aspen
HOLDINGS

ASPEN PHARMACARE HOLDINGS LIMITED AND ITS SUBSIDIARIES ("Aspen" or "the Group")
(Registration number 1985/002935/06)
Share code: APN / ISIN: ZAE000066692

Reviewed provisional Group financial results for the year ended 30 June 2017

COMMENTARY

GROUP PERFORMANCE

Aspen increased revenue by 16% to R41,2 billion and raised normalised headline earnings per share ("NHEPS") by 16% to 1 463 cents in the year ended 30 June 2017.

Significant factors influencing performance for the year were as follows:

- The acquisition of the commercial rights to AstraZeneca's global (excluding the USA) anaesthetic portfolio ("the AZ anaesthetics") which was effective from 1 September 2016 and the acquisition of GlaxoSmithKline's anaesthetics portfolio ("the GSK anaesthetics") which was effective from 1 March 2017 (together the "Anaesthetics Portfolio"). The Anaesthetics Portfolio generated revenue of R7,0 billion;
- The positive turnaround in the South African pharmaceutical business;
- The entry into China with the Anaesthetics Portfolio and a Thrombosis Portfolio supported by Aspen's largest regional sales force;
- The effect of the Venezuela exit and the fall-out from Chinese import restrictions on trade in Australia which constrained Nutritional sales;
- The cancellation of the collaboration with GlaxoSmithKline ("GSK") in Sub-Saharan Africa, outside of South Africa; and
- Improved working capital management which contributed to cash generated from operating activities more than doubling.

Relative movements in exchange rates had a net unfavourable impact on financial performance as is illustrated in the table below which compares performance for the past year to performance in the prior year at previously reported exchange rates and then at constant exchange rates ("CER") being a restatement of 2016 performance at 2017 average exchange rates.

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.*

From this point forward in the commentary, all 2016 revenue numbers are stated in CER and all percentage changes in revenue between 2017 and 2016 are based on 2016 CER revenue in order to enhance the comparability of underlying performance.

The synergy programme yielded benefits of approximately R1,2 billion during the year. This significantly bolstered profits against the effects of the currency headwinds, price erosion and the constrained Nutritionals sales in Australia.

During the course of the year, the Group revised its operating model to align with the therapeutic areas identified for specific focus. Accordingly, Aspen has adjusted its reporting format to reflect this.

SEGMENTAL PERFORMANCE

Therapeutic Focused Brands

Therapeutic Focused Brands comprising the Anaesthetics, Thrombosis and High Potency & Cytotoxic portfolios, recorded revenue of R17,4 billion which amounted to 42% of Group revenue. Gross profit from Therapeutic Focused Brands of R9,0 billion was at a reduced gross margin percentage due primarily to the lower gross margin percentage contribution from the AZ anaesthetics.

Anaesthetics

Aspen established Anaesthetics as a therapeutic focus area following the acquisitions of the AZ anaesthetics and the GSK anaesthetics during the course of the year. 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). The Anaesthetics acquisitions prompted Aspen's entry into China, requiring significant infrastructure investment and the establishment of a headcount exceeding 600, now comprising the Group's largest regional sales force. Early performance indications from this portfolio in China have been encouraging.

Thrombosis

The Thrombosis products delivered robust revenue growth of 13% in Emerging Markets to R2,5 billion, but retreated 16% in the Developed Market countries (predominantly Developed Europe) where sales of R3,2 billion were recorded. This led to an overall decline in the revenue from Thrombosis of 5% to R5,7 billion.

Key drivers in the growth in Emerging markets were good advances by Fraxiparine in Developing Europe & CIS, the acquisition of the GSK thrombosis products in China midway through the year and double digit growth delivered in the Latam and MENA regions.

In Developed Europe, mandated price cuts and an adjustment in the distribution model were the primary causes of the weak results of this portfolio.

High Potency & Cytotoxic

The High Potency & Cytotoxic portfolio recorded flat sales at R4,7 billion. Double digit growth in Latam, Russia and South Africa led the performance in Emerging Markets to a 17% increase with sales of R2,0 billion. However, a delay in the transition of the manufacture of Thyrax to a new site resulting in prolonged stock-outs weighed on results in the Developed Markets where revenue fell 10% to R2,7 billion.

Other Pharmaceuticals

Other Pharmaceuticals, comprising Other Commercial Pharmaceutical Brands and Manufacturing, increased revenue by 5% to R20,6 billion and improved gross profit to R9,5 billion on a widening gross profit percentage.

Other Commercial Pharmaceutical Brands

Other Commercial Pharmaceutical Brands account for 45% of all revenue from Pharmaceuticals. This area 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.

In South Africa, a strong turnaround in the second half lifted the full year private sector performance by 9%, while the public sector edged up 1% to R1,5 billion. Results in Australia for these products are distorted by divestments and products which have been or will be discontinued. The base portfolio was steady with revenue of R3,4 billion, up 1%. Latam, Asia and the USA, assisted by the launch of Hydroxyprogesterone Caproate, all moved forward positively.

Manufacturing

Manufacturing revenue was up 6% to R6,6 billion. This growth was underpinned by a 9% rise in revenue from active pharmaceutical ingredients manufacturing where both the Oss and Fine Chemicals sites made favourable contributions. Finished dose manufacturing revenue was flat.

Nutritionals

Revenue from Nutritionals eased 3% to R3,2 billion. While there was growth in Latam and Sub-Saharan Africa, a 21% fall in sales in Australasia lowered the overall outcome. The fall-out in Australia from the withdrawal of informal traders banned from importing product into 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 Latam 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 Latam business.

FUNDING

R12,3 billion was paid relating to acquisitions and other capital expenditure during the year, in addition to which R1,2 billion was paid to shareholders by way of a dividend. As a result of strong operational cash flows (R6,5 billion) and favourable exchange rate benefits (R2,1 billion) the increase in net borrowings was limited to R4,4 billion. The operating cash flow per share was 101% higher at 1 421 cents.

Borrowings, net of cash, amounted to R37,1 billion at the year end. The increase in working capital was limited to R0,9 billion which was primarily related to the acquisition of the AZ and GSK anaesthetics.

The Group intends to embark on an "amend and extend" exercise with its primary lenders.

AGREEMENT WITH ASTRAZENECA TO ACQUIRE THE RESIDUAL RIGHTS RELATING TO AZ ANAESTHETICS

Aspen is pleased to announce that its wholly owned subsidiary, Aspen Global Incorporated ("AGI"), has signed an agreement with AstraZeneca AB and AstraZeneca UK ("AstraZeneca") in terms of which AGI will acquire the residual rights to the AZ anaesthetics ("the Transaction") for which it acquired the commercialisation rights via an agreement entered into in June 2016, as announced to shareholders on 9 June 2016.

The Transaction

The terms of the concluded agreement provide that AGI will pay US$555 million as consideration for the remaining rights to the intellectual property and manufacturing know-how related to the AZ anaesthetics. Additionally, AGI will make performance-related payments of up to US$211 million based on sales and gross profit in the period to 30 November 2019. As part of the Transaction, the terms of the existing supply agreement that included an initial period of 10 years, have been amended. In terms of the new agreement, AstraZeneca will continue to supply the medicines manufactured at AstraZeneca-owned sites to AGI for a transition period of up to five years. Management of supply from third-party sites is anticipated to transition to AGI within one year of closing.

Had AGI owned the aforementioned additional rights to the AZ anaesthetics for the full 12 months ended 30 June 2017, based on the terms of the Transaction agreements and Aspen's expected related incremental costs, the Transaction would have generated an additional contribution to operating profit of approximately US$90 million. The value of the net assets attributable to the Transaction equates to the consideration payable.

Rationale

The September 2016 acquisition of the commercialisation rights to the AZ anaesthetics portfolio has proven to be an excellent strategic investment for Aspen, particularly when allied to the subsequent acquisition of the GSK anaesthetics. By acquiring the underlying intellectual property AGI is best placed to maximise the value of this portfolio, including through the development of additional products and markets, leveraging the intellectual property that it will own (as opposed to licence).

Furthermore, the benefits of the strong working relationship that Aspen has developed with AstraZeneca over the past year will continue via the ongoing supply and transition arrangements.

Completion

The Transaction is subject to customary closing conditions and the completion of subsidiary agreements to the satisfaction of all parties. It is anticipated that the Transaction will complete during the final quarter of 2017.

Funding

Aspen has sufficient access to liquidity to meet the immediate funding requirements of the Transaction.

Categorisation of the Transaction

The Transaction is categorised as a Category 2 transaction in terms of the JSE Limited Listings Requirements.

PROSPECTS

Aspen looks forward to the new financial year secure in the knowledge that the significant undertaking of transforming the Group into a global multinational organisation focused on therapeutic specialties is at an advanced stage. The financial and manpower investment in structural adjustments and the building of infrastructure has been substantial. A new foundation has been successfully established from which the Group is well positioned to pursue its strategies.

The Group has proven its capability to be successful in Emerging Markets and the entry into China should give momentum to the current growth trend. The full cost of operating in China will only be felt in the year ahead. This will give rise to increased operating expenses, but will also provide a scalable platform to support future expansion in that country. Performance in Developed Europe has been disappointing and this will be a region receiving high focus in the forthcoming period.

The Anaesthetics Portfolio will benefit from the Transaction with AstraZeneca announced today, allowing Aspen to optimise the value chain for this business. Aside from the additional value acquired, further upside can be expected to be realised, phased over a number of years as Aspen increases the in-house production of Anaesthetics. Although there is the potential for increased competition from biosimilar and generic entries, Aspen has competitive advantages in the supply of Thrombosis products through the efficiency of its vertically integrated supply chain. The securing from Teva of the licence for the NDAs for two conjugating estrogen brands and the rights to commercialise these in the United States is an exciting future opportunity within the High Potency & Cytotoxic portfolio. The Other Commercial Pharmaceutical Brands range should remain an ongoing organic growth driver and the Nutritionals Business is well set to build on the improved performance of the second half of the past year. Plans are also in place for Aspen, together with its joint venture partner, to launch an infant milk formula range in China before the end of 2017.

Significant progress has been made during the past year in normalising working capital levels with the resultant return to strong operating cash flows. Focus on working capital levels will be maintained although there will be operational requirements to build stock from time to time to facilitate safety stock levels while territories and manufacturing sites are transitioned.

A combination of acquisitive and organic growth as well as an additional contribution of R0,5 billion from the synergy programme is expected to lift earnings in the year ahead despite the additional expenses arising from the development of Aspen's presence in China and Japan. Financial results will continue to be subjected to the vagaries of relative exchange rate movements.

DIVIDEND TO SHAREHOLDERS

Taking into account the earnings and cash flow performance for the year ended 30 June 2017, existing debt service commitments, future proposed investments and funding options, notice is hereby given that the Board has declared a gross dividend, which is paid from income reserves, of 287 cents per ordinary share to shareholders (or 229,6 cents net of a 20% dividend withholding tax, where this tax applies) recorded in the share register of the Company at the close of business on 6 October 2017 (2016: dividend of 248 cents per share). Shareholders should seek their own advice on the tax consequences associated with the dividend and are particularly encouraged to ensure their records are up to date so that the correct withholding tax is applied to their dividend. The company income tax number is 9325178714. The issued share capital of the Company is 456 435 185 ordinary shares.

The directors are of the opinion that the Company will, subsequent to the payment of the dividend, satisfy the solvency and liquidity requirements in terms of sections 4 and 46 of the Companies Act, 2008.

Future distributions will continue to be decided on a year-to-year basis.

In compliance with IAS 10: *Events After Balance Sheet Date*, the dividend will only be accounted for in the financial statements in the year ending 30 June 2018.

Last day to trade *cum* dividend	Tuesday, 3 October 2017
Shares commence trading *ex* dividend	Wednesday, 4 October 2017
Record date	Friday, 6 October 2017
Payment date	Monday, 9 October 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 October 2017 and Friday, 6 October 2017.

By order of the Board

K D Dlamini
(Chairman)

S B Saad
(Group Chief Executive)

Woodmead
14 September 2017

GROUP STATEMENT OF FINANCIAL POSITION

	Reviewed 30 June 2017 R'billion	Audited 30 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.*

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	Change	Reviewed year ended 30 June 2017 R'billion	Audited year ended 30 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*				
Currency translation (losses)/gains	E#		**(3,5)**	5,2
Net gains from cash flow hedging in respect of business acquisition			**0,2**	–
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.*

GROUP STATEMENT OF HEADLINE EARNINGS

	Change	Reviewed year ended 30 June 2017 R'billion	Audited year ended 30 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.

GROUP STATEMENT OF CHANGES IN EQUITY

	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.*

GROUP STATEMENT OF CASH FLOWS

	Notes	Change	**Reviewed year ended 30 June 2017 R'billion**	Audited year ended 30 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			**(0,1)**	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.

GROUP SEGMENTAL ANALYSIS

	Reviewed year ended 30 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**

	Reviewed restated year ended 30 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.*

GROUP SEGMENTAL ANALYSIS continued

	% 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.*

GROUP REVENUE SEGMENTAL ANALYSIS

	Reviewed June 2017 R'billion	Reviewed restated 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%

GROUP REVENUE SEGMENTAL ANALYSIS continued

COMMERCIAL PHARMACEUTICALS THERAPEUTIC AREA ANALYSIS

Reviewed year ended 30 June 2017

	Anaesthetics 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

Reviewed restated year ended 30 June 2016

	Anaesthetics 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

Variances

	Anaesthetics 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%

GROUP SUPPLEMENTARY INFORMATION

		Note	Reviewed year ended 30 June 2017 R'billion	Audited year ended 30 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.

	Reviewed year ended 30 June 2017 R'billion	Audited year ended 30 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 and anticipates receiving feedback from SARS as a consequence of those discussions, prior to publishing Aspen's annual financial statements. Aspen remains confident that it has appropriately dealt with its related party transactions, a position that is firmly supported by Aspen's legal and tax advisers.

J. POTENTIAL DISPUTED MATTER – EUROPEAN COMPETITION COMMISSION

The European Competition 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.

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.

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.

K. ACQUISITION OF SUBSIDIARIES AND BUSINESSES continued

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

L. 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
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

GROUP REVENUE 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%

GROUP REVENUE SEGMENTAL ANALYSIS continued

COMMERCIAL PHARMACEUTICALS THERAPEUTIC AREA ANALYSIS

Reported June 2017 (At 2017 average rates)	Anaesthetics 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)	Anaesthetics 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

GROUP REVENUE SEGMENTAL ANALYSIS continued

COMMERCIAL PHARMACEUTICALS THERAPEUTIC AREA ANALYSIS continued

Illustrative constant exchange rate June 2016 (June 2016 at 2017 average rates)

	Anaesthetics 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

	Anaesthetics 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%

BASIS OF ACCOUNTING

The reviewed provisional Group financial results have been prepared in accordance with International Financial Reporting Standards, IFRIC interpretations, the Listings Requirements of the JSE 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 provisional Group financial results are in terms of International Financial Reporting Standards 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.

The provisional Group financial results 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.

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

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.

AUDIT REVIEW

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

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. This information has been prepared for illustrative purposes only and is the responsibility of the Group's Board of Directors.

DIRECTORS

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**Non-executive director*

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Disclaimer

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