions are designed to keep directors updated on developments in the Group and the territories in which it operates as well as other relevant matters.

Legislative compliance

While the Board is ultimately responsible for overseeing the Group's compliance with laws, rules, codes and standards, it has delegated to management the responsibility for the implementation of an effective legislative compliance framework and processes.

The Board has considered the compliance framework that has been established by management and has satisfied itself that it is adequate. Our Group Legal Officer & Group Compliance Officer fulfils the function of Group Compliance Officer in providing the Board with assurance that the Group is compliant with applicable laws and regulations.

Stakeholder engagement and dispute resolution

The strength of the Group lies in its ability to foster and maintain strong relationships with its stakeholders through transparency and effective communication. The Board of Directors is committed to sustaining Aspen's established credibility and rapport among its stakeholders – this commitment is dealt with in more detail in its Stakeholder Engagement report available online. In line with this 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.

Corporate citizenship

Aspen's vision to deliver value to its stakeholders as a responsible corporate citizen that provides high quality, affordable medicines and products globally is contained in its responsible corporate citizenship philosophy which is available online.

Risk governance

Risk management is an embedded attribute of Aspen's corporate culture and is inherent in all its 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. Our risk management objectives aim to sustainably support the effective pursuit of the Group's strategy.

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 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's 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 is chaired by the Deputy Group Chief Executive. The Board is provided with a quarterly report from the Chief Information Officer detailing aspects relating to IT governance and the Group's IT investments in general.

Business system implementation by various Aspen businesses and functional departments across the Group are in progress and are being monitored by the IT Steering Committee. A programme to mitigate infrastructure technology security risks is being coordinated centrally and includes the introduction of a supporting policy. Mitigation plans have been introduced to address the risk of material operational and disruptive incidents. No incidents of this nature occurred during the year.

The following are planned areas of future IT governance focus:

- ➜ Guiding and assisting business units and Group functions with the implementation of best practices for management of their technology and information to support mitigating risks and improving their performance;
- ➜ Continued guidance and monitoring of business unit and Group function system and infrastructure projects;
- ➜ Developing and driving a programme to improve regulatory compliance from an infrastructure technology qualification perspective;
- ➜ Developing strategies and roadmaps for growing the implementation of cloud based infrastructure solutions, in particular with regard to supporting pharmaceutical regulatory compliance; and
- ➜ Development of standards and templates with encouragement of re-use where appropriate.

Internal audit

Internal audit is an independent, objective assurance and consulting activity aimed at assisting us to accomplish our objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, internal control and governance processes.

This function is supported by approved external assurance providers.

Remuneration & Nomination Committee report

PART ONE: BACKGROUND STATEMENT BY THE CHAIRMAN OF THE R&N CO

Introduction

I have pleasure in presenting the Aspen R&N Co report for 2017. This report provides details in respect of the composition and activities of the R&N Co for the year, our remuneration policy as it relates to employees, executive directors and non-executive directors and how this policy has been implemented during the year. The information in this report has been approved by the Board on recommendation of the R&N Co.

Activities, composition and attendance of the R&N Co

The table below reflects the activities undertaken by R&N Co during the year and the resulting outcomes from these activities:

Activities	Outcome
Board appointments and succession planning	➜ considered the composition of our Board and its committees, succession planning in respect of these governance structures, the succession planning in respect of the Chairman of the Board and the formal processes relating to the appointment of members to these structures, including the formal induction of directors; and ➜ no director appointments were required during the year.
Performance evaluations	➜ performed an internally facilitated evaluation of the performance of the Board, its committees, the Chairman, the Group Chief Executive, the Group Deputy Chief Executive (Finance Director), the Company Secretary & Group Governance Officer and each of the individual directors, which evaluation confirmed that directors were materially satisfied with the performance of the respective structures and individuals; and ➜ issues raised as part of the evaluation process have been addressed by the Chairman.
Succession planning in respect of executive directors and senior executive management	➜ reviewed and approved the succession plans in respect of the Group Chief Executive, Deputy Group Chief Executive (Financial Director) and senior executive management.
Setting and reviewing the Group's remuneration policy	➜ reviewed the Group's remuneration policy and the setting of fair remuneration levels across the Group, with specific reference to the review of: – the proposed annual salary increments for employees of Aspen businesses; and – the award and vesting criteria for short, medium and long-term incentives in respect of the executive directors and senior executive management.
Executive director performance reviews	➜ reviewed the achievement of the set financial performance and KPI targets of the Chief Executive and Deputy Chief Executive in respect of the year under review, taking into account internal and external factors influencing the achievement of these performance targets; and ➜ considered and recommended the KPAs of the executive directors for the forthcoming financial year.
Recommendation of non-executive directors' fees	➜ reviewed the fees to be recommended to shareholders to be paid to our non-executive directors following an internal benchmarking study, excluding the fee to be paid to the members of the R&N Co as these fees are independently considered and recommended to shareholders by the Board.
Application of King IV	➜ considered the recommendations contained in King IV as they relate to nomination and remuneration aspects and proposed initiatives to ensure the application of these recommendations as and where appropriate.
Remuneration disclosure	➜ considered our remuneration disclosure in the Integrated Report and whether this disclosure is accurate, complete and transparent.

The R&N Co has formal Terms of Reference which are incorporated in the Board Charter and which have been approved by the Board of Directors. The Terms of Reference are reviewed and amended by the Board as and when required. The Committee has conducted its affairs in compliance with these Terms of Reference and has discharged its responsibilities contained therein. The R&N Co is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the reporting period.

The R&N Co consists 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, while the Group Chief Executive, Deputy Group Chief Executive and Company Secretary & Group Governance Officer attend meetings by invitation, they recuse themselves from any deliberations in respect of their own remuneration or benefits. 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 made available to the other directors on a secure electronic database. 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 R&N Co meetings reflects the Committee's meetings held during the year and the attendance of these meetings by its members during the year:

R&N Co	14 July 2016	14 September 2016	8 March 2017
Roy Andersen (Chairman)	✓	✓	✓
John Buchanan	✓	✓	✓
Kuseni Dlamini	✓	✓	Apology

Overall attendance at the R&N Co meetings held during the year was 89%.

The Chairman of the Committee represents the R&N Co at the annual general meeting ("AGM") each year. The Company Secretary & Group Governance Officer is also the Secretary of the Committee.

Shareholder voting

Our remuneration policy and the implementation thereof are subject to a non-binding advisory vote at our upcoming AGM. At the 2016 AGM, where only the remuneration policy was put to an advisory vote, a total of 324 806 291 votes (2015: 320 811 316) were cast on the advisory vote, with the vast majority of shareholders supporting our remuneration policy and practices. The result of the voting was as follows:

	For	Against	Abstain	Total
2016	95,82%	4,18%	0,35%	100%
2015	94,78%	5,22%	0,33%	100%

While no material concerns have been raised by stakeholders in respect of our governance processes, including our remuneration policy, in the past year, any concerns raised going forward will be considered and addressed by means of constructive engagement. Both our remuneration policy and implementation report will be tabled for separate non-binding advisory votes at the Company's 2017 AGM, scheduled for 7 December 2017. Policy provisions have been adopted to ensure that, in instances where either the remuneration policy or the implementation report are voted against by 25% or more of voting rights exercised, appropriate measures will be taken to constructively engage dissenting shareholders in order to address legitimate and reasonable objections and concerns raised or to clarify and adjust remuneration governance or processes. The nature and outcomes of these engagements will be reported on in our Integrated Report of the following financial year.

Areas of focus in respect of this report and going forward

Several initiatives have been implemented to improve the disclosure in respect of our approach to remuneration and the application of King IV and enhancements to this report reflect the progress made in this regard. Guidance has been sought from PwC's remuneration consultants to further our efforts to ensure additional enhancements in future reports.

While the Committee is satisfied that the objectives of the Group's remuneration philosophy and policy have been met in the year under review and that the King IV principles in relation to this aspect have been applied, it has commissioned further research to gain an understanding of the financial well-being of employees, including aspects relating to the payment of a fair living wage and improving the socio-economic conditions of our lowest level employees throughout the Group.

Part Two and Three of this report, respectively the overview of our remuneration philosophy and policy and the remuneration implementation report, are presented herewith for the consideration of stakeholders.

Roy Andersen
R&N Co Chairman

Remuneration & Nomination Committee report continued

PART TWO: OVERVIEW OF REMUNERATION PHILOSOPHY AND POLICY

We strive to retain our competitive advantage in the local and 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 our entrepreneurial and dynamic culture. We recognise that the appropriate remuneration of our executive directors, non-executive directors and our employees is inextricably linked to the attraction, development and retention of the Group's human and intellectual capital.

Our remuneration philosophy

Pay for performance – driving our high performance culture

We remain cognisant of the importance of finding the proper balance between the fair remuneration and reward of our employees and balancing the financial considerations of the Group's shareholders in the medium term. The R&N Co will be assessing aspects related to ensuring the payment of a fair living wage and improving the socio-economic conditions of our lowest level employees throughout the Group in the short- to medium-term. Employee wage rates across the Group comply with legislated wage rates in the relevant jurisdictions and, where applicable, employees are paid in accordance with rates agreed upon with trade unions and/or collective bargaining councils. In endeavouring to set remuneration packages at levels of remuneration which are fair to all our employees, as well as being competitive and market-related, reference is made to independent surveys, publicly available economic data and marketplace intelligence both locally and internationally. In awarding annual salary increases and incentive payments to employees, consideration is given to:

- the employee's performance and achievement of predetermined KPIs;
- the financial performance of the Aspen business in which he or she is employed;
- the economic conditions impacting the industry; and
- the geographical market in which the employee is based.

The remuneration philosophy is consistently applied across companies forming part of the Group.

Remuneration and incentivisation linked to
→ individual performance
→ company performance

↓

Congruence of interests
Reward aligned to value delivered to Group's stakeholders

↓

Leverage and alignment
Remuneration packages of executives and management made up of:
→ fixed elements
→ variable elements

Our remuneration philosophy, as it relates to the executive and management of the Group, is aimed at:

- driving the Group's high performance culture – remuneration packages are directly linked to individual and Company performance and the achievement of predetermined targets in respect of each of these performance measures;
- aligning the rewards of these employees with changes in the value delivered to the Group's stakeholders;
- providing competitive remuneration packages which enable Aspen to attract and retain employees of the highest quality;
- recognising and rewarding exceptional individual contributions in achieving the Group's stated strategic objectives; and
- the transparent disclosure of our remuneration philosophy, policy and practices to stakeholders to provide them with an informed view of these aspects.

Package structure and design

The remuneration packages designed and applied in respect of our executive and managerial employees generally consist of three components:

- the base salary or fixed portion of remuneration payable;
- a short-term cash-based incentive; and
- medium-term and long-term share-linked incentive schemes.

The table below provides a summary of the purpose, performance measures and delivery of these remuneration components:

Component	Purpose	Performance Measures	Delivery
Base salary	Attraction and retention of skilled and capable talent.	Reviewed and adjusted annually based on benchmarking surveys, inflationary indicators and the achievement of individual performance targets.	Delivered as a cash salary and a mix of compulsory and discretionary benefits.
Short-term cash-based incentive	Creates a high performance culture through a cash bonus by rewarding employees for achieving predetermined performance targets.	Granted annually upon the achievement of predetermined individual and business performance targets.	Delivered as an annual once-off cash payment and subject to capping against base salary.
Medium-term and long-term share-linked incentive schemes	Alignment with shareholder interests and retention of critical skills.	Annual grants, predominantly linked to the performance of the Aspen share price, vesting over either three or 10 years, based on the achievement of predetermined individual and business performance targets.	Delivered in Aspen shares (acquired on-market) or cash depending on the scheme.

These three components are discussed in more detail below:

Base salary

This is the fixed or guaranteed portion of the remuneration package, payable to employees in cash. It reflects the market value of the role and forms the basis of our ability to attract and retain skilled and capable talent. This remuneration component is reviewed annually, with reference to:

- the achievement of predetermined individual performance targets set in terms of the Group's performance management processes;
- inflationary considerations; and
- industry and regional benchmarking studies.

Additional adjustments are considered in circumstances where the executive or manager has changed responsibilities or has relocated.

Role of the R&N Co: Upon conclusion of the annual benchmarking and inflationary research, the Committee considers and approves the average percentage increase allowed in respect of each Aspen business. The Committee also reviews and approves the specific increase adjustments made to the base pay of selected senior executive employees, including the business leaders of Aspen's material businesses and functions.

Annual cash incentive

Calculation of annual incentive and caps

Annual cash incentives are determined as a percentage of total guaranteed remuneration, modified according to the achievement of predetermined individual and business performance targets during the year.

On-target annual incentive levels increase at higher levels of seniority, but are capped at differing levels. In the case of the executive directors, the award is capped at 100% of the base salary. For other members of executive management, the cap is 30% of the base salary (in some countries of employment, a lower cap is applicable). South African executives and managers are subject to the provision of the SA Management Incentive Bonus Scheme which applies a cap of 30%.

Role of the R&N Co: In determining the award of the annual cash incentives, the R&N Co 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.

The approval of annual cash incentives of certain selected senior executives (predominantly business and functional leaders) falls within the discretion of the R&N Co. A further discretionary bonus may be paid in cash to employees who are considered by the R&N Co to have rendered exceptional service in any given year.

Remuneration & Nomination Committee report continued

Medium-term and long-term incentive and retention schemes

The Aspen South African Management Deferred Incentive Bonus Scheme

	Nature and purpose of the scheme	Determination of value of awards	Vesting
Medium-term component of the scheme	The scheme is designed to acknowledge performance and reward individuals for achievement of both the relevant Aspen business which employs the individual and the individual's performance for the trading period immediately preceding the date that the award is made. While it has the same performance measures as the annual cash incentive, it introduces a retention element through the three-year deferral to ensure that critical executive and professional skills are retained and that there is congruence between the interests of executive and managerial employees and shareholders. 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 (2017: 96%, 2016: 97% and 2015: 99%).	The award value varies according to the level of seniority of the executive or manager and is determined according to the achievement of the same performance targets which apply to the annual cash incentive. The maximum award does not exceed 33% of the total remuneration cost in any instance, except for executive directors' awards which are capped at a maximum of 41,25% of their total remuneration cost. To encourage the holding of shares within the company, an enhancement of 10% is given to employees who elect to receive the award in shares.	Awards are deferred for three years, and eligible employees are given the choice at the date of the award to receive the deferred bonus in cash or Aspen shares. To the extent that an employee elects to receive shares pursuant to the award, share awards are acquired and held by the Aspen Share Incentive Trust (in respect of awards made up until 2015) and an unrelated intermediary (in respect of awards made from 2016 onwards) to enable Aspen to settle its future obligation to participating employees upon vesting. No shares are issued in terms of this scheme and it has no dilutive effect. Should the employee retire within the three-year period, the vesting of the awards will be accelerated to the date of retirement. Employees who resign or who are dismissed for any reason other than retirement, retrenchment or medical incapacity forfeit unvested awards.
Long-term component of the scheme	The Aspen South African Management Deferred Incentive Bonus Scheme is aimed at the retention of a limited number of key senior executives.	The value of the awards granted to employees in terms of this component of the scheme is on an *ad hoc* basis and at the discretion of the R&N Co.	These awards vest after a period of 10 years and may only be settled in shares. Awards made in terms of this component of the scheme will not be accelerated in the event that a recipient retires within the 10-year period and before the age of 65, unless the express approval of the R&N Co has been obtained for such acceleration.

The Aspen International Phantom Share Scheme

	Nature and purpose of the scheme	Determination of value of awards	Vesting
Medium-term component of the scheme	In order to incentivise the management of Aspen's non-South African businesses in the medium term, a phantom share scheme exists for selected employees. 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.	Awards are linked to performance of the employee, the business and growth in the Aspen share price. The value of awards that can be awarded annually in terms of this component of the scheme is capped, with this cap varying according to the level of seniority of the executive or manager and territory of employment.	The phantom shares entitle eligible employees to receive a cash amount which is linked to the Aspen share price. Awards vest after a period of three years and are paid out in cash to the employee by the Aspen business employing him or her. Should the employee retire within the three-year period, the medium-term incentive will be accelerated to the date of retirement. Employees who resign or who are dismissed for any reason other than retirement, retrenchment or medical incapacity forfeit unvested awards.
Long-term component of the scheme	The Aspen International Phantom Share Scheme is aimed at ensuring the retention of a limited number of key offshore senior executives.	The value of the awards granted to employees in terms of this component of the scheme is on an *ad hoc* basis and are determined at the discretion of the R&N Co.	These awards vest after a period of 10 years and are settled in cash. Awards made in terms of this component of the scheme will not be accelerated in the event that a recipient retires within the 10-year period and before the age of 65, unless the express approval of the R&N Co has been obtained for such acceleration.

Role of the R&N Co: In determining the medium-term and long-term incentive awards, the R&N Co 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.

The approval of the medium-term and long-term incentive awards of certain selected senior executives (predominantly business and functional leaders) falls within the discretion of the R&N Co.

The rules in respect of our management incentive schemes, and any change thereto, are approved by the R&N Co.

Remuneration & Nomination Committee report continued

Legacy share scheme

The following share scheme was still operational during the year, in terms of awards previously made.

Aspen Share Appreciation Plan

The plan was adopted by shareholders in October 2005, and the last awards were made in 2013. In terms of the plan, share appreciation rights were awarded to key management 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. Rights vested on the third anniversary of the award date and expired on the fifth anniversary of that date. Upon exercise, the appropriate number of shares would be listed and awarded to the participant.

A single employee held share appreciation rights and has recently exercised these rights. This scheme has therefore terminated.

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 post-retirement health benefits through various acquisitions. In respect of retirement benefits, the Group generally contributes to employee retirement funding. The extent of its contributions varies from country to country, depending on the state social security contributions and benefits in the country concerned.

Executive directors

The principles in terms of which the remuneration packages of the Group's executive directors are determined are similar to 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 in this report.

Our executive directors are contracted as full-time, permanent employees and receive no additional remuneration on account of their being directors of the Company. Restraint of trade provisions are included in service agreements with these directors, while notice periods are six months' written notice. Shorter notice periods may apply in the event of termination due to disciplinary procedures being taken. Bonus payments and the vesting of long-term incentives that are in place at the time of an individual's termination of service are subject to the rules of the relevant scheme. These contracts do not commit the Company to:

- pay additional remuneration on termination arising from the director's failure to perform agreed duties;
- make any form of balloon payments; and/or making payments to executive directors in the event of a change of control of the Company. Executive directors' annual incentive bonuses are considered and approved by the R&N Co based on predetermined targets.

The targets for 2017 are dealt with on page 112. The targets confirmed by the R&N Co in respect of the year to 30 June 2018 are as follows:

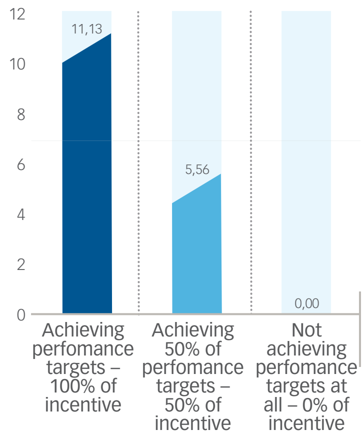
1. the three-year CAGR of the Group's fully diluted HEPS from continuing operations. The maximum target, being the three-year compound annual South African Consumer Price Index +8% and the minimum threshold for the achievement of the incentive is the three-year annual compound Consumer Price Index +1%. The weighting of this portion of the incentive is 40% of the total incentive; and
2. the three-year CAGR of the Group's earnings before interest, tax, depreciation and amortisation. The maximum target, being 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.
3. KPI targets for the executive directors in respect of the 2018 financial year, which have a combined weighting of 30% of the incentive, have been updated to include:
   - continuing to develop a sustainable growth strategy and implementing an effective organisational structure which is appropriate for the implementation of the Group's strategy;
   - developing and implementing synergy realisation and growth plans;
   - setting an exemplary ethical tone for the Group and ensuring the effective management of and compliance with applicable regulatory requirements;
   - ensuring Group infrastructure is appropriate to meet Aspen's short to medium-term objectives;
   - ensuring that SHE standards are maintained across the Group;
   - maintaining an appropriate funding structure in line with the Group's growth objectives;
   - implementing working capital improvement strategies to achieve better than budgeted outcomes in working capital management;
   - meeting certain talent development objectives determined by the S&E Co;
   - ensuring that an effective risk management and reporting process is maintained across the Group; and
   - implementing and maintaining of appropriate business and reporting systems.

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

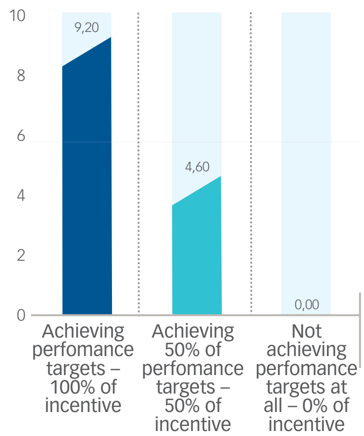
Executive director package design – performance scenarios

The graphs below provide an indication of short-term and medium-term incentives payable to executive directors in respect of the 2017 financial year where performance against the above performance metrics may either be achieving performance targets, achieving 50% of performance targets or not achieving performance targets at all.

Stephen Saad – short and medium-term incentives (Rm)



Gus Attridge – short and medium-term incentives (Rm)



No additional incentive payments are applicable in instances of performance above expectations.

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 and a benchmarking exercise conducted 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 R&N Co.

After review of such proposals, the R&N Co makes appropriate recommendations, other than for fees for services paid to the R&N Co, to the Board. The proposal endorsed by the Board is tabled for approval by shareholders at the AGM. The Board has proposed a general fee increase of 6% for the 2018 financial year in respect of the attendance and retainer fees paid to non-executive directors.

The fees payable to these directors through to the AGM in 2018 will be submitted for approval at our annual general meeting to be held on 7 December 2017.

The Chairman of the Board receives a fixed annual fee for his role as Chairman. Non-executive directors' fees are fixed for the year. A quarterly base fee is payable to each non-executive director, 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 R&N Co has discretion to approve payment of such fees to a non-executive director notwithstanding his/her absence from a meeting under special circumstances.

Non-binding advisory vote: Part two

The remuneration policy will be subject to a non-binding advisory vote at the annual general meeting to be held on 7 December 2017. The policy is reviewed annually and the opinions of shareholders are an important consideration during these reviews.

The R&N Co's Terms of Reference have been updated to allow for prescribed processes to be followed in instances where this policy is voted against by 25% or more of the voting rights exercised, including measures to engage with dissenting shareholders to ascertain the reasons for the dissenting votes and to address legitimate and reasonable objections and concerns raised. These engagements and steps taken as a result of these engagements would be reported upon in the next report of the Committee.

Shareholders not in favour of this part of the report are requested to raise their concerns with the Company Secretary prior to voting in order for the concerns to be considered. These may be submitted by email to rverster@aspenpharma.com.

PART THREE: REMUNERATION IMPLEMENTATION REPORT

This section of the report provides an overview of the implementation of the remuneration policy as it applies to executive directors and non-executive directors.

Remuneration decisions taken during the year

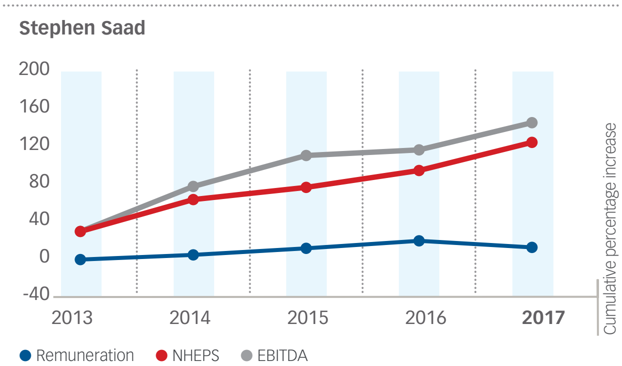
Please refer to the table on page 104 of this report for a summary of the remuneration activities undertaken by the R&N Co during the year.

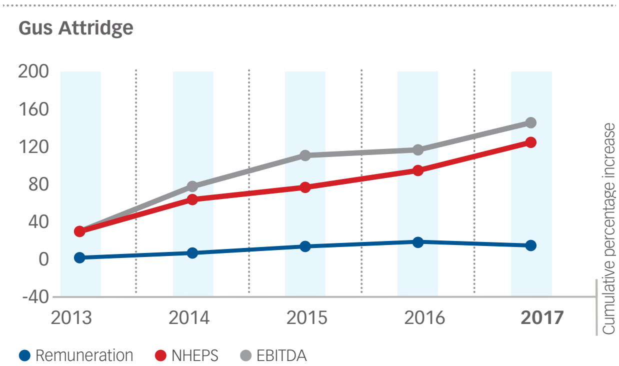
Base pay adjustments during the year

The following base pay adjustments were made during the year:

	Base pay 2017	Approved adjustment	Base pay 2016
Stephen Saad	**6 828 214**	6%	6 382 370
Gus Attridge	**5 627 345**	6%	5 258 926
Total	**12 455 559**		11 641 296

Cumulative executive directors' remuneration increases as compared to cumulative increases in EBITDA and the Aspen share price:





Remuneration & Nomination Committee report continued

Short-term and medium-term incentive outcomes during the year

The targets in respect of the year to 30 June 2017 were as follows:

1. a 70% weighting in respect of the Group's performance against the following measures:
   - the three-year CAGR of the Group's fully diluted HEPS from continuing operations. The maximum target, being the three-year compound annual South African Consumer Price Index +8% and the minimum threshold for the achievement of the incentive was the three-year annual compound Consumer Price Index +1%. The weighting of this portion of the incentive is 40% of the total incentive;
2. the three-year CAGR of the Group's earnings before interest, tax, depreciation and amortisation. The maximum target, being the three-year annual compound South African Consumer Price Index +8% and the minimum threshold for the achievement of the incentive was the three-year compounded Consumer Price Index +1%. The weighting of this portion of the incentive is 30% of the total incentive; and
3. a combined weighting of 30% on their KPIs, which includes:
   - continuing to develop and implement a sustainable growth strategy;
   - setting an exemplary ethics tone for the Group;
   - developing and implementing strategies to achieve a better than budgeted earnings outcome;
   - developing and implementing synergy realisation and growth plans;
   - maintaining productive stakeholder relations;
   - ensuring our infrastructure is appropriate to meet Aspen's short to medium-term objectives;
   - ensuring that SHE standards are maintained to the satisfaction of the Board;
   - maintaining an appropriate funding structure in line with our growth objectives and achieving better than budgeted outcomes in working capital management;
   - establishing a talent development programme to the satisfaction of the S&E Co and the Board; and
   - ensuring that an effective risk management and reporting process is maintained.

While both executives achieved the full 30% weighting in respect of their achievement of their respective KPIs (measure 3 above) , the performance measures in respect of 1 and 2 above were not fully met, resulting in both executive directors achieving 24% out of a possible 40% in respect of measure 1 and 18% out of a possible 30% in respect of measure 2. As a result, both executive directors achieved an overall rating of 72% and have had their short and medium-term incentives adjusted.

As a result of the achievement of these targets, the short-term cash incentive payable to the executive directors, in terms of the South African Management Incentive Bonus Scheme is as follows:

		Achievement in respect of measures 1 and 2		Achievement in respect of KPI performance		Total short-term cash incentive paid
		%	Rand value	%	Rand value	Rand value
Stephen Saad	2016	70% out of 70%	5 201 465	30% out of 30%	2 229 199	7 430 664
	2017	42% out of 70%	3 308 132	30% out of 30%	2 362 951	5 671 083
Gus Attridge	2016	70% out of 70%	4 299 952	25% out of 30%	1 535 697	5 835 649
	2017	42% out of 70%	2 734 769	30% out of 30%	1 953 407	4 688 176

As a result of the achievement of the targets as set out above, the medium-term incentive payable to the executive directors, in terms of the South African Management Deferred Incentive Bonus Scheme, was as follows:

		Award	Including additional 10% for opting for shares	Three-day VWAP of Aspen share price at award	Number of shares awarded
Stephen Saad	2016	2 786 499	3 065 149	R305,86	10 021
	2017	2 126 655	2 339 321	R305,18	7 665
Gus Attridge	2016	2 188 368	2 407 205	R305,86	7 870
	2017	1 758 066	1 933 873	R305,18	6 337

Vesting of long-term incentives during 2017

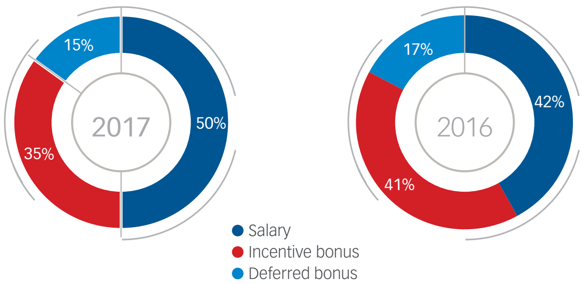
Awards made to the executive directors, in terms of the South African Management Deferred Incentive Bonus Scheme, vested as follows during the year:

		Date of award	Number of shares awarded	Value at date of award	Distributions/ dividends received	Total value of award at vesting
Stephen Saad	2016	October 2013	9 675	2 555 416	66 804	2 950 543
	2017	October 2014	7 825	2 648 250	47 138	2 698 663
Gus Attridge	2016	October 2013	8 000	2 113 172	55 238	2 439 892
	2017	October 2014	6 468	2 189 000	38 963	2 227 963

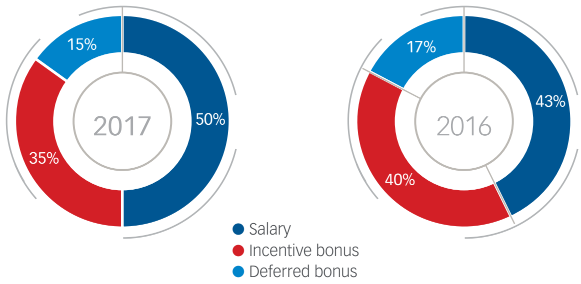
Total remuneration outcomes for 2017

Remuneration composition of executive directors

Stephen Saad



Gus Attridge



Executive director	Remuneration R'000	Retirement and medical aid benefits R'000	Performance bonus R'000	Share-based payment expense R'000	Total R'000
2017					
Stephen Saad	**6 828**	**1 117**	**5 671**	**2 890**	**16 506**
Gus Attridge	**5 627**	**944**	**4 688**	**2 324**	**13 583**
	12 455	**2 061**	**10 359**	**5 214**	**30 089**
2016					
Stephen Saad	6 382	1 051	7 430	2 633	17 496
Gus Attridge	5 259	887	5 836	2 160	14 142
	11 641	1 938	13 266	4 793	31 638

Directors' interests in Aspen shares

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

	Grant price (R)	Expiry date	Shares outstanding on 30 June 2016 ('000)	Awarded during the year ('000)	Released during the year R'000	Shares outstanding on 30 June 2017 ('000)
Stephen Saad	264,13	Oct 2016	10	–	10	**–**
	338,44	Oct 2017	8	–	–	**8**
	300,62	Oct 2018	10	–	–	**10**
	305,86	Oct 2019	–	10	–	**10**
			28	10	10	**28**
Gus Attridge	264,13	Oct 2016	8	–	8	**–**
	338,44	Oct 2017	6	–	–	**6**
	300,62	Oct 2018	8	–	–	**8**
	305,86	Oct 2019	–	8	–	**8**
			22	8	8	**22**
			50	18	28	**50**

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

Remuneration & Nomination Committee report continued

Increases in non-executive directors' remuneration

In line with the requirements of the Companies Act, the fees payable to the non-executive directors for the 2017 financial year were approved by a special resolution of Aspen's shareholders at the Company's AGM held on 6 December 2016.

Non-executive director	2017* R'000	2016 R'000
Roy Andersen	**629**	623
John Buchanan**	**825**	755
Judy Dlamini#	**–**	426
Kuseni Dlamini***	**1 036**	691
Maureen Manyama	**575**	479
Chris Mortimer	**320**	322
Babalwa Ngonyama****	**520**	121
David Redfern	**313**	279
Sindi Zilwa	**701**	531
	4 919	4 227

* *2017 fees exclude VAT.*
** *John Buchanan receives an attendance fee for attendance at meetings of Aspen Finance (Pty) Limited, in his capacity as Chairman of the A&R Co of Aspen Pharmacare Holdings Limited.*
*** *Kuseni Dlamini was appointed as the Chairman with effect from 7 December 2015.*
**** *Babalwa Ngonyama was appointed to the Board with effect from 1 April 2016.*
\# *Judy Dlamini resigned from the Board with effect from 7 December 2015.*

Part three: Non-binding advisory vote

The remuneration policy will be subject to a non-binding advisory vote at the annual general meeting to be held on 7 December 2017. The policy is reviewed annually and the opinions of shareholders are an important consideration during these reviews.

Shareholders not in favour of this part of the report are requested to raise their concerns with the Company Secretary prior to voting in order for the concerns to be considered. These may be submitted via email to rverster@aspenpharma.com.

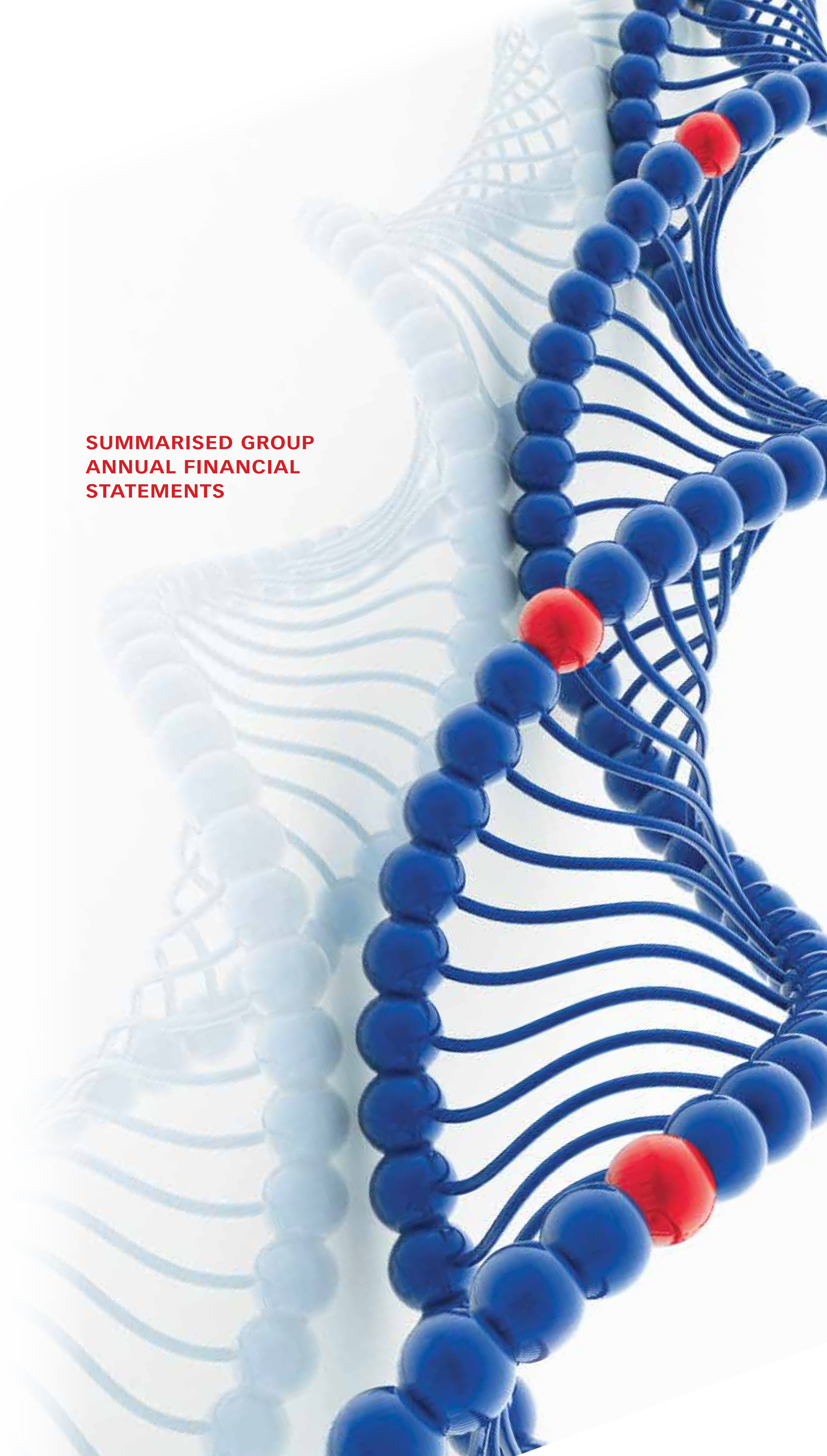
Directors' interests in Aspen shares

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

	Direct		Indirect	
	2017	2016	2017	2016
Roy Andersen	**41 150**	41 150	**–**	–
Gus Attridge	**3 714 103**	3 706 103	**15 169 319**	15 169 319
John Buchanan	**–**	–	**30 350**	30 350
Kuseni Dlamini	**–**	–	**–**	–
Maureen Manyama	**–**	–	**–**	–
Chris Mortimer	**100 068**	100 068	**–**	–
Babalwa Ngonyama	**–**	–	**–**	–
David Redfern	**–**	–	**4 750**	4 750
Stephen Saad	**4 055 993**	4 046 318	**51 302 718**	51 302 718
Sindi Zilwa	**–**	–	**–**	–
	7 911 314	7 893 639	**66 507 137**	66 507 137

None of the directors held any non-beneficial shares in the Company at 30 June 2017.

SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS



Statement of responsibility by the Board of Directors

The directors are responsible for the preparation, integrity and fair presentation of the Annual Financial Statements for the year ended 30 June 2017 ("Annual Financial Statements") of Aspen Pharmacare Holdings Limited and its subsidiaries.

The directors consider that in preparing the 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 International Financial Reporting Standards ("IFRS") that they consider to be applicable have been followed. The directors are satisfied that the information contained in the Annual Financial Statements fairly presents the results of operations for the year and the financial position of the Group at year end. The directors further acknowledge that they are responsible for the content of the Integrated Report and its supplementary documents, as well as its consistency with the 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 Annual Financial Statements comply with the relevant legislation.

The preparation of the 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 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 operate 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 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, available cash resources and facilities. These Annual Financial Statements support the viability of the Company and the Group.

The Code of Conduct has been adhered to in all material respects.

The Group's external auditors, PricewaterhouseCoopers Incorporated, audited the Annual Financial Statements, and their report is presented on page 117.

The Annual Financial Statements were prepared under the supervision of Deputy Group Chief Executive, Gus Attridge CA(SA) and approved by the Board of Directors on 25 October 2017 and are signed on its behalf.

Kuseni Dlamini
Chairman

Gus Attridge
Deputy Group Chief Executive

Johannesburg
30 October 2017

Independent auditor's report on Summarised Group Annual Financial Statements

To the shareholders of Aspen Pharmacare Holdings Limited

Opinion

The Summarised Group Annual Financial Statements of Aspen Pharmacare Holdings Limited, set out on pages 118 to 131 of the Integrated Report, which comprise the summarised Group statement of financial position as at 30 June 2017, and the summarised Group statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited Annual Financial Statements of Aspen Pharmacare Holdings for the year ended 30 June 2017.

In our opinion, the accompanying Summarised Group Annual Financial Statements are consistent, in all material respects, with the audited Group Annual Financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, Basis of Preparation and Accounting Policies to the Summarised Group Financial Statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summarised Group Annual Financial Statements

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 and the auditor's report thereon, therefore, is not a substitute for reading the audited Annual Financial Statements and the auditor's report thereon.

The audited Group Annual Financial Statements and our report thereon

We expressed an unmodified audit opinion on the audited Group Annual Financial statements in our report dated 25 October 2017. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group Annual Financial statements of the current period.

Directors' responsibility for the Summarised Group Annual Financial Statements

The directors are responsible for the preparation of the Summarised Group Annual Financial Statements in accordance with the JSE's requirements for summary financial statements, set out in Basis of Preparation and Accounting Policies to the Summarised Group Annual Financial Statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the Summarised Group Annual Financial Statements are consistent, in all material respects, with the audited Group Annual Financial Statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: Tanya Rae
Registered Auditor

Johannesburg
30 October 2017

Basis of presentation and accounting policies

for the year ended 30 June 2017

Basis of accounting

These summarised Group annual financial statements have been prepared in accordance with IFRS, IFRIC interpretations, the Listings Requirements of the JSE Limited, South African Companies Act, 2008 and the presentation and disclosure requirements of IAS 34: *Interim Reporting*.

The accounting policies applied in the preparation of these summarised Group annual financial statements are in terms of IFRS and are consistent with those used in the annual financial statements for the year ended 30 June 2016 except for changes to the segmental analysis which are explained in detail below.

These summarised Group annual financial statements have been rounded and disclosed in Rand billions to assist financial analysis. All percentage change variances have been calculated using unrounded numbers to record accurate variance trends.

Restatement of Group Segmental analysis

Following recent acquisitions, the Group has revised the reportable segments to reflect its current operating model and achieve alignment with the change in the way in which the business is managed and reported on by the Chief Operating Decision Maker ("CODM"). The regional business reportable segments of International, South Africa, Asia Pacific and Sub-Saharan Africa have been replaced by the Pharmaceutical and Nutritional business segments. The Pharmaceutical business segment has been further split into the Therapeutic Focused Brands and Other Pharmaceuticals reportable segments.

Therapeutic Focused Brands consist of Focused Brands in the portfolios comprising Aspen's three major pharmaceutical therapeutic areas, being Anaesthetics, Thrombosis and High Potency & Cytotoxics. Other Pharmaceuticals comprises revenue from the balance of the Commercial Pharmaceutical Brands as well as Manufacturing revenue relating to both active pharmaceutical ingredients and finished dose form products.

The entity-wide revenue disclosure has therefore been revised to reflect the three therapeutic areas which constitute the Therapeutic Focused Brands with the balance of the Commercial Pharmaceutical Brands being recorded as Other Commercial Pharmaceutical Brands. The regions have been further refined to split Europe CIS into Developed Europe and Developing Europe & CIS segments. The Asia Pacific region has been split into the following segments:

- Australasia;
- China;
- Japan; and
- Other Asia

The hyperinflationary economy is no longer separately reported due to immateriality.

The GSK Aspen Healthcare for Africa Collaboration which was a material component of the Sub-Saharan Africa region was terminated with effect from 31 December 2016 and as a consequence, the Sub-Saharan Africa region is no longer a material region. On this basis the South African and Sub-Saharan African regions have been consolidated into a single Sub-Saharan Africa region.

Summarised Group statement of financial position

for the year ended 30 June 2017

	June 2017 R'billion	June 2016 R'billion
Assets		
Non-current assets		
Intangible assets	**60,0**	49,1
Property, plant and equipment	**9,7**	9,7
Goodwill	**5,9**	6,0
Deferred tax assets	**1,0**	1,1
Contingent environmental indemnification assets	**0,7**	0,8
Other non-current assets	**0,9**	0,4
Total non-current assets	**78,2**	67,1
Current assets		
Inventories	**13,6**	14,4
Receivables and other current assets	**13,6**	11,8
Cash and cash equivalents	**10,7**	10,9
Total operating current assets	**37,9**	37,1
Assets classified as held-for-sale	**0,2**	0,1
Total current assets	**38,1**	37,2
Total assets	**116,3**	104,3
Shareholders' equity		
Reserves	**41,2**	40,6
Share capital (including treasury shares)	**1,9**	1,9
Total shareholders' equity	**43,1**	42,5
liabilities		
Non-current liabilities		
Borrowings	**28,9**	32,7
Other non-current liabilities	**4,5**	2,5
Unfavourable and onerous contracts	**1,6**	2,2
Deferred tax liabilities	**2,1**	1,8
Contingent environmental liabilities	**0,7**	0,8
Retirement and other employee benefits	**0,6**	0,7
Total non-current liabilities	**38,4**	40,7
Current liabilities		
Borrowings*	**18,9**	10,9
Trade and other payables	**10,3**	8,3
Other current liabilities	**5,3**	1,5
Unfavourable and onerous contracts	**0,3**	0,4
Total current liabilities	**34,8**	21,1
Total liabilities	**73,2**	61,8
Total equity and liabilities	**116,3**	104,3
Number of shares in issue (net of treasury shares) ('000)	**456,0**	456,1
Net asset value per share (cents)	**9 453,7**	9 320,5

** Includes bank overdrafts.*

Summarised Group statement of comprehensive income

for the year ended 30 June 2017

	Notes	Change	June 2017 R'billion	June 2016 R'billion
Revenue		16%	**41,2**	35,6
Cost of sales			**(21,3)**	(17,7)
Gross profit		11%	**19,9**	17,9
Selling and distribution expenses			**(6,7)**	(6,0)
Administrative expenses			**(2,8)**	(2,6)
Other operating income			**0,3**	1,9
Other operating expenses			**(2,4)**	(2,2)
Operating profit	B#	(7%)	**8,3**	9,0
Investment income	C#		**0,3**	0,3
Financing costs	D#		**(2,4)**	(3,2)
Profit before tax		2%	**6,2**	6,1
Tax			**(1,1)**	(1,8)
Profit for the year		18%	**5,1**	4,3
Other comprehensive income, net of tax*				
Net gains from cash flow hedging in respect of business acquisition			**0,2**	–
Currency translation (losses)/gains	E#		**(3,5)**	5,2
Remeasurement of retirement and other employee benefits			**–**	(0,1)
Total comprehensive income^			**1,8**	9,4
Weighted average number of shares in issue ('000)			**456,4**	456,4
Diluted weighted average number of shares in issue ('000)			**456,4**	456,5
Earnings per share				
Basic earnings per share (cents)		19%	**1 123,4**	945,4
Diluted earnings per share (cents)		19%	**1 123,4**	945,2
Distribution to shareholders				
Dividend/capital distribution per share (cents)			**248,0**	216,0

The dividend to shareholders of 248,0 cents relates to the dividend declared on 14 September 2016 and paid on 10 October 2016 (2016 distribution: the capital distribution of 216,0 cents relates to the distribution declared on 9 September 2015 and paid on 12 October 2015).

See notes on Supplementary Information.

* *The annual remeasurement of retirement and other employee benefits will not be reclassified to profit or loss. All other items in other comprehensive income may be reclassified to profit or loss.*

^ *Total comprehensive income is disclosed net of income from non-controlling interests which are not material.*

Summarised Group statement of headline earnings

for the year ended 30 June 2017

	Change	June 2017 R'billion	June 2016 R'billion
Headline earnings^			
Reconciliation of headline earnings			
Profit attributable to equity holders of the parent	18%	**5,1**	4,3
Adjusted for:			
– Net impairment of property, plant and equipment (net of tax)		**0,2**	–
– Impairment of intangible assets (net of tax)		**0,4**	0,9
– Loss on the sale of intangible assets (net of tax)		**0,1**	–
– Loss on the sale of subsidiary (net of tax)		**0,1**	–
– Profit on the sale of assets classified as held-for-sale (net of tax)		**–**	(1,2)
	46%	**5,9**	4,0
Headline earnings per share			
Headline earnings per share (cents)	46%	**1 299,5**	889,0
Diluted headline earnings per share (cents)	46%	**1 299,5**	888,8
Normalised headline earnings			
Reconciliation of normalised headline earnings			
Headline earnings	46%	**5,9**	4,0
Adjusted for:			
– Restructuring costs (net of tax)		**0,4**	0,3
– Transaction costs (net of tax)		**0,3**	0,6
– Foreign exchange gain on acquisitions (net of tax)		**(0,1)**	–
– Product litigation costs (net of tax)		**0,2**	–
– Net monetary adjustments and currency devaluations relating to hyperinflationary economies (net of tax)		**–**	0,9
	16%	**6,7**	5,8
Normalised Headline Earnings Per Share			
Normalised headline earnings per share (cents)	16%	**1 463,2**	1 263,7
Normalised diluted headline earnings per share (cents)	16%	**1 463,2**	1 263,4

^ *Headline earnings is disclosed net of income from non-controlling interests which are not material.*

Summarised Group statement of changes in equity

for the year ended 30 June 2017

	Share capital (including treasury shares) R'billion	Reserves R'billion	Total* R'billion
Balance at 1 July 2015	3,0	31,1	34,1
Total comprehensive income	–	9,4	9,4
Profit for the year	–	4,3	4,3
Other comprehensive income	–	5,1	5,1
Capital distribution paid	(1,0)	–	(1,0)
Treasury shares purchased	(0,1)	–	(0,1)
Share-based payment expenses	–	0,1	0,1
Balance at 30 June 2016	**1,9**	**40,6**	**42,5**
Total comprehensive income	**–**	**1,8**	**1,8**
Profit for the year	**–**	**5,1**	**5,1**
Other comprehensive loss	**–**	**(3,3)**	**(3,3)**
Dividends paid	**–**	**(1,2)**	**(1,2)**
Balance at 30 June 2017	**1,9**	**41,2**	**43,1**

** Total shareholders' equity is disclosed net of income from non-controlling interests which are not material.*

Summarised Group statement of cash flows

for the year ended 30 June 2017

	Notes	Change	June 2017 R'billion	June 2016 R'billion
Cash flows from operating activities				
Cash operating profit			**10,8**	9,8
Changes in working capital			**(0,9)**	(3,4)
Cash generated from operations			**9,9**	6,4
Net financing costs paid			**(1,9)**	(1,7)
Tax paid			**(1,5)**	(1,5)
Cash generated from operating activities		101%	**6,5**	3,2
Cash flows from investing activities				
Capital expenditure – property, plant and equipment	A#		**(1,5)**	(1,7)
Capital expenditure – intangible assets	A#		**(1,1)**	(1,1)
Proceeds received on the sale of intangible assets			**0,8**	0,2
Acquisition of subsidiaries and businesses	K#		**(9,5)**	(0,7)
Increase in other non-current assets			**(0,3)**	–
Payment of deferred consideration relating to prior year business acquisitions			**(0,2)**	(0,7)
Proceeds on the sale of assets classified as held-for-sale			**0,1**	5,1
Proceeds receivable on the sale of assets classified as held-for-sale	H#		**0,1**	5,2
Proceeds outstanding on the sale of assets classified as held-for-sale			**–**	(0,1)
Cash (used in)/generated from investing activities			**(11,7)**	1,1
Cash flows from financing activities				
Net proceeds from/(repayments of) borrowings			**6,2**	(2,0)
Dividends paid and capital distribution			**(1,2)**	(1,0)
Treasury shares purchased			**–**	(0,1)
Cash generated from/(used in) financing activities			**5,0**	(3,1)
Movement in cash and cash equivalents before currency translation movements			**(0,2)**	1,2
Currency translation movements			**(0,5)**	(0,2)
Movement in cash and cash equivalents			**(0,7)**	1,0
Cash and cash equivalents at the beginning of the year			**7,9**	6,9
Cash and cash equivalents at the end of the year			**7,2**	7,9
Operating cash flow per share (cents)		101%	**1 421,4**	706,7
Reconciliation of cash and cash equivalents				
Cash and cash equivalents per the statement of financial position			**10,7**	10,9
Less: Bank overdrafts			**(3,5)**	(3,0)
			7,2	7,9

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

See notes on Supplementary Information.

Summarised Group segmental analysis

for the year ended 30 June 2017

	June 2017				
	Therapeutic Focused Brands R'billion	Other Pharmaceuticals R'billion	Total Pharmaceuticals R'billion	Nutritionals R'billion	Total R'billion
Revenue	17,4	20,6	38,0	3,2	41,2
Cost of sales	(8,4)	(11,1)	(19,5)	(1,8)	(21,3)
Gross profit	9,0	9,5	18,5	1,4	19,9
Selling and distribution expenses			(5,9)	(0,8)	(6,7)
Contribution profit			12,6	0,6	13,2
Administrative expenses					(2,8)
Net other operating income					0,3
Depreciation					0,7
Normalised EBITDA*					11,4
Adjusted for:					
Depreciation					(0,7)
Amortisation					(0,6)
Loss on sale of assets					(0,2)
Net impairment of assets					(0,7)
Restructuring costs					(0,4)
Transaction costs					(0,3)
Product litigation costs					(0,2)
Operating profit					8,3
Gross profit (%)	51,6	46,3	48,7	43,2	48,3
Selling and distribution expenses (%)			15,5	26,1	16,3
Contribution profit (%)			33,2	17,1	32,0
Administrative expenses (%)					6,7
Normalised EBITDA (%)					27,7

	June 2016				
	Therapeutic Focused Brands R'billion	Other Pharmaceuticals R'billion	Total Pharmaceuticals R'billion	Nutritionals R'billion	Total R'billion
Revenue	11,6	20,5	32,1	3,5	35,6
Cost of sales	(4,6)	(11,3)	(15,9)	(1,8)	(17,7)
Gross profit	7,0	9,2	16,2	1,7	17,9
Selling and distribution expenses			(5,1)	(0,9)	(6,0)
Contribution profit			11,1	0,8	11,9
Administrative expenses					(2,6)
Net other operating income					0,2
Depreciation					0,6
Normalised EBITDA*					10,1
Adjusted for:					
Depreciation					(0,6)
Amortisation					(0,6)
Profit on sale of assets					1,6
Net impairment of assets					(0,9)
Restructuring costs					(0,3)
Transaction costs					(0,3)
Operating profit					9,0
Gross profit (%)	60,7	44,6	50,4	49,3	50,3
Selling and distribution expenses (%)			15,9	24,8	16,7
Contribution profit (%)			34,6	24,6	33,6
Administrative expenses (%)					7,4
Normalised EBITDA (%)					28,4

* *Normalised EBITDA represents operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the Group's accounting policy.*

	% Change				
	Therapeutic Focused Brands	Other Pharmaceuticals	Total Pharmaceuticals	Nutritionals	Total
Revenue	**50%**	**1%**	**19%**	**(8%)**	**16%**
Cost of sales	**85%**	**(2%)**	**23%**	**3%**	**21%**
Gross profit	**28%**	**4%**	**14%**	**(20%)**	**11%**
Selling and distribution expenses			**16%**	**(4%)**	**13%**
Contribution profit			**14%**	**(36%)**	**10%**
Administrative expenses					**6%**
Net other operating income					**>100%**
Depreciation					**8%**
Normalised EBITDA*					**13%**

* *Normalised EBITDA represents operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the Group's accounting policy.*

Summarised Group revenue segmental analysis

for the year ended 30 June 2017

	June 2017 R'billion	June 2016 R'billion	Change
Commercial pharmaceuticals by customer geography	**31,4**	25,4	24%
Sub-Saharan Africa	**7,4**	7,1	4%
Developed Europe	**6,8**	6,1	11%
Australasia	**4,8**	4,7	3%
Latin America	**2,7**	2,0	35%
Developing Europe & CIS	**2,6**	2,3	10%
Japan	**1,9**	0,7	>100%
China	**1,8**	–	>100%
Other Asia	**1,2**	0,9	41%
MENA	**1,1**	0,9	27%
USA & Canada	**1,1**	0,7	58%
Manufacturing revenue by geography of manufacture			
Manufacturing revenue – finished dose form	**2,2**	2,3	(6%)
Australasia	**0,5**	0,5	(2%)
Developed Europe	**0,7**	0,9	(31%)
Sub-Saharan Africa	**1,0**	0,9	19%
Manufacturing revenue – active pharmaceutical ingredients	**4,4**	4,4	1%
Developed Europe	**4,0**	4,0	0%
Sub-Saharan Africa	**0,4**	0,4	9%
Total manufacturing revenue	**6,6**	6,7	(1%)
Total pharmaceuticals	**38,0**	32,1	19%
Nutritionals by customer geography	**3,2**	3,5	(8%)
Australasia	**0,8**	1,0	(23%)
Sub-Saharan Africa	**1,0**	1,0	3%
Latin America	**1,4**	1,5	(5%)
Total revenue	**41,2**	35,6	16%
Summary of regions			
Sub-Saharan Africa	**9,8**	9,4	6%
Developed Europe	**11,5**	11,0	4%
Australasia	**6,1**	6,2	(2%)
Latin America	**4,1**	3,4	18%
Developing Europe & CIS	**2,6**	2,4	10%
Japan	**1,9**	0,7	>100%
China	**1,8**	–	>100%
Other Asia	**1,2**	0,9	41%
MENA	**1,1**	0,9	27%
USA & Canada	**1,1**	0,7	58%
Total revenue	**41,2**	35,6	16%

Commercial Pharmaceuticals therapeutic area analysis

June 2017	Anaesthetic Brands R'billion	Thrombosis Brands R'billion	High Potency & Cytotoxic Brands R'billion	Therapeutic Focused Brands R'billion	Other Commercial Pharmaceutical Brands R'billion	Total R'billion
By customer geography						
Commercial Pharmaceuticals						
Sub-Saharan Africa	0,1	–	0,1	0,2	7,2	7,4
Developed Europe	1,7	3,2	1,5	6,4	0,4	6,8
Australasia	0,6	–	0,5	1,1	3,7	4,8
Latin America	0,6	0,1	0,8	1,5	1,2	2,7
Developing Europe & CIS	0,3	1,7	0,5	2,5	0,1	2,6
Japan	1,3	–	0,4	1,7	0,2	1,9
China	1,5	0,3	–	1,8	–	1,8
Other Asia	0,4	0,2	0,3	0,9	0,3	1,2
MENA	0,2	0,2	0,3	0,7	0,4	1,1
USA & Canada	0,3	–	0,3	0,6	0,5	1,1
Total Commercial Pharmaceuticals	7,0	5,7	4,7	17,4	14,0	31,4

Restated June 2016	Anaesthetic Brands R'billion	Thrombosis Brands R'billion	High Potency & Cytotoxic Brands R'billion	Therapeutic Focused Brands R'billion	Other Commercial Pharmaceutical Brands R'billion	Total R'billion
By customer geography						
Commercial Pharmaceuticals						
Sub-Saharan Africa	0,1	–	0,1	0,2	6,9	7,1
Developed Europe	–	4,0	1,8	5,8	0,4	6,2
Australasia	–	–	0,5	0,5	4,2	4,7
Latin America	–	0,1	0,7	0,8	1,1	1,9
Developing Europe & CIS	–	1,9	0,4	2,3	–	2,3
Japan	–	0,1	0,5	0,6	0,1	0,7
Other Asia	–	0,2	0,3	0,5	0,4	0,9
MENA	–	0,1	0,3	0,4	0,5	0,9
USA & Canada	–	0,1	0,4	0,5	0,2	0,7
Total Commercial Pharmaceuticals	0,1	6,5	5,0	11,6	13,8	25,4

Summarised Group revenue segmental analysis continued

for the year ended 30 June 2017

	Variances					
	Anaesthetic Brands	Thrombosis Brands	High Potency & Cytotoxic Brands	Therapeutic Focused Brands	Other Commercial Pharmaceutical Brands	Total
By customer geography						
Commercial Pharmaceuticals						
Sub-Saharan Africa	35%	38%	29%	33%	3%	4%
Developed Europe	>100%	(21%)	(19%)	9%	20%	10%
Australasia	>100%	5%	(2%)	>100%	(12%)	3%
Latin America	>100%	36%	16%	94%	4%	40%
Developing Europe & CIS	>100%	(8%)	17%	11%	3%	10%
Japan	>100%	(34%)	(17%)	>100%	66%	>100%
China	>100%	>100%	30%	>100%	–	>100%
Other Asia	>100%	(3%)	(8%)	87%	(13%)	41%
MENA	>100%	17%	(3%)	57%	(2%)	27%
USA & Canada	>100%	(84%)	(25%)	14%	>100%	58%
Total Commercial Pharmaceuticals	>100%	(12%)	(7%)	50%	2%	24%

Summarised Group supplementary information

for the year ended 30 June 2017

	Note	June 2017 R'billion	June 2016 R'billion
A. Capital expenditure			
Incurred		**2,6**	2,8
– Property, plant and equipment		**1,5**	1,7
– Intangible assets		**1,1**	1,1
Contracted		**0,8**	1,2
– Property, plant and equipment		**0,7**	0,8
– Intangible assets		**0,1**	0,4
Authorised but not contracted for		**6,0**	2,6
– Property, plant and equipment		**5,6**	2,1
– Intangible assets		**0,4**	0,5
B. Operating profit has been arrived at after charging/(crediting)			
Depreciation of property, plant and equipment		**0,7**	0,6
Amortisation of intangible assets		**0,6**	0,6
Net impairment of tangible and intangible assets		**0,7**	0,9
Loss on the sale of tangible and intangible assets		**0,1**	–
Share-based payment expenses – employees		**–**	0,1
Transaction costs		**0,3**	0,3
Restructuring costs		**0,4**	0,3
Product litigation costs		**0,2**	–
Profit on the sale of assets classified as held-for-sale		**–**	(1,6)
Loss on sale of subsidiary		**0,1**	–
C. Investment income			
Interest received		**0,3**	0,3
D. Financing costs			
Interest paid		**(1,9)**	(1,8)
Debt raising fees on acquisitions		**(0,1)**	(0,3)
Fair value losses on financial instruments		**(0,2)**	–
Notional interest on financial instruments		**(0,3)**	(0,2)
Foreign exchange gain on acquisitions		**0,1**	–
Net monetary adjustments and currency devaluations relating to hyperinflationary economies	F#	**–**	(0,9)
		(2,4)	(3,2)
E. Currency translation losses/gains			
Currency translation (losses)/gains on the translation of the offshore businesses are as a result of the difference between the weighted average exchange rate used for trading results and the opening and closing exchange rates applied in the statement of financial position. For the year the stronger closing Rand translation rate decreased the Group's net asset value		**(3,5)**	5,2

F. Hyperinflationary economy

The Venezuelan economy is regarded as a hyperinflationary economy in terms of International Financial Reporting Standards. Due to the political and economic uncertainty in Venezuela, the Group concluded in December 2015 that it would be more appropriate to apply the DICOM rate to report the Venezuelan business financial position, results of operations and cash flows for the 12 months ended 30 June 2016. This resulted in a devaluation loss on foreign denominated liabilities of R870 million for the 12 months ended 30 June 2016. The business has since been fully downscaled pending a future change in economic conditions. No trading activity has been undertaken since December 2015 and the devalued business is considered immaterial to the Group.

Summarised Group supplementary information continued

for the year ended 30 June 2017

	June 2017 R'billion	June 2016 R'billion
G. Guarantees to financial institutions		
Material guarantees given by Group companies for indebtedness of subsidiaries to financial institutions	**55,1**	40,6
H. Proceeds on the disposal of assets classified as held-for-sale		
Divestment of a portfolio of products in South African to Litha	**0,1**	1,7
Divestment of generics business and certain branded products to Strides entities	**–**	3,4
Divestment of land and buildings in Australia	**–**	0,1
	0,1	5,2

I. Disputed income tax matter

The Aspen Group was subject to an international tax and transfer pricing audit by the South African Revenue Service ("SARS") and Aspen Pharmacare Holdings Limited received a revised assessment in relation to its 2011 fiscal year as a consequence of this audit. Aspen, with the assistance of its legal and tax advisers, entered into discussions with SARS, which has resulted in the assessment being reversed by SARS on 16 October.

J. Potential disputed matter – European Commission

The European Commission (the "Commission") has instituted an investigation of Aspen Pharmacare Holdings Limited and certain of its indirect wholly owned subsidiaries under Article 102 of the Treaty on the Functioning of the European Union ("Article 102") in respect of the molecules (i) Chlorambucil; (ii) Melphalan; (iii) Mercaptopurine; (iv) Thioguanine; and (v) Busulfan, for (a) alleged setting of unfair and excessive pricing in the form of significant price increases; (b) alleged unfair/abusive negotiating practices; (c) alleged stock allocation strategies designed to reduce supply; and (d) alleged practices hindering parallel trade, in the European economic area (excluding Italy).

The Commission has confirmed that at this stage it has "no firm conclusions" on whether Aspen Pharmacare Holdings Limited and/or its indirect wholly owned subsidiaries have undertaken any infringement of Article 102 as it requires to complete its investigation. The Commission's decision whether to formally open a case is likely only to be made during the first quarter of 2019 after conclusion of its investigation.

The outcome of the Commission matter is unknown and uncertain at this stage and therefore no liability has been raised in the statement of financial position.

K. Acquisition of subsidiaries and businesses

June 2017

Set out below is the provisional accounting for the following business combinations (final accounting for AstraZeneca anaesthetics portfolio):

AstraZeneca anaesthetics portfolio

With effect from 1 September 2016, AGI acquired the exclusive rights to commercialise the anaesthetics portfolio of AstraZeneca globally (excluding the USA). As consideration for the commercialisation rights, AGI paid USD410 million with a further payment of USD110 million due on 1 July 2017. Additionally, AGI will make sales-related payments of up to USD250 million based on sales in the 24 months following completion after 1 September 2016.

Post-acquisition revenue included in the statement of comprehensive income was R6,5 billion. The estimation of post-acquisition operating profits is impracticable and not reasonably determinable due to the immediate integration of the business into the existing operations of the Group.

Fraxiparine and Arixtra in China, Pakistan and India

As part of its acquisition of the thrombosis products Fraxiparine and Arixtra from GSK in 2014, AGI also acquired an option to purchase the same products in certain countries to which GSK retained the rights, most notably China. AGI has exercised its option and, with effect from 1 January 2017, acquired Fraxiparine and Arixtra in these countries for a consideration of GBP45 million.

Post-acquisition revenue included in the statement of comprehensive income was R0,3 billion. The estimation of post-acquisition operating profits is impracticable and not reasonably determinable due to the immediate integration of the business into the existing operations of the Group.

GSK anaesthetics portfolio

With effect from 1 March 2017 AGI acquired a portfolio of anaesthetics globally (excluding the USA) from GSK. As consideration for the commercialisation rights, AGI paid GBP180 million with further potential milestone payments of up to GBP100 million, based on the results of the acquired portfolio in the 36 months following completion after 1 March 2017.

Post-acquisition revenue included in the statement of comprehensive income was R0,5 billion. The estimation of post-acquisition operating profits is impracticable and not reasonably determinable due to the immediate integration of the business into the existing operations of the Group.

June 2017

	AstraZeneca anaesthetics portfolio R'billion	Fraxiparine and Arixtra in China, Pakistan and India R'billion	GSK anaesthetics portfolio R'billion	Total R'billion
Fair value of assets and liabilities acquired				
Intangible assets	11,1	0,7	4,4	16,2
Deferred tax liabilities	(0,3)	–	(0,1)	(0,4)
Fair value of net assets acquired	10,8	0,7	4,3	15,8
Goodwill acquired	0,3	–	0,1	0,4
Net gains from cash flow hedging in respect of business acquisition	–	–	(0,2)	(0,2)
Deferred and contingent consideration	(5,0)	–	(1,5)	(6,5)
Cash outflow on acquisition	6,1	0,7	2,7	9,5

Additional Group financial information

for the year ended 30 June 2017

Illustrative constant exchange rate report on selected financial data

The Group has presented selected line items from the consolidated statement of comprehensive income and certain trading profit metrics on a constant exchange rate basis in the tables below.

The *pro forma* constant exchange rate information is presented to demonstrate the impact of fluctuations in currency exchange rates on the Group's reported results. The constant exchange rate report is the responsibility of the Group's Board of Directors and is presented for illustrative purposes only. Due to the nature of this information, it may not fairly present the Group's financial position, changes in equity and results of operations or cash flows. The *pro forma* information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on *Pro Forma* information by SAICA and the accounting policies of the Group as at 30 June 2017. The illustrative constant exchange rate report on selected financial data has been derived from the audited financial information and has been reported on by Aspen's auditors in an assurance report, which is available for inspection at the Company's registered office.

The Group's financial performance is impacted by numerous currencies which underlie the reported trading results, where even within geographic segments, the Group trades in multiple currencies ("source currencies"). The constant exchange rate restatement has been calculated by adjusting the prior year's reported results at the current year's reported average exchange rates. Restating the prior year's numbers provides illustrative comparability with the current year's reported performance by adjusting the estimated effect of source currency movements.

The listing of average exchange rates against the Rand for the currencies contributing materially to the impact of exchange rate movements are set out below:

	2017 average rates	2016 average rates
EUR – Euro	**14,840**	16,115
USD – US Dollar	**13,612**	14,575
AUD – Australia Dollar	**10,261**	10,607
JPY – Japanese Yen	**0,125**	0,126
CNY – Chinese Yuan Renminbi	**1,999**	2,258
MXN – Mexican Peso	**0,700**	0,837
BRL – Brazilian Real	**4,198**	3,950
GBP – British Pound	**17,271**	21,381
RUB – Russian Ruble	**0,224**	0,216
PLN – Polish Zloty	**3,440**	3,747

Revenue, other income, cost of sales and expenses

For purposes of the constant exchange rate report the prior year's source currency revenue, cost of sales and expenses have been restated from the prior year's relevant average exchange rate to the current year's relevant reported average exchange rate.

Net interest paid

Net interest paid is directly linked to the source currency of the borrowing on which it is levied and is restated from the prior year's relevant reported average exchange rate to the current year's relevant reported average exchange rate.

Tax

The tax charge for purposes of the constant currency report has been recomputed by applying the actual effective tax rate to the restated profit before tax for the relevant legal entity.

	Reported June 2017 (At 2017 average rates) R'billion	Reported June 2016 (At 2016 average rates) R'billion	Change at reported exchange rates	Illustrative constant exchange rates (June 2016 at 2017 average rates) R'billion	Change at constant exchange rates
Revenue	**41,2**	35,6	16%	33,8	22%
Gross profit	**19,9**	17,9	11%	17,2	16%
Normalised EBITDA	**11,4**	10,1	13%	9,7	18%
Operating profit	**8,3**	9,0	(7%)	8,6	(4%)
Normalised headline earnings	**6,7**	5,8	16%	5,5	21%
Earnings per share (cents)	**1 123,4**	*945,4*	*19%*	*904,1*	*24%*
Headline earnings per share (cents)	**1 299,5**	*889,0*	*46%*	*847,6*	*53%*
Normalised headline earnings per share (cents)	**1 463,2**	*1 263,7*	*16%*	*1 210,9*	*21%*

	Reported June 2017 (At 2017 average rates) %	Reported June 2016 (At 2016 average rates) %
Currency mix		
Revenue		
EUR – Euro	**26**	30
ZAR – South African Rand	**20**	21
AUD – Australia Dollar	**14**	17
USD – US Dollar	**11**	10
JPY – Japanese Yen	**5**	2
CNY – Chinese Yuan Renminbi	**4**	–
MXN – Mexican Peso	**3**	4
BRL – Brazilian Real	**3**	2
GBP – British Pound	**2**	2
RUB – Russian Ruble	**2**	2
PLN – Polish Zloty	**1**	1
Other currencies	**9**	9
Total	**100**	100
Gross profit		
EUR – Euro	**28**	26
ZAR – South African Rand	**22**	27
AUD – Australia Dollar	**18**	22
USD – US Dollar	**(11)**	(3)
JPY – Japanese Yen	**8**	3
CNY – Chinese Yuan Renminbi	**7**	–
MXN – Mexican Peso	**2**	4
BRL – Brazilian Real	**4**	3
GBP – British Pound	**2**	–
RUB – Russian Ruble	**3**	3
PLN – Polish Zloty	**2**	3
Other currencies	**15**	12
Total	**100**	100

Additional Group financial information continued

for the year ended 30 June 2017

	Reported June 2017 (At 2017 average rates) %	Reported June 2016 (At 2016 average rates) %
Normalised EBITDA		
EUR – Euro	**36**	26
ZAR – South African Rand	**23**	30
AUD – Australia Dollar	**20**	26
USD – US Dollar	**(26)**	(12)
JPY – Japanese Yen	**11**	3
CNY – Chinese Yuan Renminbi	**9**	–
MXN – Mexican Peso	**–**	2
BRL – Brazilian Real	**4**	2
GBP – British Pound	**–**	1
RUB – Russian Ruble	**4**	4
PLN – Polish Zloty	**3**	4
Other currencies	**16**	14
Total	**100**	100

Summarised Group segmental analysis

	Reported June 2017 (At 2017 average rates) R'billion	Reported June 2016 (At 2016 average rates) R'billion	Illustrative constant exchange rate June 2016 (June 2016 at 2017 average rates) R'billion	Change at constant exchange rates
Commercial pharmaceuticals by customer geography	**31,4**	25,4	24,2	30%
Sub-Saharan Africa	**7,4**	7,1	7,0	6%
Developed Europe	**6,8**	6,1	5,7	21%
Australasia	**4,8**	4,7	4,5	7%
Latin America	**2,7**	2,0	1,9	46%
Developing Europe & CIS	**2,6**	2,3	2,3	16%
Japan	**1,9**	0,7	0,6	>100%
China	**1,8**	–	–	>100%
Other Asia	**1,2**	0,9	0,9	50%
MENA	**1,1**	0,9	0,7	36%
USA & Canada	**1,1**	0,7	0,6	69%
Manufacturing revenue by geography of manufacture				
Manufacturing revenue – finished dose form	**2,2**	2,3	2,2	–
Sub-Saharan Africa	**1,0**	0,5	0,8	27%
Developed Europe	**0,7**	0,9	0,9	(25%)
Australasia	**0,5**	0,9	0,5	–
Manufacturing revenue – active pharmaceutical ingredients	**4,4**	4,4	4,1	9%
Developed Europe	**4,0**	4,0	3,7	9%
Sub-Saharan Africa	**0,4**	0,4	0,4	12%
Total manufacturing revenue	**6,6**	6,7	6,3	6%
Total pharmaceuticals	**38,0**	32,1	30,5	25%
Nutritionals by customer geography	**3,2**	3,5	3,3	(3%)
Latin America	**1,4**	1,5	1,4	5%
Sub-Saharan Africa	**1,0**	1,0	0,9	4%
Australasia	**0,8**	1,0	1,0	(21%)
Total revenue	**41,2**	35,6	33,8	22%
Summary of regions				
Sub-Saharan Africa	**9,8**	9,4	9,1	8%
Developed Europe	**11,5**	11,0	10,3	13%
Australasia	**6,1**	6,2	6,0	1%
Latin America	**4,1**	3,4	3,3	29%
Developing Europe & CIS	**2,6**	2,4	2,3	16%
Japan	**1,9**	0,7	0,6	>100%
China	**1,8**	–	–	>100%
Other Asia	**1,2**	0,9	0,9	50%
MENA	**1,1**	0,9	0,7	36%
USA & Canada	**1,1**	0,7	0,6	69%
Total revenue	**41,2**	35,6	33,8	22%

Additional Group financial information continued

for the year ended 30 June 2017

Summarised Group segmental analysis

Commercial pharmaceuticals therapeutic area analysis

	Reported June 2017 (At 2017 average rates)					
	Anaesthetic Brands R'billion	Thrombosis Brands R'billion	High Potency & Cytotoxic Brands R'billion	Therapeutic Focused Brands R'billion	Other Commercial Pharmaceutical Brands R'billion	Total R'billion
By customer geography						
Commercial Pharmaceuticals						
Sub-Saharan Africa	0,1	–	0,1	0,2	7,2	7,4
Developed Europe	1,7	3,2	1,5	6,4	0,4	6,8
Australasia	0,6	–	0,5	1,1	3,7	4,8
Latin America	0,6	0,1	0,8	1,5	1,2	2,7
Developing Europe & CIS	0,3	1,7	0,5	2,5	0,1	2,6
Japan	1,3	–	0,4	1,7	0,2	1,9
China	1,5	0,3	–	1,8	–	1,8
Other Asia	0,4	0,2	0,3	0,9	0,3	1,2
MENA	0,2	0,2	0,3	0,7	0,4	1,1
USA & Canada	0,3	–	0,3	0,6	0,5	1,1
Total Commercial Pharmaceuticals	7,0	5,7	4,7	17,4	14,0	31,4

	Reported June 2016 (At 2016 average rates)					
	Anaesthetic Brands R'billion	Thrombosis Brands R'billion	High Potency & Cytotoxic Brands R'billion	Therapeutic Focused Brands R'billion	Other Commercial Pharmaceutical Brands R'billion	Total R'billion
By customer geography						
Commercial Pharmaceuticals						
Sub-Saharan Africa	0,1	–	0,1	0,2	6,9	7,1
Developed Europe	–	4,0	1,8	5,8	0,4	6,2
Australasia	–	–	0,5	0,5	4,2	4,7
Latin America	–	0,1	0,7	0,8	1,1	1,9
Developing Europe & CIS	–	1,9	0,4	2,3	–	2,3
Japan	–	0,1	0,5	0,6	0,1	0,7
Other Asia	–	0,2	0,3	0,5	0,4	0,9
MENA	–	0,1	0,3	0,4	0,5	0,9
USA & Canada	–	0,1	0,4	0,5	0,2	0,7
Total Commercial Pharmaceuticals	0,1	6,5	5,0	11,6	13,8	25,4

Summarised Group segmental analysis continued

Commercial pharmaceuticals therapeutic area analysis continued

	Illustrative constant exchange rate June 2016 (June 2016 at 2017 average rates)					
	Anaesthetic Brands R'billion	Thrombosis Brands R'billion	High Potency & Cytotoxic Brands R'billion	Therapeutic Focused Brands R'billion	Other Commercial Pharmaceutical Brands R'billion	Total R'billion
By customer geography						
Commercial Pharmaceuticals						
Sub-Saharan Africa	0,1	–	0,1	0,2	6,8	7,0
Developed Europe	–	3,7	1,6	5,3	0,4	5,7
Australasia	–	–	0,5	0,5	4,0	4,5
Latin America	–	0,1	0,7	0,8	1,1	1,9
Developing Europe & CIS	–	1,8	0,4	2,2	0,1	2,3
Japan	–	–	0,5	0,5	0,1	0,6
Other Asia	–	0,2	0,3	0,5	0,4	0,9
MENA	–	0,1	0,2	0,3	0,4	0,7
USA & Canada	–	0,1	0,4	0,5	0,1	0,6
Total Commercial Pharmaceuticals	0,1	6,0	4,7	10,8	13,4	24,2

	% change constant exchange rates					
	Anaesthetic Brands	Thrombosis Brands	High Potency & Cytotoxic Brands	Therapeutic Focused Brands	Other Commercial Pharmaceutical Brands	Total
By customer geography						
Commercial Pharmaceuticals						
Sub-Saharan Africa	35%	35%	29%	33%	5%	6%
Developed Europe	>100%	(14%)	(9%)	20%	36%	21%
Australasia	>100%	9%	2%	>100%	(9%)	7%
Latin America	>100%	44%	25%	>100%	6%	46%
Developing Europe & CIS	>100%	(2%)	20%	17%	13%	16%
Japan	>100%	(33%)	(16%)	>100%	67%	>100%
China	>100%	>100%	39%	>100%	>100%	>100%
Other Asia	>100%	4%	(3%)	98%	(7%)	50%
MENA	>100%	25%	4%	69%	5%	36%
USA & Canada	>100%	(83%)	(20%)	22%	>100%	69%
Total Commercial Pharmaceuticals	>100%	(5%)	0%	61%	4%	30%

Additional Group financial information continued

for the year ended 30 June 2017

Three-year review

	10-year CAGR %	IFRS Year ended 30 June 2017 R'billion	Year ended 30 June 2016 R'billion	Year ended 30 June 2015 R'billion
Group income statements				
Revenue	26	**41,2**	35,6	36,1
Gross profit	26	**19,9**	17,9	17,3
EBITDA*		**11,4**	10,1	9,7
Total amortisation, depreciation and non-trading adjustments	39	**(3,1)**	(1,1)	(1,3)
Operating profit	23	**8,3**	9,0	8,4
Net financing costs	41	**(2,1)**	(2,9)	(1,9)
Profit before tax	20	**6,2**	6,1	6,5
Profit after tax	22	**5,1**	4,3	5,2
Group statements of financial position				
Assets				
Non-current assets				
Property, plant and equipment		**9,7**	9,7	7,9
Goodwill		**5,9**	6,0	5,0
Intangible assets		**60,0**	49,1	40,5
Other non-current assets		**1,6**	1,2	1,2
Deferred tax assets		**1,0**	1,1	1,1
Total non-current assets		**78,2**	67,1	55,7
Current assets				
Inventories		**13,6**	14,4	10,8
Trade and other receivables		**13,6**	11,8	10,3
Cash and cash equivalents		**10,7**	10,9	8,7
Total operating current assets		**37,9**	37,1	29,8
Assets classified as held-for-sale		**0,2**	0,1	2,9
Total current assets		**38,1**	37,2	32,7
Total assets		**116,3**	104,3	88,4
Equity and liabilities				
Ordinary shareholders' equity		**43,1**	42,5	34,1
Total shareholders' equity		**43,1**	42,5	34,1
Non-current liabilities				
Borrowings		**28,9**	32,7	25,5
Other non-current financial liabilities		**7,4**	6,2	5,3
Deferred tax liabilities		**2,1**	1,8	1,7
Total non-current liabilities		**38,4**	40,7	32,5
Current liabilities				
Trade and other payables		**10,3**	8,3	6,8
Borrowings		**18,9**	10,9	13,2
Other current financial liabilities		**5,6**	1,9	1,8
Total current liabilities		**34,8**	21,1	21,8
Total equity and liabilities		**116,3**	104,3	88,4

** EBITDA represents operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the accounting policies of the Group's Annual Financial Statements.*

Three-year review continued

		10-year CAGR %	**Year ended 30 June 2017 R'billion**	Year ended 30 June 2016 R'billion	Year ended 30 June 2015 R'billion
Group statements of cash flows					
Cash operating profit		23	**10,8**	9,8	9,5
Working capital movements			**(0,9)**	(3,4)	(1,5)
Cash generated from operations		26	**9,9**	6,4	8,0
Net financing costs paid			**(1,9)**	(1,7)	(2,0)
Tax paid			**(1,5)**	(1,5)	(1,2)
Cash generated from operating activities		25	**6,5**	3,2	4,8
Cash (used in)/generated from investing activities			**(11,7)**	1,1	(1,6)
Cash generated from/(used in) financing activities			**5,0**	(3,1)	(2,2)
Translation effects on cash and cash equivalents of foreign operations			**(0,5)**	(0,2)	(0,3)
Movement in cash and cash equivalents			**(0,7)**	1,0	0,7
Cash and cash equivalents at the beginning of the year			**7,9**	6,9	6,2
Cash and cash equivalents at the end of the year			**7,2**	7,9	6,9
Share performance					
Earnings per share – basic	cents	19	**1 123,4**	945,4	1 139,8
Earnings per share – diluted	cents	19	**1 123,4**	945,2	1 139,5
Headline earnings per share	cents	20	**1 299,5**	889,0	1 149,9
Headline earnings per share – diluted	cents	20	**1 299,5**	888,8	1 149,7
Normalised headline earnings per share	cents	21	**1 463,2**	1 263,7	1 145,8
Normalised headline earnings per share – diluted	cents	22	**1 463,2**	1 263,4	1 145,6
Capital distribution/dividend per share	cents		**248,0**	216,0	188,0
Net asset value per share	cents	31	**9 453,7**	9 320,5	7 485,7
Operating cash flow per share	cents	21	**1 421,4**	706,7	1 060,3
Share information					
Number of shares in issue – at the end of the year	million		**456,4**	456,4	456,3
Number of shares in issue (net of treasury shares) – at the end of the year	million		**456,0**	456,1	456,1
Weighted number of shares in issue	million		**456,4**	456,4	456,3
Diluted weighted number of shares in issue	million		**456,4**	456,5	456,5
Market capitalisation at year end	R'billion	25	**130,9**	165,3	164,3

Additional Group financial information continued

for the year ended 30 June 2017

	10-year CAGR %	**Year ended 30 June 2017 R'billion**	Year ended 30 June 2016 R'billion	Year ended 30 June 2015 R'billion
JSE statistics				
Number of shares traded	million	**410,0**	268,8	262,2
Number of shares traded as % of weighted average number of shares	%	**89,8**	58,9	57,5
Market price per share				
year end	cents	**28 710**	36 228	36 000
highest	cents	**38 849**	37 824	36 399
lowest	cents	**25 564**	23 802	35 749
Key market performance ratios				
Earnings yield	%	**5,1**	3,5	3,4
Price:earnings ratio	times	**19,6**	28,7	29,5
Business performance				
Profitability – measures financial performance of the Group				
Return on ordinary shareholders' equity	%	**12,2**	10,6	17,0
Return on total assets	%	**11,5**	11,1	12,7
Return on net assets	%	**14,9**	14,8	21,4
Revenue growth	%	**15,9**	(1,6)	22,4
Gross margin	%	**48,3**	50,3	47,8
EBITDA* margin	%	**27,7**	28,4	26,9
Effective tax rate	%	**18,0**	29,3	20,5
Liquidity – measures the Group's ability to meet its maturing obligations and unexpected cash needs in the short term				
Current ratio	times	**1,1**	1,8	1,4
Quick ratio	times	**0,7**	1,1	0,9
Cash ratio	times	**0,3**	0,6	0,4
Working capital as % of revenue	%	**49,9**	49,9	39,7
Debt indicators – measures the Group's ability to meet capital and interest payments over the long term				
Total debt	R'billion	**37,1**	33,5	31,1
Net borrowings	R'billion	**37,1**	32,7	30,0
Total debt to EBITDA* cover	times	**3,2**	3,3	3,1
Net interest cover	times	**5,8**	6,1	6,2
Gearing ratio	%	**47**	44	47

** EBITDA represents operating profit from continuing operations before amortisation and depreciation adjusted for specific non-trading items as defined in the accounting policies of the Group's Annual Financial Statements.*

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

Definitions and formulas

Net asset value per share (cents)

$$\frac{\text{Ordinary shareholders' equity}}{\text{Number of shares in issue (net of treasury shares)}}$$

Operating cash flow per share (cents)

$$\frac{\text{Cash generated from operating activities}}{\text{Weighted number of shares in issue}}$$

Market capitalisation

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

Earnings yield (%)

$$\frac{\text{Normalised headline earnings per share}}{\text{Market price per share at year end}}$$

Price:earnings ratio

$$\frac{\text{Market price per share at year end}}{\text{Normalised headline earnings per share}}$$

Return on ordinary shareholders' equity (%)

$$\frac{\text{Profit attributable to equity holders of the parent}}{\text{Weighted average ordinary shareholders' equity}}$$

Return on total assets (%)

$$\frac{\text{EBITDA}}{\text{Total weighted average assets (excluding cash and cash equivalents)}}$$

Return on net assets (%)

$$\frac{\text{Profit before tax}}{\text{Total weighted average assets} - \text{total weighted average liabilities}}$$

Revenue growth from continuing operations (%)

$$\frac{\text{Revenue (current year)} - \text{revenue (prior year)}}{\text{Revenue (prior year)}}$$

Gross margin (%)

$$\frac{\text{Gross profit}}{\text{Revenue}}$$

EBITDA margin (%)

$$\frac{\text{EBITDA*}}{\text{Revenue}}$$

Effective tax rate (%)

$$\frac{\text{Tax}}{\text{Profit before tax}}$$

Current ratio

$$\frac{\text{Current assets (excluding assets classified as held-for-sale)}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale)}}$$

Quick ratio

$$\frac{\text{Current assets (excluding assets classified as held-for-sale)} - \text{inventories}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale)}}$$

Cash ratio

$$\frac{\text{Cash and cash equivalents}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale)} - \text{bank overdrafts}}$$

Working capital as % of revenue

$$\frac{\text{Inventories} + \text{trade and other receivables} - \text{trade and other payables}}{\text{Annualised net revenue}}$$

Total debt

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

Net borrowings

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

Net interest cover (times)

$$\frac{\text{Operating profit before amortisation}}{\text{Interest paid} - \text{interest received (excluding capital raising fees)}}$$

Gearing ratio (%)

$$\frac{\text{Total debt (net of cash)}}{\text{Total shareholders' equity} - \text{non-controlling interests} + \text{total debt (net of cash)}}$$

Normalised headline earnings

Normalised headline earnings are headline earnings adjusted for specific non-trading items, being transaction costs and other acquisition and disposal-related gains or losses, restructuring costs, settlement of product-related litigation costs and significant once-off tax provision charges or credits arising from the resolution of prior year matters

EBITDA growth (%)

$$\frac{\text{EBITDA (current year)} - \text{EBITDA (prior year)}}{\text{EBITDA (prior year)}}$$

Leverage ratio

$$\frac{\text{Borrowings net of cash and cash equivalents}}{\text{EBITDA}^\wedge}$$

^ *Calculated in accordance with the Group's long-term debt agreements.*

Unaudited share statistics

Analysis of shareholders at 30 June 2017

	Number of shareholders	% of shareholders	Number of shares	% of total shareholding
Ordinary shares				
Size of holding				
1 – 2 500	52 828	92,62	19 688 412	4,31
2 501 – 12 500	2 934	5,14	15 380 950	3,37
12 501 – 25 000	460	0,81	8 103 268	1,78
25 001 – 50 000	314	0,55	11 157 585	2,44
50 001 and over	504	0,88	402 104 970	88,10
	57 040	100,00	456 435 185	100,00

Major shareholders

Institutional shareholders

According to the register of shareholders at 30 June 2017, the following are the top 10 registered institutional shareholders:

	Number of shares	% of total shareholding
Institutional shareholder		
Public Investment Corporation	43 851 608	9,61
Foord Asset Management	20 294 923	4,45
Coronation Asset Management	17 348 582	3,80
Genesis Investment Management	16 541 699	3,62
Harding Loevner Management	15 550 932	3,41
BlackRock Inc.	14 177 070	3,11
GIC Asset Management (Pte) Limited	13 602 696	2,98
The Vangard Group Inc.	12 890 154	2,82
Investec Securities (Pty) Limited	11 132 096	2,44
Old Mutual Plc.	10 376 886	2,27
	175 766 646	38,51

Top 10 beneficial shareholders

According to the register of shareholders at 30 June 2017, the following are the top 10 registered beneficial shareholders. The shareholdings of all directors are disclosed on page 114 of the Remuneration Report.

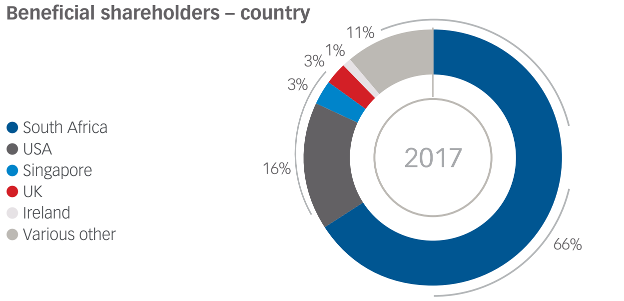
	Number of shares	% of total shareholding
Shareholder		
Saad, SB	55 358 711	12,13
Government Employees Pension Fund	54 132 089	11,86
Attridge, MG	18 883 422	4,14
Government of Singapore Investment Corporation	14 042 593	3,08
Ceppwawu Investments (Pty) Limited	10 053 368	2,20
Old Mutual Life Assurance Co Limited	6 982 054	1,53
Vanguard Emerging Markets Stock Index Fd	6 722 385	1,47
Foord Balanced Fund	6 051 884	1,33
Saudi Arabian Monetary Agency	5 793 823	1,27
Investment Solutions Limited	5 628 067	1,23
	183 648 396	40,24

Shareholders' spread

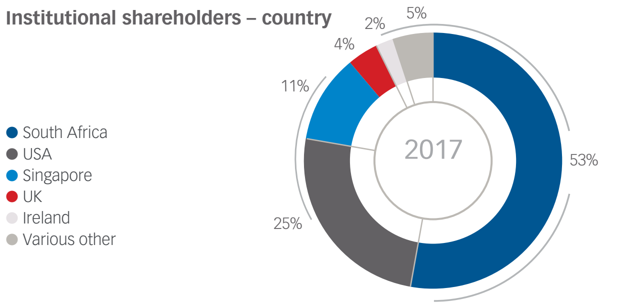
As required by paragraph 8.63 and terms of paragraph of 4.25 of the JSE Listings Requirements, the spread of the ordinary shareholding at close of business 30 June 2017 was as follows:

	Number of shareholders	Number of shares	% of total shareholding
Non-public shareholders	13	128 960 779	28,25
Directors of the Company and directors of material subsidiaries	11	74 418 451	16,30
Government Employees Pension Fund	1	54 132 089	11,86
Employee share trusts – treasury shares	1	410 239	0,09
Public shareholders	57 027	327 474 406	71,75
Total shareholding	57 040	456 435 185	100,00

Beneficial shareholders – country



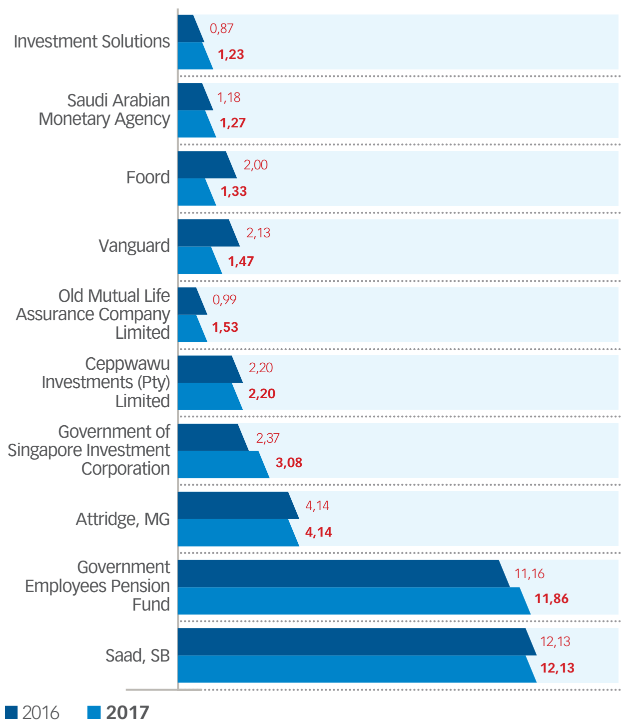
Institutional shareholders – country



The geographical split of Beneficial and Institutional Shareholders above is based on shareholders who own more that 25 000 Aspen shares.

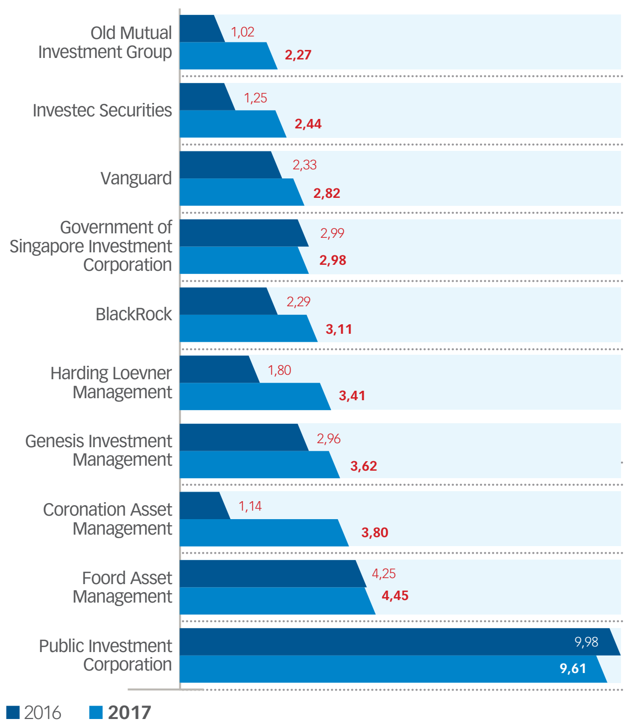
Top 10 beneficial shareholders

% shareholding



Top 10 institutional shareholders

% shareholding



Percentages for Top 10 Beneficial Shareholders and Top 10 Institutional Shareholders reflected above are as a percentage of the total issued share capital of the Company.

Shareholders' diary

Financial year end	30 June 2017
Dividend paid to shareholders	9 October 2017
Annual general meeting	7 December 2017

Reports and Group results announcement for the 2018 financial year

Interim report	March 2018
Provisional results for the year	September 2018
Integrated Report and Annual Financial Statements	October 2018

Administration

Company Secretary & Group Governance Officer

Riaan Verster
BProc, LLB, LLM (Labour Law)

Registered office and postal address

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PO Box 1587, Gallo Manor, 2052
Telephone +27 11 239 6100
Telefax +27 11 239 6144

Registration number

1985/002935/06

Share code

APN ISIN: ZAE 000066692

Website address

www.aspenpharma.com

Auditors

PricewaterhouseCoopers Inc.

Sponsors

Investec Bank Limited

Transfer secretaries

Terbium Financial Services (Pty) Limited
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PO Box 61272, Marshalltown, 2107
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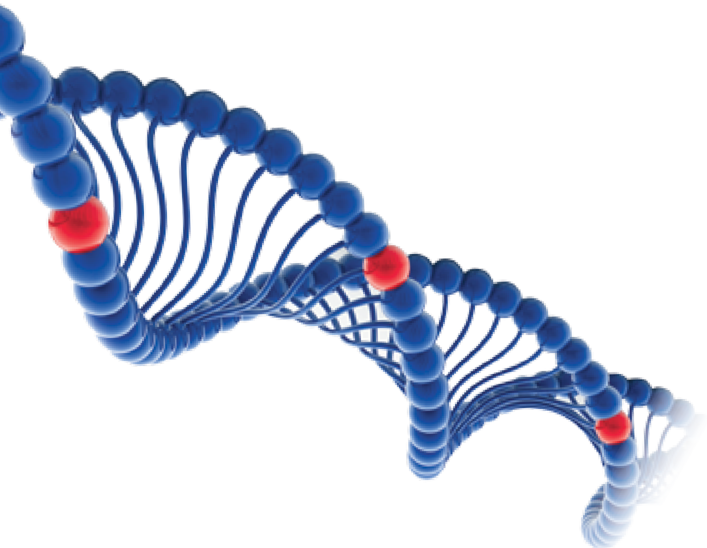
Email aspen@terbium.global

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 Limited, any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Abbreviations of pharmaceutical regulatory authorities and acronyms (manufacturing capabilities)

ANSM	French National Agency for Medicinal and Health Product Safety
ANVISA	Brazilian National Health Surveillance Agency
ASN	Nuclear Safety Authority for E-beam
CNCA	Certification and Accreditation Administration of the People's Republic of China
COFEPRIS	Mexican Federal Commission for Protection against Health Risk
DQS	Deutsche Gesellschaft zur Zertifizierung von Management Systemen
EDQM	European Directorate for the Quality of Medicines
FMHACA	Ethiopian Food, Medicine and Healthcare Administration Control Authority
FSSC	Food Safety System Certification
GCC	Middle East and North African Gulf Cooperation Council
GFDB	Ghana Food and Drugs Board
GMP	Good Manufacturing Practice
GRA	German Regulatory Authority
HACCP	South African Hazardous Analysis and Critical Control Point (SANS 10330)
HPB	Health Protection Branch (Canada)
ICHA	Ivory Coast Health Authority
IGZ	Dutch Health Authority
INVIMA	Colombia National Food and Drug Surveillance Institute
IRA	Israeli Regulatory Authorities
ISO	International Organisation for Standardisation
KFDA	Korean Food and Drug Administration
Kℓ	Kilolitre
KvH	Kilo vessel hours
LAsD	Local vs Federal Agencies
LRA	Libyan Regulatory Authorities
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
NAFDAC	Nigerian National Agency for Food and Drug Administration and Control
NDA	Ugandan National Drug Authority
NZ RMP	New Zealand Risk Management Programmes
OHSAS	Occupational Health and Safety Management Systems
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
TFDA	Tanzania Food and Drug Authority
TGA	Australian Therapeutic Goods Administration
TRA	Turkish Regulatory Authority
UHT	Ultra-high temperature
US FDA	United States Food and Drug Administration
WHO	World Health Organisation
ZAMRA	Zambia Medicine Regulatory Authority



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